

FRANCHISE DISCLOSURE DOCUMENT



Doc Popcorn Franchising L.L.C.
An Oklahoma Limited Liability
Company
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Doc Popcorn Franchising L.L.C. offers you the opportunity to operate a business that provides popcorn and related items including soft drinks, bottled water, and other products to the general public from mobile units, kiosks and retail stores.

The total investment necessary to begin operation of a Doc Popcorn® Mobile Popoperating franchise ranges from \$73,500 to \$154,550 including \$45,659 to \$77,774 that must be paid to us or our affiliates. The total investment necessary to begin operation of a fixed Doc Popcorn® PopKiosk franchise ranges from \$127,659 to \$335,039, including \$110,659 to \$209,489 that must be paid to us or our affiliates. The total investment necessary to begin operation of a fixed Doc Popcorn® PopShop franchise ranges from \$153,659 to \$424,539, including \$110,659 to \$234,489 that must be paid to us or our affiliates.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment in connection with the 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 to you. To discuss the availability of disclosures in different formats, contact Stephen C. Heisner at email, stehei@dippindots.com, 910 South 5th Street, Paducah, Kentucky 42003, (270) 575-6990.

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

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

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

Issuance Date: January 16 as amended February 16, 2024

How to Use This 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 E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Doc Popcorn® business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Doc Popcorn® franchisee?	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this Disclosure Document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Oklahoma. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Oklahoma than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce anticipated profit of your franchise business.
4. **Inventory Control.** You must make inventory and supply purchases of at least \$5,000 each year on Doc Popcorn Products, even if you do not need that much. Your inability to make these purchases or to maintain inventory levels at all times may result in termination of your franchise and loss of your investment.

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

**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:

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTling ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS' ADVANCE NOTICE OF THE FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

- (i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.
- (ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.
- (iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.
- (iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

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

ADDRESS FOR NOTICES TO THE MICHIGAN ATTORNEY GENERAL:

DEPARTMENT OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
FRANCHISE SECTION
G. MENNEN WILLIAMS BUILDING, 7th FLOOR
525 W. OTTAWA STREET
LANSING, MI 48909
MAIN NUMBER: 517-373-1110
FACSIMILE: 517-373-3042

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “Franchisor,” “we,” or “us,” or “our” means Doc Popcorn Franchising L.L.C., the franchisor. “You,” “your,” and “Franchisee” means the person who buys the franchise from us, or its owners if the Franchisee is a business entity.

The Franchisor, Predecessors, Parents and Affiliates

We are a limited liability company that was organized in Oklahoma on July 3, 2014. Our principal place of business is 910 South 5th Street, Paducah, Kentucky 42003. We do business under the name Doc Popcorn® and Doc Popcorn Franchising L.L.C. and no other name. We began offering franchises (“Franchises”) to operate businesses using the Doc Popcorn® brand (“Franchised Businesses”) in October of 2014, after our affiliate, Doc Popcorn L.L.C., an Oklahoma limited liability company (“DP”), purchased all of the assets that comprised the Doc Popcorn® brand and franchise system on July 1, 2014 from our predecessor, Doc Popcorn Development, Inc., a Colorado corporation (“Predecessor”), and its affiliates, Doc Popcorn Franchising, Inc., a Colorado corporation; Doc Popcorn International, Inc., a Colorado corporation; and Doc Popcorn Store 1, Inc., a Colorado corporation (collectively with the Predecessor, “Predecessor Entities”). The Predecessor began selling Franchises in 2009. After DP purchased all of the assets of the Doc Popcorn® brand and franchise system, DP transferred to us all existing agreements with Doc Popcorn® franchisees and granted us a license and the right to sublicense the Doc Popcorn® trademarks, trade names, service marks and logos (“Marks”) in connection with our sale of Franchises to franchisees.

Our affiliate, DP, offers products and services to our franchisees. DP was formed on June 27, 2014. Its principal place of business is the same as ours. DP assists franchisees in finding and developing locations and also assists in training. DP is also the approved supplier of the “PopCart” and “PopKiosk” and other equipment to our franchisees. Additionally, DP operates an online retail store that sells products, including gift baskets and products similar to those offered by Franchised Businesses. DP does not and has not offered franchises in any line of business.

Our affiliate, The ICEE Company (“ICEE”), is an approved supplier of certain ICEE® and Slush Puppie® products to our franchisees. ICEE was formed on September 16, 1987. Its principal place of business is 265 Mason Road, La Vergne, TN 37086. ICEE does not and has not offered franchises in any line of business.

We are owned 100% by our immediate parent company, Dippin’ Dots Holdings, L.L.C. (“DDH”). DDH is a limited liability company organized in the State of Oklahoma, and its principal place of business is the same as ours. Our affiliate, DP, is owned by Dippin’ Dots, L.L.C., an Oklahoma limited liability company (“DDL”). DDL, who is also our affiliate, is owned 100% by DDH. DDL does not provide any products or services to our franchisees. DDL does not offer or sell any franchises.

On June 21, 2022, J & J Snack Foods Corp. (“J&J”), indirectly through a wholly owned subsidiary, DD Acquisition Holdings, LLC (“DDA”), purchased all of the issued and outstanding equity securities of DDH and became our ultimate parent. J&J is incorporated in the State of New Jersey, and its principal place of business is 350 Fellowship Road, Mount Laurel, NJ 08054. DDA is organized in the State of Delaware, and its principal place of business is also 350 Fellowship Road, Mount Laurel, NJ 08054. Neither J&J nor DDA provides any products or services to our franchisees. Neither J&J nor DDA offers or sells any franchises.

Our affiliate, Dippin' Dots Franchising, L.L.C., ("DDF") currently offers franchises to sell Dippin' Dots® branded ice cream, frozen yogurt, sherbet and ice products at a fixed store or kiosk locations and at events and in other retail locations ("Dippin' Dots® Franchises") throughout the United States. As of September 30, 2023, there were approximately 247 active Dippin' Dots® Franchises. We have not and are not offering to sell Dippin' Dots® Franchises under this Disclosure Document. DDF is a limited liability company organized in the State of Oklahoma, and its principal place of business is the same as ours.

We and DDF each offer co-branded franchise opportunities that are comprised of both Doc Popcorn® Franchises and Dippin' Dots® Franchises. Co-franchisors will receive a franchise Disclosure Document from each of us and DDF and will be required to execute a franchise agreement with us for their Doc Popcorn® Franchise and with DDF for their Dippin' Dots® Franchise. There were 41 co-branded Doc Popcorn/Dippin' Dots® Franchises as of September 30, 2023.

Franchises for directors of regional support ("DRS") (also known as an area, regional or master developer franchise) were previously offered. A DRS is responsible for identifying potential franchise operators in the DRS Territory and providing training, site selection assistance and ongoing support to franchise operators located in the DRS Territory. We are not currently offering DRS franchises.

Our agents for service of process in certain states are identified in Exhibit A. 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.

Except as described above, neither we nor our parent or affiliates provide products or services to our franchisees or have engaged in any other line of business or offered or offer franchises in any other line of business.

The Franchise

Franchised Businesses sell fresh, flavored popcorn made from our proprietary flavor blends ("Doc Popcorn Blends") in our proprietary packaging, and soft drinks, bottled water and other approved products ("Doc Popcorn Products"). You must sign our franchise agreement, which is attached to this Disclosure Document as Exhibit B ("Franchise Agreement").

Franchised Businesses may be operated from mobile self-contained units, non-traditional fixed-location kiosks, and retail stores. You will choose the type of Franchised Business when you sign your first Franchise Agreement on the "Unit Rider" attached to the Franchise Agreement. Any reference to "Franchised Businesses" shall include both mobile and fixed location Franchised Businesses unless we expressly state otherwise.

All Franchised Businesses are operated under the Marks using our unique and proprietary system and related methods of doing business and proprietary method of preparing, marketing and selling Doc Popcorn Products ("System"). You must operate the Franchised Business in accordance with the System and our proprietary operating manuals.

Mobile Franchised Businesses

We refer to mobile Franchised Businesses as "Mobile Poperating Units." We currently offer one Mobile Poperating Unit, the "Modular PopCart." The Modular PopCart is a fully mobile, self-contained NSF® approved unit with its own portable water system, popcorn popper and storage drawers. We have two other Mobile Poperating Units under development: a "PopTrailer" and a "PopTruck." Mobile

Poperating Units are usually operated at activities including fairs, sporting events, conventions, rodeos, festivals, trade shows, grand openings and seminars (“Events”) but may also be operated from permanent, fixed sites located in strip centers, schools, office buildings, hospitals, airports, colleges, health clubs, auditoriums, arenas, and concert and sports venues. Additionally, included in the “Mobile Poperating Units” model is a smaller and nimbler catering module (catering 2.0).

Fixed Location Franchised Businesses

We offer three types of fixed location Franchised Businesses (“Fixed Poperating Units”): (1) “PopKiosk,” (2) “PopShops,” and (3) a Mobile Poperating Unit that is operated as a fixed location Franchised Businesses (“Permanent Mobile Poperating Units”). Fixed Poperating Units may be located in malls, airports, rest stops and other high traffic venues. PopKiosks are typically between 160 and 350 square feet and PopShops are typically between 300 and 1,200 square feet. Additionally, included in the “Fixed Poperating Units” model is a smaller and nimbler catering module (catering 2.0).

Market and Competition

Franchised Businesses sell their products to the general public. Franchised Businesses are not seasonal in nature. While the market for flavored popcorn is continuing to develop in consumer product recognition and popularity, the market for snacks and confections and other food and beverage products served in a mobile dining atmosphere is competitive and well-developed. The casual dining industry is highly competitive and is often affected by changes in eating habits of the public, by local and national conditions affecting spending habits, and by population and traffic patterns. Franchised Businesses will compete with other local businesses, as well as many local, regional and national restaurant chains, grocery stores, street vendors and other food service businesses offering similar products. You will face competition from other independent businesses, franchises and national companies offering similar services as your franchise. You may face competition from other franchisees, from other outlets that we own, or from other channels of distribution or competitive brands that we control.

Regulations

Franchised Businesses are subject to all of the laws, codes and regulations normally applicable to retail businesses. Many states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Franchised Business, including those which (a) establish general standards, specifications and requirements for the construction, design and maintenance of the Mobile Poperating Units and Fixed Poperating Units; (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements; employee practices concerning the storage, handling, and preparation of food; special health; restrictions on smoking and exposure to tobacco smoke or other carcinogens or reproductive toxicants and saccharin; availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness; (e) govern the use of vending machines; (f) regulate the proper use, storage and disposal of waste, insecticides, and other hazardous materials; (g) establish general requirements or restrictions on advertising containing false or misleading claims, or health and nutrient claims on menus or otherwise, such as “low calorie” or “fat free,” and (h) establish requirements concerning withholdings and employee reporting of taxes on tips. Any person who drives a PopTruck must have a valid driver’s license and each of your PopTrucks must be properly licensed. The requirements for these licenses may vary, depending on your location. The following laws may also apply to the operation of your Franchised Business:

Federal Laws: The United States Department of Agriculture and the Food and Drug Administration regulate the manufacture, labeling and distribution of food products. Examples of other federal laws

affecting many small businesses are wage and hour, occupational health and safety, equal employment opportunity, taxes, hazardous materials communication to employees, hazardous waste and environmental, and the Americans with Disabilities Act.

State Laws: State regulations may govern the storage, handling and serving of food and the operations of a temporary event food service location and/or mobile concession trailer. Most states require a food handler's license and possibly a hawkers or peddlers license for the operation of your Mobile Operating Units. Examples of other state laws affecting many small businesses include environmental, occupational health and safety, fire, taxes, health, and building and construction laws.

Local Laws: Your Franchised Business is subject to local food and health permits and inspection laws. Health laws are intended in part to reduce food borne illnesses and may cover the following issues: requiring employees to take a test and obtain a license as a food service worker, having accessible sinks and/or bathrooms for certain size establishments, inspections for cleanliness and compliance, equipment cleaning, storage and packaging, size of facilities, allowed foods, and refrigeration, among other things. Certain city or town clerks in the communities you plan to service may have additional licensing requirements. Local laws may cover the same topics as federal and state laws. Examples of other local laws affecting many small businesses include, but are not limited to, health and sanitation, building codes, fire codes, permits, and waste disposal.

ITEM 2 BUSINESS EXPERIENCE

Stephen C. Heisner, Vice President of Administration

Mr. Heisner has served as the Vice President of Administration since July 2022. Mr. Heisner had served as the Senior Vice President for DDF and DPF from October 2021 to July 2022, operating out of Paducah, KY. Prior to that, Mr. Heisner served as the Vice President of Administration and Human Resources for DDF from November 2012 to October 2021 and for DPF from July 2014 to October 2021.

Martin Azambuya, Director - Franchise Sales

Mr. Azambuya has served as our Director - Franchise Sales for DPF and DDF since December 2023, operating out of Paducah, KY. Prior to that, operating out of Paducah, KY, Mr. Azambuya served as DPF's and DDF's (a) Director - Brand Sales and Support from July 2022 to November 2023; and (b) Managing Director/COO from January 2017 to July 2022.

Tammy Isom, Franchise Development Manager

Ms. Isom has served as Franchise Development Manager for DPF and DDF since November 2022, operating out of Paducah, KY. From January 2017 to November 2022, Ms. Isom served as Tradeshow and Sales Supervisor for DDL, operating out of Paducah, KY.

Adam Timothy Gross, Vice President of Sales

Mr. Gross has served as Vice President of Sales for DDL, DP, DDF and DPF since July 2022, operating out of Paducah, KY. Prior to that, Mr. Gross had served as Vice President of Sales and Marketing for DDL, DP, DDF and DPF from October 2021 to July 2022, operating out of North East, Maryland. Prior to that, Mr. Gross has served as Senior Director of Sales – Core Business for DDL, DP, DDF and DPF from December 2014 to October 2021, operating out of North East, Maryland.

Daniel Fachner, Chief Executive Officer

Mr. Fachner has been the Chief Executive Officer of our parent, J&J, since May 2021, in Mt. Laurel, NJ. Prior to that, he was the President of our affiliate, ICEE, from 1997 to May 2021, in La Vergne, TN.

Ken Plunk, Chief Financial Officer

Mr. Plunk has served as the Chief Financial Officer of our parent, J&J, since September 2020, in Mt. Laurel, NJ. Prior to that, he was the Senior Vice President, Finance of Walmart, Inc. from July 2007 to January 2019 in Bentonville, AR.

Matthew Inderlied, Senior Vice President & General Manager of Dippin' Dots/Doc Popcorn

Mr. Inderlied has served as the Senior Vice President & General Manager of Dippin' Dots/Doc Popcorn for J&J Snack Foods in La Vergne, TN since August 2022. Prior to that, he served as (a) Senior Vice President of Sales of the ICEE Company for J&J Snack Foods in La Vergne, TN from August 2021 to August 2022; and (b) Chief Executive Vice President/Chief Commercial Officer for FBD Partnership LP in San Antonio, TX from July 2008 to August 2021.

Michael Pollner, Senior Vice President, General Counsel and Corporate Secretary

Mr. Pollner has served as the Senior Vice President, General Counsel and Corporate Secretary of our parent, J&J, since April 2022, in Mt. Laurel, NJ. Prior to that, he was the Senior Vice President, Chief Administrative Officer, General Counsel and Secretary of Knoll, Inc. in East Greenville, PA from September 2005 to September 2021.

**ITEM 3
LITIGATION**

Prior Actions: Civil Action Involving Franchise Relationship – Predecessor

Kary Berry, on behalf of herself and all other similarly situated persons v. Doc Popcorn Development, Inc. and Doc Popcorn International, Inc. (United States District Court for the District of Colorado, Case No. 1:13-cv-03114). On October 15, 2013, Kary Berry, on behalf of herself and all other similarly situated persons filed a lawsuit against our predecessor, Doc Popcorn Development, Inc., and Doc Popcorn International, Inc. in the District Court of the State of Colorado, Boulder County, Case No. 2013-cv-031507. The Complaint alleged claims for fraud/fraud in the inducement and negligent misrepresentation, and seeks a declaration that the Plaintiffs are not required to comply with the dispute resolution provisions contained in the franchise agreement. Plaintiffs sought unspecified consequential damages. On November 15, 2013, Doc Popcorn Development, Inc. and Doc Popcorn International, Inc. removed Case No. 2013-cv-031507 to the United States District Court for the District of Colorado (Case No. 1:13-cv-03114). Then, on November 22, 2013, Doc Popcorn Development, Inc. and Doc Popcorn International, Inc. brought a motion to dismiss the Plaintiffs' Complaint in its entirety, or to stay the case and compel arbitration. Through mediation, the case was ultimately resolved by our Predecessor agreeing to buy back Ms. Berry's franchise rights, inventory, and promotional items for a total of \$45,000.00. In addition, Ms. Berry agreed to sell the equipment necessary to run the business to our Predecessor's affiliate, Doc Popcorn Colorado, Inc. for \$60,000. Following the resolution, the case was formally dismissed, with prejudice, on May 27, 2014. The matter is now closed.

Angela Whitford, on behalf of herself and all other similarly situated persons v. DPD Sub, Inc. and DPI Sub, Inc. (United States District Court for the District of Colorado, Case No. 1:14-cv-02684). On September 30, 2014, Angela Whitford, on behalf of herself and all other similarly situated persons filed a lawsuit against DPD Sub, Inc. (formerly known as Doc Popcorn Development, Inc.) and DPI Sub, Inc. (formerly known as Doc Popcorn International, Inc.) in the United States District Court for the District of Colorado, Case No. 2014-cv-02684. Although the case was pled as a class action, no class was ever certified. The Complaint alleged claims for fraud/fraud in the inducement and negligent misrepresentation, and sought a declaration that the Plaintiffs were not required to comply with the dispute resolution provisions contained in the franchise agreement. Plaintiffs sought unspecified consequential damages, and plead a reservation of rights to seek exemplary damages. Before any action was taken in the Court, DPD Sub, Inc. and DPI Sub, Inc. reminded Whitford of the dispute resolution provisions, which required mandatory mediation prior to filing. The Parties then entered into a tolling agreement, and Plaintiff dismissed the lawsuit, without prejudice, on October 30, 2014. The Parties thereafter conducted a mediation and resolved all disputes. As part of the resolution, our Predecessor agreed to assist the franchisee with exiting the system by (1) re-purchasing certain of the Plaintiff's assets for a total of \$75,000; and (2) agreeing to a mutual termination of the franchise agreement. The parties further exchanged mutual releases. The matter is now closed.

Mehb Khoja and Rodolfo Guizar Reyes, as the assignee of Texas Snacks, LLC, on behalf of themselves and all other similarly situated persons v. DPD Sub, Inc., and DPI Sub, Inc. (United States District Court for the District of Colorado, Case No. 1:15-cv-00258). On February 6, 2015, Mehb Khoja and Rodolfo Guizar Reyes, as the assignee of Texas Snacks, LLC, on behalf of themselves and all other similarly situated persons, filed a lawsuit against DPD Sub, Inc. and DPI Sub, Inc. in the United States District Court for the District of Colorado. Although the case as plead is purported to be brought on behalf of a class, no class has been certified. The Complaint alleges claims for fraud/fraud in the inducement and negligent misrepresentation, and seeks a declaration that the Plaintiffs are not required to comply with the dispute resolution provisions contained in the franchise agreement. Plaintiffs seek unspecified damages, and have plead a reservation of rights to seek exemplary damages. On March 9, 2015, DPD Sub, Inc. and DPI Sub, Inc. filed a motion seeking to enforce the dispute resolution provisions in the parties' franchise agreement and to dismiss the Plaintiffs' Complaint in its entirety, or in the alternative, to stay the case and compel arbitration. On September 29, 2015, the United States District Court for the District of Colorado issued an Order in DPD Sub, Inc. and DPI Sub, Inc.'s favor finding that the arbitration agreement between the parties is valid, and staying the case to compel arbitration. Thereafter, the parties engaged in mediation but did not resolve the disputes. Following the Order and failed mediation, neither Plaintiff has filed for arbitration and the matter is currently administratively closed in the United States District Court for the District of Colorado.

Other than these actions, no other litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

**ITEM 5
INITIAL FEES**

The “Initial Franchise Fee” for a Doc Popcorn Franchise is:

Franchise Type	Initial Franchise Fee
First Doc Popcorn® Franchise	\$15,000
Each Additional Doc Popcorn® Franchise	\$5,000 per additional unit

The Initial Franchise Fee is due in full upon signing of the Franchise Agreement. The Initial Franchise Fee is uniform and non-refundable except if we, in our sole discretion, determine that you have not successfully completed your initial training. If this occurs, we may terminate the Franchise Agreement and refund 50% of the Initial Franchise Fee to you within 30 days of termination. You will be required to enter into a general release as a condition to getting the refund.

Discount for Concurrent Purchases of Multiple Franchise Systems

If you are purchasing a Doc Popcorn® Franchise from us and a Dippin’ Dots® Franchise from DDF, you will receive a one-time 25% discount from your Initial Franchise Fee for your Doc Popcorn® Franchise. We are not offering you a Dippin’ Dots® Franchise under this Disclosure Document; Dippin’ Dots® Franchises are offered under a separate franchise Disclosure Document from DDF.

U.S. Veterans Franchise Discount

If you are a current member of the US Armed Forces or an honorably discharged U.S. Veteran and have provided us with sufficient proof in the form we reasonably require, you will receive a one-time 15% discount from your Initial Franchise Fee for your first Doc Popcorn® Franchise.

Initial Training Fee

We will provide initial training for up to two individuals at our support center in Paducah, Kentucky for no fee (“PopTraining Program”). If more than two individuals attend the PopTraining Program, you must pay a training fee of \$75 per additional individual. You must pay all travel and living expenses associated with the PopTraining Program for all of your personnel attending the PopTraining Program. If you cancel your attendance at the PopTraining Program, you must pay us a cancellation fee of \$500.

Other Initial Fees

You are required to make the following payments to DP before you begin operating your Franchised Business, depending on the type of Franchised Business you choose to operate:

Type of Franchised Business	Type of Fee	Amount
All Mobile Poperating Units	The Modular PopCart (Note 4)	\$22,500 - \$27,500
	Modular PopCart Accessories (Note 5)	\$0-\$20,785
	Opening Inventory (Note 6)	\$0 - \$5,000

Type of Franchised Business	Type of Fee	Amount
	Catering 2.0 Module (Note 7)	\$8,159 - \$9,489
PopKiosk	Equipment/Décor (Note 1)	\$20,000- \$45,000
	Construction (Note 2)	\$63,500-\$130,000
	Opening Inventory (Note 3)	\$4,000 - \$10,000
	Catering 2.0 Module (Note 7)	\$8,159 - \$9,489
PopShop	Equipment/Décor (Note 1)	\$20,000-\$70,000
	Construction (Note 2)	\$63,500 -\$130,000
	Opening Inventory (Note 3)	\$4,000 - \$10,000
	Catering 2.0 Module (Note 7)	\$8,159 - \$9,489

Notes:

1. This estimate involves the furniture, fixtures and equipment you will need to open your fixed PopKiosk or PopShop. These fees are nonrefundable.
2. The cost incurred to construct a Fixed Poperating Unit will depend on a large number of factors that will vary by the location for the Fixed Poperating Unit, the region of the country where your Franchised Business is located, and the costs incurred to run necessary electrical and water lines. If you will operate from a PopKiosk, the PopKiosk will be purchased from DP at an estimated cost of \$55,000 to \$65,000. The PopKiosk will incur shipping costs of \$2,500 to \$5,000 and installation costs of \$6,000 to \$12,000. The highest end of this estimate, \$130,000, represents the high estimate for the costs of construction of a PopShop. The fees paid to Franchisor are nonrefundable.
3. You are required to purchase a designated initial inventory of Doc Popcorn® flavorings and bags for selling popcorn. You must buy this amount of opening inventory from DP or a supplier designated by us (designated suppliers may include our affiliates). We may permit you to buy lesser initial amounts of opening inventory depending, in part, on your proximity to a distribution center of our suppliers. You will also need to buy other required opening inventory, such as office supplies, popcorn, sugar and oil, from third party suppliers, which are included in this estimate. The fees paid to Franchisor are nonrefundable.
4. You must purchase your PopCart from DP. Shipping costs for the PopCart are included in this estimate and vary depending on type of unit and delivery destination and are estimated to range from \$0 to \$5,000. The low estimate represents the cost of a PopCart with \$0 shipping and the high end represents the PopCart with a \$5,000 shipping expense. The fees paid to Franchisor are nonrefundable.
5. Franchisees may, but are not required, to purchase accessories for their PopCart. These include a PopCart cover, a warmer cover, additional sinks and a fridge base. These fees are nonrefundable.
6. You are required to purchase a designated initial inventory of Doc Popcorn® flavorings, tins, bags, butter and miscellaneous supplies for selling popcorn. You must buy this amount of opening

inventory from DP or a supplier designated by us. We may permit you to buy lesser initial amounts of opening inventory depending, in part, on your proximity to a distribution center of our suppliers. You will also need to buy other required opening inventory, such as office supplies, popcorn, sugar and oil, from third party suppliers, which are included in this estimate. The fees paid to Franchisor are nonrefundable.

7. You are required to purchase the following items of the Catering 2.0 Module: 16 oz. Catering Popper, Popper Case/ Stand, Catering 2.0 Cart, Pole Bag, Table Top Transport Bag, and the Doc Popcorn® Tiki Bar. The DP Catering 2.0 “Lollipop” sign is optional. Shipping is not included.

**ITEM 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty ⁽¹⁾⁽²⁾	6% of Gross Revenue	Due on the 10th day of each month for Gross Revenue from the preceding month	Gross Revenue is defined in Note 2.
Advertising Fund (Previously known as Brand Building Fund)	1% of Gross Revenue	Same as Royalty	We reserve the right to require you to pay up to 2% of Gross Revenue upon 30 days’ written notice to you. The Advertising Fund is discussed in Item 11.
Technology Fee	\$65 per month	Due on the 7th of each month	This fee covers your software, email, database access, social media hosting, website hosting 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 Doc Popcorn® Franchise or in the event that our suppliers increase their prices to us for any such technology.
Point of Sale Fee	\$79 per month	Monthly	This fee is payable directly to the Point of Sale vendor, NCR Silver.
Supplies and Equipment Purchases	\$1,000 to \$5,000	As incurred	Payable to us or our affiliates (or other authorized suppliers) for supplies and equipment used in the operation of your Doc Popcorn® Franchise, some of which may be required purchases, and others may be optional.
Loyalty Rewards Program Fee	We currently do not charge this fee	Due on the 7 th of each month	We may implement a rewards program for Doc Popcorn® Franchises. When implemented, you will be required to pay a monthly and per-use fee to our approved supplier which we estimate at this time to be \$50 per month and \$.02 per mobile text message sent through this program.

Type of Fee	Amount	Due Date	Remarks
Additional Training/Assistance	Then-current charge (up to \$500 per day, not including travel and living expenses)	As incurred	We provide additional training or assistance upon your reasonable request. We may also require you to attend and successfully complete additional training if we determine it appropriate or necessary. We will determine the location of additional training. If additional training is at a location other than our headquarters, you must pay our then-current additional training/assistance fee. You will also be responsible for our travel and living expenses if we send a representative to provide on-site training or assistance, and for your (or your other representatives') travel and living expenses if the training or assistance is not provided on-site. We can change the daily rate upon 30 days' notice to you.
Transfer	The lesser of \$7,500 or 10% of the sales consideration, plus any attorneys' fees incurred by us in connection with our review of and processing of the transfer. For a transfer to an existing franchisee, the lesser of \$1,000 or 10% of the sales consideration per franchise sold, plus any attorneys' fees incurred by us in connection with our review of and processing of the transfer. If you add a minority owner, \$1,000, plus any attorneys' fees incurred by us in connection with our review of and processing of the transfer.	At the time of transfer.	Payable for the training, supervision, administrative costs, counsel fees, accounting and our other expenses in connection with a transfer.
Successor/Renewal Franchise Fee	\$2,500	At the time you sign the new successor	Payable if you qualify to renew your Franchise Agreement and choose to

Type of Fee	Amount	Due Date	Remarks
		franchise agreement	enter into a new successor franchise agreement.
Interest ⁽³⁾	The greater of (i) the Prime Rate plus 8%, (ii) 18% per annum	As incurred	Interest accrues on all payments not received by the due date indicated on the applicable invoice, including any unpaid late fees. Interest is per annum calculated monthly on any outstanding balance. This fee will be subject to state law regarding the maximum legal interest rate.
Late Fee	\$100 per occurrence	As incurred	We may charge you a late fee of \$100 for any late payments, insufficient payments, or failure to deliver reports when required.
Unauthorized Advertising Fee	\$500 per occurrence	Upon 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.
Legal Costs, including attorney's fees, and Professional Fees	Will vary under circumstances	As incurred	You will be required to reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement or in connection with a transfer of your Franchised Business to a related entity. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement or at the time we approve a transfer of your Franchised Business to a related entity.
Indemnification	Will vary under circumstances	As incurred	You must pay for any expenses or losses that we or our representatives incur related in any way to your Franchised Business.
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting and legal expenses (we estimate this cost to be between \$1,000 and \$12,000)	On demand	You will be required to pay this if an inspection or audit is made necessary by your failure to provide reports or supporting records as required under the Franchise Agreement, if you fail to provide those reports or records on a timely basis, or if an audit reveals that you understated weekly Gross Revenue by more than 2%.
Non-Sufficient Funds Fee	The lesser of (1) \$50 per occurrence and 2.5% of the amount requested or (2) the highest	As incurred	Payable if any check, credit card or electronic funds payment is not successful due to insufficient funds, stop payment, or any similar event.

Type of Fee	Amount	Due Date	Remarks
	amount allowed by state law		
Payment Service Fees	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 4% of the total charge.
Promotional Materials Fee	Varies depending on merchandise	As incurred	We may put together promotional packages that will include specific promotional materials. You are required to participate in any such promotion. We estimate each package to cost approximately \$250 per promotion. We may require you to participate in one charity program per year, which may exceed this amount for the promotional materials.
Custom Advertising Fee	Actual costs plus 20% administration fee	As incurred	If you elect to purchase custom advertising materials developed by us or our affiliates, you will be required to pay this fee to cover set-up and art charges or pay directly to a third party vendor that we select and approve.
Customer Satisfaction Reimbursement	Varies under circumstances	As incurred	We may, in our sole discretion, remedy any issues with customers of your Franchised Business, including full reimbursement of any fees paid to you. You are required to reimburse us for any such fees.
Supplier and Product Evaluation Fee	Costs of inspection (estimated to be approximately \$100 to \$500)	As incurred	Payable if we inspect a new product, service or proposed supplier nominated by you.
Insurance Fee	Costs of insurance plus costs of procurement	On Demand	Payable to us you fail to obtain required insurance and we, in our discretion, obtain insurance on your behalf. You must reimburse us the actual cost of the applicable insurance policies, plus our reasonable expenses incurred in obtaining the insurance.
Web Interface Design Fee	Will vary under the circumstances	As incurred	If we approve of your operation of a website, we may require you to use a central web page designer of our choosing and require you to pay to us or our affiliates an initial and monthly web interface design fee.
Annual Meeting Non-Attendance Fee	\$1,000	On Demand	Payable if you or your designee is unable to attend the Annual Meeting to be held at different locations and times from year to year. Circumstances may

Type of Fee	Amount	Due Date	Remarks
			be presented to apply for relief of this fee at the sole discretion of Senior Management of Franchisor

Notes:

1. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us 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 Disclosure Document as Exhibit C.4.). 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. The voting power of all outlets, including franchisor-owned outlets, on any fees imposed by franchisee cooperatives are one per unit. Franchisor-owned outlets do not have controlling voting power.
2. “Gross Revenue” means the total selling price of all products and services sold at, from or through your Doc Popcorn® Franchise and all income of every other kind and nature related to its Doc Popcorn Business, whether for cash or credit and regardless of collection in the case of credit. Gross Revenue does not include: (i) the amount of any tax imposed by any federal, state, municipal, or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by Franchisee to the appropriate governmental authority; and (ii) all customer refunds, valid discounts, and coupons, and credits made by the Doc Popcorn Business (these exclusions will not include any reductions for credit card user fees, returned checks or reserves for bad credit or doubtful accounts).
3. Interest begins from the date of non-payment and continues until all outstanding amounts are paid in full. “Prime Rate” is the announced base rate applicable to corporate loans in the Wall Street Journal.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

A. All Mobile POPerating Units

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$15,000	\$15,000	Lump Sum	When you sign the Franchise Agreement	Us
Travel and Living Expenses ⁽²⁾	\$1,000	\$3,550	As incurred	At Training	Third Parties
Equipment/Décor ⁽³⁾	\$22,500	\$27,500	Lump Sum	When purchased	DP

Opening Inventory ⁽⁴⁾	\$4,000	\$10,000	As incurred	As incurred	Supplier/DP
Computer System ⁽⁵⁾	\$3,000	\$6,000	Lump Sum	Prior to Making Your First Sale	Third Parties
Miscellaneous Opening Costs ⁽⁶⁾	\$3,000	\$12,500	As incurred	As incurred	Third Parties
Payroll Expenses ⁽⁷⁾	\$20,000	\$40,000	As incurred	As incurred	Self-Payment, Employees
Additional Funds - 3 Months ⁽⁸⁾	\$5,000	\$40,000	As incurred	As incurred	Third Parties
TOTAL Mobile Poperating Units ⁽⁹⁾	\$73,500	\$154,550			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Franchised Business. We do not offer direct or indirect financing for these items. None of the fees payable to us are refundable except for part of the Initial Franchise Fee under specific circumstances described in Item 5. Fees paid to vendors or other suppliers may or may not be refundable depending on their policies or your arrangements with them.

1. The Initial Franchise Fee is \$15,000 for each Franchise. Initial Franchise Fees are paid when you sign your Franchise Agreement. Once you open additional Franchised Businesses, you will incur the costs listed in this Item 7 at the time you open the additional Franchised Businesses. These costs may increase in the future depending on when you open the additional Franchised Businesses. You may be eligible for one of several discounts, the highest being 25%, if you meet the eligibility requirements described in Item 5 of this Disclosure Document.
2. You are responsible for all travel and lodging expenses that you incur during your initial training. This amount varies depending on how far you are from our training center. This estimate assumes two (2) people will attend training.
3. You must purchase your Modular PopCart from DP or its affiliates, including DDL. Shipping costs for the Modular PopCart are included in this estimate and vary depending on type of unit and delivery destination and are estimated to range from \$0 to \$5,000. The low estimate represents the cost of a Modular PopCart with \$0 shipping and the high end represents the Modular PopCart with a \$5,000 shipping expense. Franchisees may, but are not required, to purchase accessories for their Modular PopCart. These include a Modular PopCart cover, a warmer cover, additional sinks and a fridge base.

You will also need a trailer to transport the Modular PopCart to the Events. The low end assumes that you will rent a trailer for the first three (3) months of operation and the high end assumes that you are purchasing a trailer. You will need a suitable vehicle to tow the trailer. You may use a vehicle that you currently own provided that: (1) the vehicle is in good condition with no major dents or scratches or body damage; (2) has the appropriate Doc Popcorn® branding; and (3) we approve it prior to use. We reserve the right to revoke a vehicle approval should the vehicle no longer meet these minimum standards. The low estimate assumes that you are using a vehicle that you currently own and the high end of the estimate provides up to three (3) months of lease payments on either a 36-month or a 48-month lease for one vehicle.

4. You are required to purchase a designated initial inventory of Doc Popcorn® flavorings, tins, bags, butter and miscellaneous supplies for selling popcorn. You must buy this amount of opening inventory from DP or a supplier designated by us. We may permit you to buy lesser initial amounts of opening inventory depending, in part, on your proximity to a distribution center of our suppliers. You will also need to buy other required opening inventory, such as office supplies, popcorn, sugar and oil, from third party suppliers, which are included in this estimate.
5. This figure includes the cost range for a point-of-sale system, software, credit card processing, an internet hotspot device and back office computer system. The range is determined by the preferred vendor.
6. The high end represents the fee you will pay if you operate a Mobile Poperating Unit as a Fixed Location. If you choose to operate your Mobile Poperating Unit at a fixed location, you may be required to lease real estate or pay a percent of your Gross Revenue to the venue. We estimate that you will need approximately 50 to 250 square feet of floor space. You may incur lease or concession license charges, which may range between 10% and 50% of gross revenues. You should investigate these lease or concession license charges before you agree to operate at a particular location. The low estimate assumes that you will not operate your Mobile Operating Unit from a fixed location. The expense of leasing will vary depending upon the size of the premises, its location, landlord contributions, and the requirements of individual landlords. Landlords typically require security deposits equal to one (1) or two (2) months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The high estimated initial investment shown in the chart above includes one (1) month's security plus three (3) months' rent for your initial period of operation or three (3) months of concession fees.
7. The low end of this estimate assumes that you will personally staff events. The high end of this estimate includes payment to hired employees. This range is for the period of time prior to opening and for the first ninety (90) days of operation. We assume that a certain amount of expenses will be positively offset by revenues.
8. This estimates your initial start-up expenses (other than the Items identified separately in the above table). These figures do not account for any revenues during this period of time, nor do they include expenses for any of the other categories described above (such as the first three (3) months' rent). They are estimates and we cannot guarantee that you will not have additional expenses starting the business.
9. We have relied on the experience of our officers and franchisees to arrive at these estimates. You should review these figures carefully with a business advisor before deciding to purchase the Franchised Business. We strongly recommend that you have independent estimates on your anticipated cost to develop, open and operate your Franchised Business before making any decision to purchase the Franchised Business.

B. POPKIOSK (Fixed Location)

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$15,000	\$15,000	Lump Sum	When you sign the Franchise Agreement	Us

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Travel and Living Expenses ⁽²⁾	\$1,000	\$3,550	As incurred	At Training	Third Parties
Real Estate Lease ⁽³⁾	\$1,000	\$32,000	As Agreed	As Agreed	Third Parties
Equipment/Décor ⁽⁴⁾	\$22,500	\$70,000	Lump Sum	When purchased	DP
Construction ⁽⁵⁾	\$45,000	\$80,000	Lump Sum	When purchased	Supplier/DP
Architect's Fees ⁽⁶⁾	\$0	\$14,000	As incurred	As incurred	Architect
Opening Inventory ⁽⁷⁾	\$4,000	\$10,000	As incurred	As incurred	Supplier/DP
Signage ⁽⁸⁾	\$0	\$2,500	As incurred	As incurred	Supplier
Computer System ⁽⁹⁾	\$3,000	\$6,000	Lump Sum	Prior to Making Your First Sale	Third Parties
Miscellaneous Opening Costs ⁽¹⁰⁾	\$3,000	\$12,500	As incurred	As incurred	Third Parties
Additional Funds - 3 Months ⁽¹¹⁾	\$5,000	\$40,000	As incurred	As incurred	Third Parties
Catering 2.0 module ⁽¹²⁾	\$8,159	\$9,489	Lump Sum	Within two weeks of signing the Franchise Agreement	Supplier/DP
Payroll Expenses ⁽¹³⁾	\$20,000	\$40,000	As incurred	As incurred	Self-Payment, Employees
TOTAL POPKIOSK OR POPSHOPS INVESTMENT ESTIMATE⁽¹⁴⁾	\$127,659	\$335,039			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Franchised Business. We do not offer direct or indirect financing for these items. None of the fees payable to us are refundable except for the Initial Franchise Fee as described in Item 5. Fees paid to vendors or other suppliers may or may not be refundable depending on their policies or your arrangements with them.

1. The Initial Franchise Fee is \$15,000 for each Franchise (See Item 5). Once you open additional Franchised Businesses, you will incur the costs listed in this Item 7 at the time you open the

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additional Franchised Businesses. These costs may increase in the future depending on when you open the additional Franchised Businesses. You may be eligible for one of several discounts, the highest being 25%, if you meet the eligibility requirements described in Item 5 of this Disclosure Document.

2. You are responsible for all travel and lodging expenses that you incur during your initial training. This amount varies depending on how far you are from our training center. This estimate assumes two (2) people will attend training.
3. These figures presume that you will be leasing your premises. You will need approximately 160 to 1,200 square feet for your Franchised Business. The expense of leasing will vary depending upon the size of the premises, its location, landlord contributions, and the requirements of individual landlords. Landlords typically require security deposits equal to one (1) or two (2) months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The total estimated initial investment shown in the chart above includes one (1) month's security plus three (3) months' rent for your initial period of operation.
4. This estimate involves the furniture, fixtures and equipment you will need to open your fixed PopKiosk.
5. The cost incurred to construct a Fixed Poperating Unit will depend on a large number of factors that will vary by the location for the Fixed Poperating Unit, the region of the country where your Franchised Business is located, and the costs incurred to run necessary electrical and water lines. If you will operate from a PopKiosk, the PopKiosk will be purchased from DP or a supplier designated by us at an estimated cost of \$22,500 to \$70,000. The PopKiosk will incur shipping costs of \$2,500 to \$5,000 and installation costs of \$6,000 to \$12,000.
6. You may be required to hire an architect to create local architectural design services for your PopKiosk.
7. You are required to purchase a designated initial inventory of Doc Popcorn® flavorings and bags for selling popcorn. You must buy this amount of opening inventory from DP or a supplier designated by us. We may permit you to buy lesser initial amounts of opening inventory depending, in part, on your proximity to a distribution center of our suppliers. You will also need to buy other required opening inventory, such as office supplies, popcorn, sugar and oil, from third party suppliers, which are included in this estimate.
8. You must purchase and install at your expense signage based on our System standards, as described in the Franchise Operations Manual or as we may otherwise designate.
9. This figure includes the cost range for a point-of-sale system, software, credit card processing, an internet hotspot device and back office computer system. The range is determined by the preferred vendor.
10. This estimates your initial start-up expenses (other than the Items identified separately in the above table). These figures do not account for any revenues during this period of time, nor do they include expenses for any of the other categories described above (such as the first three (3) months' rent). They are estimates and we cannot guarantee that you will not have additional expenses starting the business.

11. The estimate includes utility costs, permitting/plan check fees, business entity organization expenses, insurance and deposits for the first three months of operation of your Franchised Business, as well as the miscellaneous small wares, uniforms, and other items. It does not include payroll expenses.
12. You are required to purchase a Doc Popcorn® catering 2.0 module. You must buy this catering 2.0 module from DP or a supplier designated by us. Shipping is included in this estimate.
13. The low end of this estimate assumes that you will employ a small number of employees along with your direct contributions. The high end of this estimate assumes you will hire more employees. This range is for the period of time prior to opening and for the first ninety (90) days of operation. We assume that a certain amount of expenses will be positively offset by revenues.
14. We have relied on the experience of our officers and franchisees to arrive at these estimates. You should review these figures carefully with a business advisor before deciding to purchase the Franchised Business. We strongly recommend that you have independent estimates on your anticipated cost to develop, open and operate your Franchised Business before making any decision to purchase the Franchised Business.

C. POPSHOP (Fixed Location)

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$15,000	\$15,000	Lump Sum	When you sign the Franchise Agreement	Us
Travel and Living Expenses ⁽²⁾	\$1,000	\$3,550	As incurred	At Training	Third Parties
Real Estate Lease ⁽³⁾	\$1,000	\$32,000	As Agreed	As Agreed	Third Parties
Equipment/Décor ⁽⁴⁾	\$65,000	\$100,000	Lump Sum	When purchased	DP
Construction ⁽⁵⁾	\$25,000	\$130,000	Lump Sum	When purchased	Supplier/DP
Architect's Fees ⁽⁶⁾	\$0	\$14,000	As incurred	As incurred	Architect
Opening Inventory ⁽⁷⁾	\$4,000	\$10,000	As incurred	As incurred	Supplier/DP
Signage ⁽⁸⁾	\$3,500	\$12,000	As incurred	As incurred	Supplier
Computer System ⁽⁹⁾	\$3,000	\$6,000	Lump Sum	Prior to Making Your First Sale	Third Parties
Miscellaneous Opening Costs ⁽¹⁰⁾	\$3,000	\$12,500	As incurred	As incurred	Third Parties
Additional Funds - 3 Months ⁽¹¹⁾	\$5,000	\$40,000	As incurred	As incurred	Third Parties
Catering 2.0 module ⁽¹²⁾	\$8,159	\$9,489	Lump Sum	Within two weeks of signing the Franchise Agreement	Supplier/DP

Payroll Expenses ⁽¹³⁾	\$20,000	\$40,000	As incurred	As incurred	Self-Payment, Employees
TOTAL POPKIOSK OR POPSHOPS INVESTMENT ESTIMATE ⁽¹⁴⁾	\$153,659	\$424,539			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Franchised Business. We do not offer direct or indirect financing for these items. None of the fees payable to us are refundable except for the Initial Franchise Fee as described in Item 5. Fees paid to vendors or other suppliers may or may not be refundable depending on their policies or your arrangements with them.

1. The Initial Franchise Fee is \$15,000 for each Franchise (See Item 5). Once you open additional Franchised Businesses, you will incur the costs listed in this Item 7 at the time you open the additional Franchised Businesses. These costs may increase in the future depending on when you open the additional Franchised Businesses. You may be eligible for one of several discounts, the highest being 25%, if you meet the eligibility requirements described in Item 5 of this Disclosure Document.
2. You are responsible for all travel and lodging expenses that you incur during your initial training. This amount varies depending on how far you are from our training center. This estimate assumes two (2) people will attend training.
3. These figures presume that you will be leasing your premises. You will need approximately 160 to 1,200 square feet for your location. The expense of leasing will vary depending upon the size of the premises, its location, landlord contributions, and the requirements of individual landlords. Landlords typically require security deposits equal to one (1) or two (2) months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The total estimated initial investment shown in the chart above includes one (1) month's security plus three (3) months' rent for your initial period of operation.
4. This estimate involves the furniture, fixtures and equipment you will need to open your fixed PopShop.
5. The cost incurred to construct a Fixed Poperating Unit will depend on a large number of factors that will vary by the location for the Fixed Poperating Unit, the region of the country where your Franchised Business is located, and the costs incurred to run necessary electrical and water lines. If you will operate from a PopKiosk, the PopKiosk will be purchased from DP at an estimated cost of \$65,000 to \$100,000..
6. You may be required to hire an architect to create local architectural design services for your PopKiosk.
7. You are required to purchase a designated initial inventory of Doc Popcorn® flavorings and bags for selling popcorn. You must buy this amount of opening inventory from DP or a supplier

designated by us. We may permit you to buy lesser initial amounts of opening inventory depending, in part, on your proximity to a distribution center of our suppliers. You will also need to buy other required opening inventory, such as office supplies, popcorn, sugar and oil, from third party suppliers, which are included in this estimate.

8. You must purchase and install at your expense signage based on our System standards, as described in the Franchise Operations Manual or as we may otherwise designate.
9. This figure includes the cost range for a point-of-sale system, software, credit card processing, an internet hotspot device and back office computer system. The range is determined by the preferred vendor.
10. This estimates your initial start-up expenses (other than the Items identified separately in the above table). These figures do not account for any revenues during this period of time, nor do they include expenses for any of the other categories described above (such as the first three (3) months' rent). They are estimates and we cannot guarantee that you will not have additional expenses starting the business.
11. The estimate includes utility costs, permitting/plan check fees, business entity organization expenses, insurance and deposits for the first three months of operation of your Franchised Business, as well as the miscellaneous small wares, uniforms, and other items. It does not include payroll expenses.
12. You are required to purchase a Doc Popcorn® catering 2.0 module. You must buy this catering 2.0 module from DP or a supplier designated by us. Shipping is included in this estimate.
13. The low end of this estimate assumes that you will employ a small number of employees along with your direct contributions. The high end of this estimate assumes you will hire more employees. This range is for the period of time prior to opening and for the first ninety (90) days of operation. We assume that a certain amount of expenses will be positively offset by revenues.
14. We have relied on the experience of our officers and franchisees to arrive at these estimates. You should review these figures carefully with a business advisor before deciding to purchase the Franchise. We strongly recommend that you have independent estimates on your anticipated cost to develop, open and operate your Franchised Business before making any decision to purchase the Franchise.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

To ensure the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards, and specifications we list in our proprietary and confidential operating manual (“Franchise 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. Our Franchise Operations Manual states our specifications, standards, and guidelines for all goods and services we require you to obtain in establishing and operating your Franchised Business.

We will notify you of new or modified specifications, standards, and guidelines through periodic amendments or supplements to the Franchise 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.

Required and Approved Products and Suppliers

You must purchase Doc Popcorn® supplies and equipment (“Doc Popcorn Supplies and Equipment”) from DP or authorized third party distributors, vendors, or suppliers (any of the foregoing may be us or our affiliates) which may have their own terms and conditions of sale. The Franchise Operations Manual will contain a list of authorized third party suppliers. DP and designated suppliers will supply most items you need to conduct your Franchised Business, including equipment, packaging, beverages and Doc Popcorn Blends. Our affiliate, DP, is the only approved supplier of the PopCart, PopKiosk, and the Doc Popcorn Blends. Our affiliate, ICEE, is the only approved supplier of certain ICEE® and Slush Puppie® products. We are not the approved supplier of any required purchases. Except for DP, our officers do not own an interest in any approved suppliers franchisees must use. Franchisees must purchase a minimum of \$5,000 worth of Doc Popcorn Products in a 360-day period or we may terminate the Franchise Agreement if you fail to cure the breach within the applicable cure period. You must purchase your point-of-sale software from our designated supplier.

You are prohibited from buying or selling Doc Popcorn Products and Doc Popcorn Supplies and Equipment from or to any other current or former franchisee without notifying us and receiving our written authorization. We may withhold our authorization in our discretion. We may, in certain circumstances, have used equipment available and may offer such equipment to you at discounted prices. If you are opening your first Franchised Business, you must purchase brand new equipment.

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 Franchise Operations Manual or otherwise in writing. We will notify you of new or modified specifications, standards, and guidelines through periodic amendments or supplements to the Franchise Operations Manual or through written communication (including electronic communication).

Other than the requirements above, you are not obligated to purchase or lease any goods, services, supplies, fixtures, equipment, inventory or real estate from us or any other specifically designated source. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers.

Approval of Alternative Products and Suppliers

Periodically, we will update the list of approved suppliers in the Franchise Operations Manual. If you desire to have a non-approved supplier or product or service designated as an approved supplier, product or service, you must submit samples of the supplier’s products and services to us, along with a written statement describing why such items, services, or suppliers should be approved for use in the system. We reserve the right to charge a fee to evaluate the proposed supplier as described in Item 6. We do not make our supplier specifications and/or standards generally available to franchisees or suppliers. While we will be required to respond to a request within 90 days, we generally respond to a request for an additional approved supplier within seven (7) days. Our written approval must be received before you use products not purchased from an approved supplier. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. When you receive written

notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

Revenue from Franchisee Purchases

We do not sell or lease products or services directly to our franchisees. Some of our suppliers, however, may pay us to be recognized as a sponsor at our annual convention. Our affiliate, DP, receives revenue based on the sale of products and services to our franchisees. Certain of our designated suppliers pay DP a rebate of up to 15% of purchases. During the fiscal year ended September 30, 2023, the criteria threshold was not met to receive the rebate.

During the fiscal year ended September 30, 2023, our affiliate's, DP's, revenues from the sale of Doc Popcorn Products and Doc Popcorn Equipment services to our franchisees was \$901,568. We did not derive any revenue from franchisees' required purchases or leases during the last fiscal year.

We estimate that the purchase of supplies, equipment, inventory, fixtures, goods, services and products from DP or our designated or approved suppliers and distributors, or those meeting our standards and specifications, will be 90% of your total initial cost and between 30% to 50% of the total ongoing costs to operate a Franchised Business.

Cooperatives and Negotiated Prices

We do not have any purchasing or distribution cooperatives as of the Issuance Date of this Disclosure Document. We do not provide material benefits, such as renewing or granting additional Franchises, to franchisees based on their use of designated or approved supplier's products or services. We may negotiate purchase arrangements with other suppliers and distributors for the benefit of our franchisees in the future.

Insurance

In addition to insurance required by applicable law, your landlord, lender or otherwise, you must obtain and maintain insurance, at your expense, as required by us and as further described in the Franchise Agreement. All policies must be maintained by advance payment or payments, name us and DP as additional insured, and include the risks of coverage and deductibles as stated in the Franchise Operations Manual and the Franchise Agreement. The types, amounts and minimum amounts of insurance you must carry includes Business Auto Liability: Minimum Limits, \$1,000,000 Combined Single Limit for Bodily Injury and Property Damage Liability; Commercial General Liability: \$1,000,000 Combined Single Limit for Bodily Injury and Personal Damage Liability; \$1,000,000 Personal Injury and Advertising; \$2,000,000 General Aggregate and Products and Completed Operations Aggregate; and Umbrella Liability, minimum \$1,000,000 per occurrence and minimum \$2,000,000 aggregate.

**ITEM 9
FRANCHISEE'S OBLIGATIONS**

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

Obligation		Section in Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Section 1.3	Item 11
b.	Pre-opening purchases/leases	Sections 4.1, 6.1 and 8.1	Items 5 and 7
c.	Site development and other pre-opening requirements	Sections 1.3, 1.4, 3.11, and 4.5	Item 11
d.	Initial and ongoing training	Sections 6.1.4, 7.8 and 7.9	Item 11
e.	Opening	Section 7.16	Item 11
f.	Fees	Sections 4.1 - 4.6	Items 5 and 6
g.	Compliance with standards and policies/ Operating Manual	Sections 7.2, 7.3 and 7.6	Items 8 and 11
h.	Trademarks and proprietary information	Section 3	Items 13 and 14
i.	Restrictions on products/services offered	Sections 7.4, 8.2 and 8.4	Item 16
j.	Warranty and customer service requirements	Sections 7.6 and 8.3	Item 11
k.	Territorial development and sales quotas	Section 7.16	Item 12
l.	Ongoing product/service purchases	Sections 8.1, 8.2 and 8.4	Item 8
m.	Maintenance, appearance and remodeling requirements	Sections 1.3, 3.11, 7.2, 7.6 and 7.7	Item 11
n.	Insurance	Section 7.5	Item 7
o.	Advertising	Section 5	Item 11
p.	Indemnification	Section 7.12	Item 6
q.	Owner's participation/management/staffing	Section 7.13	Item 15
r.	Records/reports	Section 7.10	Item 11

Obligation		Section in Franchise Agreement	Disclosure Document Item
s.	Inspections/audits	Section 7.3	Item 8
t.	Transfer	Section 13	Item 17
u.	Renewal	Section 2.2	Items 6 and 17
v.	Post-termination obligations	Section 11	Item 17
w.	Non-competition covenants	Section 15	Items 14, 15 and 17
x.	Dispute resolution	Section 20	Item 17
y.	Guarantee and Assumption of Franchisee's Obligations	Section 1.6; Exhibit 3	Item 15

**ITEM 10
FINANCING**

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

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

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

Pre-Opening Assistance

Before you open your Franchised Business, we or our designees will:

1. Counsel you on necessary start-up and inventory items and assist you with ordering, through our affiliates or other suppliers, Doc Popcorn® Products and Doc Popcorn® Supplies and Equipment that are necessary for commencement of operations. (See Franchise Agreement Section 6.1.1). We will not deliver or install these items.

2. Provide advice on the amount of the initial inventory of Doc Popcorn® Products to be purchased by you from our approved suppliers. (See Item 7 Equipment/Décor estimated costs) (See Franchise Agreement Section 6.1.2). We will not deliver or install these items.

3. Provide you with advice regarding which optional equipment to purchase. (See Franchise Agreement Section 6.1.3). We will not deliver or install these items.

4. Provide the "PopTraining Program" (defined below in this Item 11, Schedule for Opening) for up to two (2) individuals. Additional individuals may attend for a fee. (See Item 5 and Franchise Agreement Section 6.1.4)

5. Loan you one copy of the Franchise Operations Manual, which contains the names of approved suppliers and written specifications for certain Doc Popcorn® Products and Doc Popcorn®

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Supplies and Equipment, initial inventory or optional, however, we do not deliver or install these items for you. The Franchise Operations Manual currently contains approximately 80 pages. The Table of Contents for the Franchise Operations Manual is attached to this Disclosure Document as Exhibit G (See Franchise Agreement Sections 3.12 and 6.1.5)

6. In connection with a Mobile Poperating Unit: (i) assist you in ordering, through our affiliate, the Mobile Poperating Unit and provide advice on the specifications for the design and layout of the Mobile Poperating Unit; and (ii) provide you with criteria for acceptable Events, but you are solely responsible for selecting your own Events (See Franchise Agreement Section 6.1.6).

7. In connection with a Fixed Poperating Unit (See Franchise Agreement Section 6.1.7):

- a. Provide you with location and store opening assistance for the Fixed Poperating Unit, including site selection, site evaluation, lease review, training and construction and project management.
- b. With respect to a PopKiosk, assist you with ordering, through our affiliates, the PopKiosk and provide advice on how to use the PopKiosk. We will not deliver or install it.
- c. Provide you with criteria for acceptable Permanent Sites for the Fixed Poperating Unit. However, we disclaim any liability related to your selection, negotiation and acquisition of Permanent Sites.
- d. Provide advice on the specifications for the design and layout of a Fixed Poperating Unit.
- e. Provide you with the specifications for design and construction of a Fixed Poperating Unit purchased by you from our affiliate or approved supplier.

Site Selection

If you are operating a Fixed Poperating Unit, you are responsible for locating a site subject to our site selection process, review and acceptance. You must select the site subject to our consent. You may not relocate your Fixed Poperating Unit without our prior written consent. Before leasing or purchasing the site for your Fixed Poperating Unit, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. We will have 30 days after we receive the information and materials to evaluate the proposed site. If we disapprove of the proposed site, you must select another site, subject to our consent. You must purchase or lease the site for your Fixed Poperating Unit within 180 days after signing the Franchise Agreement or your Franchise Agreement may be terminated. You also must submit for review and approval any sale or lease contract before you sign it.

We will consult with you on our current site selection guidelines and provide other site selection counseling, as we deem advisable. 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 Franchised Business.

You may not lease or purchase a site for your Fixed Poperating Unit until after we have approved the site in writing. The factors we consider in approving sites include location, size, suitability, layout, access and visibility of the proposed location, proximity to other businesses, location and nature of any competitors, population density and demographics, vehicle traffic, pedestrian traffic, existing tenant mix,

parking convenience, and other factors that may be relevant to your market. The same site selection criteria will generally be applicable to all franchisees.

You must provide us with the following: (1) a letter of intent for the proposed site (“Letter of Intent”); (2) a complete a site submittal workbook in our designated form; (3) pictures of the proposed site; (4) a budget for construction; (5) traffic counts; (6) a breakeven analysis (7) a copy of the proposed lease for a site; and (8) any other materials we may request.

There are no deadlines for our approval or disapproval of your proposed site, although we will typically be able to respond within 15 days after receiving the above required materials from you. Once we have approved your location, we will amend the Franchise Agreement to show the specific location as the only location where you are authorized to operate your Franchised Business. If you and we are not able to reach agreement on an approved site for your Fixed Poperating Unit within twelve (12) months after you sign the Franchise Agreement, then we have the option to terminate the Franchise Agreement without providing you a refund.

You and the lessor will be required to agree to and sign the Addendum to Lease, the current form of which is attached to this Disclosure Document as Exhibit C.6. You must provide a copy of the executed lease to us. You must provide to us the names and contact information for your landlord and/or management companies of any of the sites of your Fixed Poperating Unit, as applicable. We reserve the right to contact your landlord and/or management company for the purposes of assessing your performance and customer satisfaction.

We may, in our sole discretion, extend the time period in which you will make your first sale through your Franchised Business to accommodate delays in selecting a site. If we do not extend this deadline and you fail to make a sale through your Poperating Unit within the required time, as described below, we may terminate your Franchise Agreement.

You have the ultimate responsibility in choosing and obtaining the site for your Franchised Business. You will agree to indemnify and hold us harmless for any claims, obligations and damages related to our consultation, comments, recommendations and acceptance regarding any site, Letter of Intent, or lease.

At your request, you may elect to locate the Fixed Poperating Unit in a Permanent Site previously secured by us or our affiliate and made available to you or our other franchisees (a “Negotiated Location”). Prior to making the Negotiated Location available to you, we will have negotiated the business terms for the Negotiated Location and memorialized the business terms in a letter of intent (“Negotiated Letter of Intent”). You will be provided with a copy of the Negotiated Letter of Intent prior to committing to the Negotiated Location in writing. You understand and acknowledge that you or your attorney will be solely responsible for negotiating the terms of any lease related to a Negotiated Location acquired by you.

Schedule for Opening

It is estimated that the length of time between the signing of the Franchise Agreement and the first sale through your Franchised Business to the public will usually be between one (1) and six (6) months if you open a Mobile Poperating Unit for your first Franchised Business or between three (3) and 12 months if you open a Fixed Poperating Unit as your first Franchised Business. Factors affecting this length of time include the type of Franchised Business you choose to operate, financing arrangements, availability of retail opportunities within a market, and scheduling and successful completion (in our determination) of the PopTraining Program. If you open a Mobile Poperating Unit for your first Franchised Business, you are required to purchase the Mobile Poperating Unit within two (2) weeks after signing the Franchise

Agreement, and make the first sale through your Franchised Business within six (6) months of signing the Franchise Agreement. If you open a Fixed Poperating Unit for your first Franchised Business, you are required to make the first sale through your Franchised Business within 18 months of signing the Franchise Agreement. If extenuating circumstances beyond your control exist, such as a delay in your ability to obtain a lease for your business or your serious illness, we may (in our sole discretion) agree to extend that time period for an additional reasonable amount of time. Otherwise, we may terminate your Franchise Agreement for your failure to make a first sale through your Franchised Business within that time period.

Continuing Assistance

During the operation of your Franchised Business, we or our designees will:

1. Perform each of the services listed above for each additional Franchised Business you open and operate except for the PopTraining Program listed in paragraph number 5, above. (See Franchise Agreement Section 6.2.1) However, if you operate a Mobile Poperating Unit as your first Franchised Business, and later open a Fixed Poperating Unit, we may require you, in our discretion, to participate in additional initial training before opening the Fixed Poperating Unit. (See Training below)
2. Provide a reasonable amount of consultation with you as determined by us in our discretion and based on the availability of our representatives. (See Franchise Agreement Sections 6.2.2)
3. Provide you with reasonable numbers of samples of new advertising and promotional materials as they are developed by us, if requested by you. We reserve the right to charge you for these materials. (See Franchise Agreement Section 6.2.3)
4. Hold national, regional, or local conferences/conventions for all System franchisees, at certain times at our discretion, to discuss sales techniques, operational standards, and advertising. These conferences will be held at locations chosen by us including virtual locations through webinars. While we do not charge a fee to attend these conferences or conventions, you are responsible for your and your attendees' cost and expenses associated with attending conferences or conventions. (See Franchise Agreement Sections 6.2.4 and 7.9)
5. Provide you a newsletter as periodically may be published by us in print or electronic format. (See Franchise Agreement Section 6.2.4)
6. Provide you with additional training at our corporate headquarters at no additional charge, whether we determine that you require additional training, or if you request additional training. We may require you to undergo additional training if we determine that you are not operating your Franchised Business in accordance with our standards and specifications. If we provide any additional training or assistance at a location other than our corporate headquarters, you will be charged our standard rate in effect at the time. You will also pay the cost of travel, meals and accommodations for our representatives, if we provide on-site training or assistance. You will pay the cost of travel, meals and accommodations for you or your representatives associated with any additional training or assistance that is conducted at our corporate headquarters. (See Franchise Agreement Sections 6.2.2 and 7.8.2)
7. We have no obligation to assist you with establishing prices, including minimum or maximum prices, however, we may, in our discretion, provide you with suggesting pricing based on what other franchisees are charging in similar circumstances.

Advertising

We have no obligation to advertise on behalf of the franchise system or spend any amount in advertising in your area or territory.

Advertising Fund

As of the issuance date of this Disclosure Document, the contribution to the national brand fund (“Advertising Fund”) is 1% of Gross Revenue, although we retain the right to increase such Advertising Fund contribution to its maximum allowed percentage. Each franchisor-owned outlet will also be required to contribute to the Advertising Fund on the same basis as franchisees. We will deposit the Advertising Fund in a separate bank account, commercial account or savings account. The Advertising Fund is administered by us, or one of our designees, in our discretion. Your and our contribution to the Advertising Fund will be in addition to all other advertising fees set out in this Item 11.

We may reimburse ourselves, our authorized representatives, DP or other affiliates from the Advertising Fund for administrative costs, salaries for those individuals in charge of administering and maintaining the Advertising Fund, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by 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. Because we will not have this fund audited, audited financial statements are not available to franchisees. We will provide an unaudited annual accounting for the Advertising Fund each year upon written request.

We may use the Advertising Fund for the creation, production and placement of commercial advertising; agency costs and commissions; creation and production of video, audio and written advertisements; administering multi-regional advertising programs, direct mail and other media advertising; in-house staff assistance and related administrative costs; local and regional promotions; engaging one or more public relations firms or conducting our own public relations campaigns; market research; and other advertising and marketing activities, including participating at trade shows. Advertising may be placed in local, regional, national or international media of our choice, including but not limited to print, direct mail, radio, television or internet. We do not guarantee that advertising expenditures from the Advertising Fund will benefit you or any other franchisee or any geographic area directly or indirectly, on a pro rata basis, or at all. Specifically, we have no obligation to spend any portion of the Advertising Fund in any particular geographic area or territory.

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.

During the fiscal year of the Advertising Fund ending September 30, 2023, the Advertising Fund spent 45% of its income on production of advertisements and other promotional materials, 11% on administrative and professional fees, and less than 5% on miscellaneous expenses such as bank fees, office expense and postage, spending less than was collected. The Advertising Fund’s equity totaling \$214,890 was carried forward towards the next fiscal year.

Advisory Councils

We currently have an advisory council, the POPriotor advisory team (“PAT”). The PAT consists of selected franchisee members that are selected by members of the Franchising Management team and are chosen based on specific areas of expertise and proven history of operational excellence as well as a desire to see the brand grow and improve. There are no franchisor members on the PAT. The Council serves in an advisory capacity. We have the power to form, change, or dissolve the advisory (PAT) at our discretion. Currently, there are 3 members of the PAT who are active franchisees in good standing.

Local Advertising

In addition to its required contributions to the Advertising Fund, each Doc Popcorn® Franchise must spend 2% of its monthly Gross Revenue for local advertising, promotion and marketing.

You may be required to participate in any local or regional advertising cooperative that is established. The area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area, and each franchisee within such geographical area shall be a member of such local or regional cooperative. Franchisees in each cooperative will contribute an amount to the cooperative for each Franchise that the franchisee owns that exists within the cooperative’s area. Each company-owned outlet within the cooperative’s area will contribute to the cooperative on the same basis as franchisees. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. We may require that each cooperative that exceeds five (5) franchisee members must operate with governing documents. Each cooperative must prepare annual unaudited financial statements and such statements will be provided for review to each member of such cooperative. We reserve the right to form, change, dissolve or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist near your territory, you will be required to participate in compliance with the provisions of the Franchise Operations Manual, which we may periodically modify in our discretion. To the extent a cooperative has adopted governing documents, such governing documents must be available to members of the cooperative upon reasonable request. Each franchisor-owned outlet will also be required to contribute to an applicable local or regional cooperative, although we reserve the right to remove this obligation in the future.

You must also participate in any promotional campaigns and advertising or other programs that we or DP may periodically establish (See Item 6). These may include signage or other printed materials or promotional discounts.

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. 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 Franchised Business, those items or services must be in your Gross Revenue. If you use unauthorized advertising materials, you must pay a fee of \$500 per occurrence to us, or if established, the Advertising Fund.

Software and Computer Equipment

You must use the computer equipment, peripherals and accessories and software that we designate for your Franchised Business ("Computer System"). Over the term of your Franchise Agreement, we may modify the specifications and components of the Computer System. We may require you to own, lease, license, service and support the Computer System in the manner and on the terms we specify. We estimate the cost of purchasing the Computer System to be between \$3,000 and \$6,000. This includes the purchase of a desktop or laptop computer (you may use a computer that you already own) Quick Books Small Business Accounting software for Windows or Macintosh, and our designated POS hardware and software package, Square. You must keep your Computer System in good maintenance and repair and, at your expense, promptly make any and all additions, changes, modifications, substitutions, and/or replacements to your Computer System as we direct. You will pay any and all, annual or otherwise, software fees, or other fees, as required by our approved suppliers to maintain your Computer System. You may not alter your Computer System, or use alternative software or suppliers of technology, without our prior written approval.

The cost to upgrade the hardware and maintain or upgrade the software of the Computer System depends on the needs of the System, and technological developments, none of which we can predict at this time and are therefore subject to change. You may be required to upgrade your computer hardware approximately every two (2) to three (3) years due to improvements in the software, advances in technology, and memory requirements. There is no limitation on the frequency or cost of this obligation. Other than as specified in this paragraph, neither we nor any affiliate or third-party vendor have any ongoing obligation to provide ongoing maintenance, upgrades or updates to your Computer System. You must obtain your own technical support for the Computer System. Computer systems in general are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, data related problems and attacks by hackers and other unauthorized intruders ("E-Problems"). We have taken reasonable steps to prevent E-Problems from materially affecting you. We do not guarantee that information or communication systems we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify that your suppliers, lenders, landlords, customers, and governmental agencies on which you rely, have reasonable protection from E-problems. This may include securing your systems (including firewalls, password protection, and anti-virus systems), and providing backup systems.

We have the right to independently access your electronic information and data through our proprietary data management and intranet system and to collect and use your electronic information and data in any manner we promote developing the System and the sale of 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. (See Franchise Agreement Section 7.15, Unit Rider)

Training

Initial Training

We provide an initial training program ("PopTraining Program") in Paducah, Kentucky or at another site we designate. The PopTraining Program usually lasts approximately four (4) to ten (10) days in total, depending on the type of Franchised Business you choose to open as your first Franchised Business. We conduct our PopTraining Program approximately every six (6) weeks or as needed. Up to two (2) individuals designated by you are eligible to participate in our PopTraining Program without an additional charge. You (or, if you are not an individual, then a managing member, partner or officer of you designated by you to participate personally in the Franchised Business) must attend and successfully complete our

PopTraining Program at any point in time prior to making any sales to the public through your Franchised Business, unless we agree otherwise in writing, in our sole discretion. Any person designated by you to assume the primary responsibility for operating one of your individual Franchised Businesses (“Manager”) must attend and successfully complete our PopTraining Program prior to the time that you make any sales to the public through that Franchised Business. The PopTraining Program must be completed to our satisfaction.

The actual length of your training programs and your training schedules may be adjusted by us based on your prior experience, training or other factors. You will not receive any compensation or reimbursement for services or expenses for participation in the initial training program. You are responsible for all your expenses to attend any training program, including lodging, transportation, food and similar expenses. We may implement additional training at the Franchised Businesses prior to opening your first location. This training would last approximately five (5) to ten (10) days and you will be responsible for all transportation and living expenses of each person who you designate to attend. You will not receive any compensation or reimbursement for services or expenses for participation in the initial training program. You are responsible for all your expenses to attend any training program, including lodging, transportation, food and similar expenses.

The subjects covered in the PopTraining Program and the general time devoted to each subject is described below.

TRAINING PROGRAM

POPTRAINING PROGRAM AGENDA

Subject	Hours of Classroom Training ⁽¹⁾	Hours of On-The-Job Training ⁽²⁾	Location
Introduction	1	0	Paducah, Kentucky
Equipment/Maintenance/Health Department	1	6	Paducah, Kentucky
Marketing	1	1	Paducah, Kentucky
Ordering Product and Supplies	1	2	Paducah, Kentucky
Doc Popcorn Product Training	1	7	Paducah, Kentucky
Customer Service ⁽³⁾	2	7	Paducah, Kentucky
Accounting	2	0	Paducah, Kentucky
Sales Training	2	5	Paducah, Kentucky
Intranet	1	0	Paducah, Kentucky
Leadership & Employee Management Training ⁽³⁾	1	3	Paducah, Kentucky
Catering	1	2	Paducah, Kentucky
Merchandising ⁽³⁾	0	2	Paducah, Kentucky
Real Estate and Construction Processes - Non-Traditional / Fixed Location ⁽³⁾	1	0	Paducah, Kentucky

Subject	Hours of Classroom Training ⁽¹⁾	Hours of On-The-Job Training ⁽²⁾	Location
Operational Overview - Workbooks, Expectations, Preparing for Opening	2	0	Paducah, Kentucky
Totals:	17	36	

Notes:

1. Training classes use our confidential Manual as instructional materials. Martin Azambuya, Director - Franchise Sales (as described in Item 2 of this FDD), leads the training staff. Sara Bradley will assist with the provision of the initial training program and she has worked with Dippin' Dots and Doc Popcorn for 9 years in store operations, franchisee support, and training and 9 years of experience in the industry. Representatives of our operations team, development team, marketing team, event team, and real estate department, and various Franchised Business associates will conduct certain sections of the training program. Each of our instructors has demonstrated to us satisfactory knowledge of the topics they instruct, has experience in the fields of their topics, is overseen and reviewed by our training supervisors, and has at least three years' experience in their field.
2. On-the-job training is typically conducted on-site at the franchisee's location right before and during the soft opening. We will use the Franchise Operations Manual as the primary instruction materials during the initial training program.
3. The PopTraining Program may vary based upon the type of Franchised Business. We may require additional training before you subsequently open a different type of Franchised Business.

Ongoing Training

Your managing owner, designated manager, independent contractors and employees must attend and satisfactorily complete various training courses we periodically require at your cost and at the times and locations we designate. In addition to participating in ongoing training, you will be required to attend any annual meeting of all System franchisees that we may conduct. We estimate this training will be no longer than five days per year. You are responsible for all travel and expenses for your attendees.

We periodically may provide and require you and/or your designated manager attend seminars or refresher training programs. We may charge our then-current fee (up to \$500 per day, not including travel and living expenses) for attendance at the refresher training programs. Additionally, you are responsible for your and your attendees' cost and expenses associated with attending these refresher training programs. We do not anticipate attendance will be required more than two per any calendar year.

**ITEM 12
TERRITORY**

The territorial protections for your Franchise will depend on the type of Doc Popcorn® Franchise. If you are operating a Mobile Poperating Unit, you may operate at any Event except for a "Protected Event" of another franchisee. A "Protected Event" is an Event for which a franchisee: (1) obtains a written contract to operate one or more Mobile Poperating Units at the Event with the appropriate Event personnel; (2) operated a Mobile Poperating Unit at the most recent occurrence of the Event; (3) posts required information regarding the Event, including Event dates, name and contact information for the organizer,

costs, number of Mobile Populating Units desired by the organizer and expected crowds, on our current intranet system, and receives our approval; and (4) maintains protection of the Event by operating one or more Mobile Populating Units at each occurrence of the Protected Event, continuing to have the approval of the appropriate Event personnel, complying with the procedures described in the Franchise Operations Manual, and doing nothing to cause us to revoke the Protected Event status. A Protected Event provides the franchisee with the right of first refusal to add additional Mobile Populating Units at the Event. You will be required to sign/purchase another Franchise Agreement to exercise this right of first refusal to add an additional Mobile Populating Unit unless otherwise provided by your initial Franchise Agreement.

If you are operating a Fixed Populating Unit, you may operate at any location that has been approved in writing by us. Once a site is selected by you and approved by us for one or more Fixed Populating Units, you may not relocate or remove the Fixed Populating Units without our prior written approval, which approval will typically be granted as long as the relocation will not be detrimental to other franchisees of ours or to us as determined in our discretion. Our approval for relocation is based on the same standards used to approve new Fixed Populating Unit sites including: location, size, suitability, layout, access and visibility of the proposed location, proximity to other businesses, location and nature of any competitors, population density and demographics, vehicle traffic, pedestrian traffic, existing tenant mix, parking convenience, and other factors that may be relevant to your market.

You will not receive an exclusive territory. You may face competition from other franchisees, from other outlets that we own, or from other channels of distribution or competitive brands that we control. You do not have any exclusive right to any particular market or customers. However, we will consider your proximity when evaluating the site of another franchisee submitted for our approval. The continuation of your right to an approved site or a Protected Event, if applicable, is not dependent on the achievement of a certain sales volume, market penetration or similar contingency. You may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of and apart from your Franchised Businesses(s), without our prior written consent, which we may deny in our discretion. We do not pay compensation for soliciting or accepting orders inside your territory.

We and our affiliate retain the rights, among others, without any compensation to you:

1. To use and license others to use, the Marks and System for the operation of Doc Popcorn® Franchise, at any Permanent Site or Event other than the Permanent Site of Franchisee's Operating Unit or at a Protected Event;
2. To use the Marks and System to identify services and products, promotional and marketing efforts or related items, and to identify products and services similar or identical to those which you will sell, but made available through alternative channels of distribution at any location or through the wholesale sale of Doc Popcorn® Products to unrelated retail outlets or to food distributors or outlets located in stadiums, arenas, airports, convenience stores, turnpike rest stops, grocery stores, or supermarkets;
3. To use and license the use of other proprietary marks or methods in connection with the sale of products and services similar to those which you will sell or in connection with the operation of displays located in retail stores, at any location other than at your Doc Popcorn® Franchise location, which locations are the same as, or similar to, or different from traditional Doc Popcorn® locations, or through alternative channels of distribution or through the wholesale sale of products and/or services to unrelated retail outlets or to food distributors or outlets located in stadiums, arenas, airports, convenience stores, Internet sales, turnpike rest stops, grocery stores, or supermarkets; and
4. To acquire, combine with, merge with or be acquired by, any business or person, including a business that competes directly with your Doc Popcorn® Franchise.

Except for those rights to open multiple Franchises if expressly provided in your Franchise Agreement, and the rights granted under a Protected Event, you do not receive the right to acquire Franchises or a right of first refusal on the sale of existing Franchises.

**ITEM 13
TRADEMARKS**

We grant you the non-exclusive right and obligation to use the Marks under the Franchise Agreement. We have entered into a license agreement (“Trademark License”) with our affiliate company, DP, to use and sublicense the use of the Marks listed below for purposes of franchising the System in the United States, including territories of the United States. The Master License Agreement extends for five years commencing September of 2014, but it will automatically renew for additional five-year periods if we continue in business and do not materially breach the Master License Agreement by engaging in any activity that damages those Marks or the goodwill of those Marks. If the license is terminated for any reason, DP will license the use of the Marks directly to our franchisees until each franchise agreement expires or is otherwise terminated. DP owns the following Marks, which are licensed to us, that are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

Mark	Registration Date	Registration No.	Status
DOC POPCORN	November 21, 2006	3,174,231	Registered; Renewed on January 29, 2017
DOC POPCORN	June 5, 2012	4,153,059	Registered
	January 22, 2013	4,278,426	Registered

All required affidavits have been filed for the registered mark. There are no effective 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 a manner material to your Franchise. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must follow our guidelines and requirements 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 Franchised Business that you are an independently owned and operated licensed franchisee of Doc Popcorn Franchising L.L.C. You may not use the Marks in the sale of unauthorized services or products 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 Franchised Business or any interest in the Franchise. All rights and goodwill

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from the use of the Marks accrue to us. 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 notify us immediately when you learn about an infringing or challenging use of the Marks. If you are in compliance with the Franchise Agreement, we will defend you against any claim brought against you by a third party alleging your use of the Marks in accordance with the Franchise Agreement infringes upon that party's intellectual property rights. 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 control any proceeding or litigation relating to the 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 (3) 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. 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

We do not own any patents or patents pending that are material to the franchise, but we claim copyright rights in the Franchise Operations Manual, all advertising and marketing materials, all menus, and the Doc Popcorn® website.

You can use the proprietary information in our Franchise Operations Manual. We have not registered a copyright for the Franchise Operations Manual, but we claim a copyright in it and the information is proprietary. The Franchise Operations Manual must be returned to us upon termination of your Franchise Agreement. The System is proprietary to us. All recipes, formulations, ingredient lists, trade dress, designs, Doc Popcorn Products, Doc Popcorn Supplies and Equipment, Doc Popcorn Services, Doc Popcorn Product preparation methods and Doc Popcorn Blends are trade secrets and proprietary to us and our affiliates. You will not use any proprietary information or trade secret without our written permission. You must promptly tell us if you learn about unauthorized use of this proprietary information. We are not obligated to take any action, but we will respond to this information as we think appropriate. We shall control any litigation related to the proprietary information. We will indemnify you against losses claimed by a third party concerning your use of this information in accordance with the Franchise Agreement. Our right to use or license these copyrighted and proprietary materials is not materially limited by any agreement or known infringing use. There are no determinations of any administrative office or any court regarding these copyrighted and proprietary materials.

The Franchise Agreement also provides that you must: (a) follow all of our security procedures, (b) disclose our proprietary information to your employees only as needed to market our Doc Popcorn Products and Doc Popcorn Services; (c) not use any proprietary information in any other business; and (d) exercise the highest degree of diligence to maintain our proprietary information as confidential.

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

We recommend that you (or, if you are not an individual, then a managing member, partner or officer designated by you to participate personally in the Franchised Business) be the primary operator of the Franchised Business at all times and devote substantial full time and best efforts on a daily basis, in person, to the supervision and conduct of the Franchised Business.

We recommend that a designated Manager devote substantial full time and best efforts on a daily basis, in person, to the supervision and conduct of the Franchised Business. Your designated Manager must successfully complete our training program. Your designated Manager need not have an ownership interest in the franchisee entity. If you replace a Manager, the new Manager must satisfactorily complete our training program.

Any Manager and, if you are an entity, any officer that does not own equity in the franchisee entity must sign the Nondisclosure and Noncompetition Agreement, the current form of which is attached to this Disclosure Document in Exhibit C.2. 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 Noncompetition Agreement), the current form of which is attached to this Disclosure Document in Exhibit C.3. If you are an entity, each owner (i.e., each person holding an ownership interest in you) must sign a personal guarantee, the form of which is attached to the Franchise Agreement. We also require that the spouses of the Franchise owners sign the personal guarantee.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of services and products specified by us. We may change or add to our required services and products at our discretion with prior notice to you. If we change or add to our required services and products, 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 services or products 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.

You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. You may not establish an account or participate in any social networking sites (including, without limitation, Facebook, MySpace, Twitter or any other social or professional networking site or blog) or mention or discuss the Franchise, us or our affiliates. Otherwise, except as provided in Item 12, we place no restrictions upon your ability to serve customers.

We reserve the right to establish minimum and maximum resale prices to the maximum extent permitted by applicable law. Except as stated in Item 12 above and in this Item 16, we do not impose any restrictions limiting your access to customers.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise or Other Agreement	Summary
a. Length of the franchise term	Section 2.1	5 years.
b. Renewal or extension of the term	Section 2.2	You may renew the term of this Agreement for two (2) additional consecutive terms of five (5) years each, if you are in good standing and satisfy other requirements set forth in the Franchise Agreement.
c. Requirements for franchisee to renew or extend	Sections 2.2	“Renewal” means that, subject to the requirements and limitations set forth in your Franchise Agreement, upon the expiration of the term of your current Franchise Agreement, you will enter into a new franchise agreement according to the then-current terms and conditions. You may renew if you provide us with written notice less than three months but not more than six months prior to the end of your then-current term; in full compliance with Franchise Agreement; execute then-current Franchise Agreement and other ancillary documents; update your equipment, which may include refurbishing your Mobile Poperating Unit and/or Fixed Poperating Unit under our refurbishment program; pay \$2,500 renewal fee; sign general release; and comply with other conditions. This means that you may be asked to sign an agreement with terms and conditions that are materially different from those in your original agreement.
d. Termination by franchisee	Section 10.6	You can terminate if we materially breach the agreement and do not cure after 30 days’ notice, subject to state law.
e. Termination by franchisor without “cause”	Not Applicable	We must have cause to terminate the Franchise Agreement.
f. Termination by franchisor with “cause”	Sections 10.1-10.5	We can terminate only if you default as stated in the Franchise Agreement.

Provision	Section in Franchise or Other Agreement	Summary
g. "Cause" defined – curable defaults	Sections 10.3-10.5	You have 10 days to cure various defaults including failure to follow the Franchise Operations Manual, failure to purchase and sell Doc Popcorn Products and packaging from approved suppliers, failure of your estate to make an authorized transfer within 120 days following death or incapacity, failure to pay for products, and failure to purchase equipment required to open your first Franchised Business within the time period required, and 30 days to cure a default for failure to purchase the minimum amount of Doc Popcorn Products for a 360-day period. You have 12 months to cure default cause by lease termination.
h. "Cause" defined - non-curable defaults	Section 10.2	Non-curable defaults include failure to satisfactorily complete the PopTraining Program, material misrepresentation in the purchase of the franchise, repeated defaults even if cured, unauthorized use of proprietary information, abandonment, sales of unauthorized products or packaging, misuse of the Marks or System, bankruptcy, criminal conviction, threats to public health, and physical or verbal abuse of our employees or other franchisees, defaults under equipment leases or loans with us or third parties, defaults under related agreements.
i. Franchisee's obligations on termination/non-renewal	Section 11.1	Obligations include complete de-identification and payment of amounts due, including a lump sum amount equal to the net present value of Royalties, and Technology Fees that would have become due following termination of the Franchise Agreement for the period the Franchise Agreement would have remained in effect but for your default and termination. The lump sum due for purposes of this determination shall be calculated based on the average fees paid for the 12 months preceding the closing date of your Franchised Business. Also, at our option, you must sell your equipment back to DP. (See also r. below)
j. Assignment of contract by franchisor	Section 13.1	No restrictions on our right to assign.
k. "Transfer" by franchisee – defined	Section 13.2	Includes assignment and transfer of Franchise Agreement and ownership change. You must transfer equipment and an ongoing business operation. You may not merely transfer the rights contained in your Franchise Agreement without our express written permission, which may be granted or denied at our discretion.
l. Franchisor approval of transfer by franchisee	Section 13.2	We have the right to approve all Transfers of your agreement and unit(s) combined, but will not unreasonably withhold approval.

Provision	Section in Franchise or Other Agreement	Summary
m. Conditions for franchisor approval of transfer	Section 13.23.2	You notify us of the proposed transfer at least 30 days before the transfer is proposed to take place; if the transfer will result in a change of control, the proposed new controlling owner must meet our criteria for a franchisee, you must be current in all monetary obligations to us, you must not be in default under the Franchise Agreement, you must execute a release, you and the proposed transferee must execute transfer documents satisfactory to us, the Franchise is refurbished to comply with current standards, the transferee completes training to our satisfaction and pays any applicable training fee, you pay us the transfer fee, current franchise agreement is signed by new franchisee (which may contain terms and conditions materially different from your original Franchise Agreement) (See also r. below.)
n. Franchisor's right of first refusal to acquire franchisee's business	Section 13.3	We can match any offer for all or part of your Franchised Business.
o. Franchisor's option to purchase franchisee's business	Section 12.1	Upon expiration or termination, we have the right to purchase inventory, equipment, signs and accessories.
p. Death or disability of franchisee	Section 13.4	Personal representative appointed for franchise must be assigned to approved buyer within 6 months after event.
q. Non-competition covenants during the term of the Franchise	Section 15.1	Non-involvement in competing business anywhere; subject to state law.
r. Non-competition covenants after the Franchise is terminated or expires	Section 15.2	No competing business for two years at the same Events you served and Events served by any Doc Popcorn® outlet and within five miles of the site of any Doc Popcorn® outlet, subject to state law and except as stated in the State Addenda in <u>Exhibit H</u> to this Disclosure Document.
s. Modification of agreement	Section 15.5	No modifications generally without mutual consent, but Franchise Operations Manual subject to change.
t. Integration/merger clause	Section 19.1	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration	Section 20.1-20.3	Arbitration in Oklahoma City, Oklahoma. Litigation, if permitted, in Oklahoma City, Oklahoma (subject to state law).
v. Choice of forum	Section 20.4	Oklahoma City, Oklahoma (subject to state law).
w. Choice of law	Section 20	Oklahoma (subject to state law).

**ITEM 18
PUBLIC FIGURES**

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

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting projections of your future income, you should report it to the franchisor’s management by contacting Stephen C. Heisner, Vice President of Administration, Doc Popcorn Franchising, L.L.C., 910 South 5th Street, Paducah, Kentucky 42003, 270-575-6990, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
Systemwide Outlet Summary
For Years 2021 - 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	73	74	+1
	2022	74	66	-8
	2023	73	76	+3
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	73	74	+1
	2022	74	73	-1
	2023	73	76	+3

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2021 - 2023

State	Year	Number of Transfers
New Jersey	2021	0
	2022	1
	2023	0
Illinois	2021	1
	2022	0
	2023	2
Minnesota	2021	1
	2022	0
	2023	0
Totals	2021	2
	2022	1
	2023	2

Table No. 3
Status of Franchised Outlets
For Years 2021 - 2023

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
Alabama	2021	0	0	0	0	0	0	1
	2022	1	0	0	1	0	0	0
	2023	0	0	0	0	0	0	0
Arizona	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
California	2021	3	0	0	0	0	0	3
	2022	3	0	0	2	0	1	1
	2023	1	0	0	0	0	0	1
Colorado	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Connecticut	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
District of Columbia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	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
Florida	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Georgia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Hawaii	2021	1	0	0	0	0	0	1
	2022	1	0	0	1	0	0	0
	2023	0	0	0	0	0	0	0
Illinois	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	1	5
	2023	5	0	0	0	0	0	5
Indiana	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Kentucky	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Louisiana	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Maryland	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Massachusetts	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Michigan	2021	2	0	0	2	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Minnesota	2021	2	0	0	1	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Mississippi	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Missouri	2021	4	0	0	2	0	1	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nevada	2021	2	0	0	1	0	0	1
	2022	2	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	4	1	0	0	0	0	5
	2022	5	1	0	0	0	0	6
	2023	6	0	0	0	0	0	6

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
New Mexico	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New York	2021	3	1	0	0	0	0	4
	2022	4	2	0	0	0	0	6
	2023	6	0	0	0	0	0	6
North Carolina	2021	4	1	0	0	0	1	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Ohio	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Oklahoma	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Pennsylvania	2021	3	2	0	2	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Puerto Rico	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
South Carolina	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Tennessee	2021	2	0	1	1	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Texas	2021	14	1	0	0	0	0	15
	2022	15	1	0	0	0	0	16
	2023	16	0	0	0	0	0	16
Utah	2021	1	2	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Wisconsin	2021	3	0	0	0	0	1	2
	2022	2	0	0	1	0	0	1
	2023	1	0	0	0	0	0	1
Total	2021	73	9	0	6	0	2	74
	2022	74	5	0	4	0	2	73
	2023	73	3	0	0	0	0	76

Table No. 4
Status of Company-Owned Outlets
For Years 2021 - 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Total Outlets	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Table No. 5
Projected Openings as of
September 30, 2023

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
N/A	0	0	0
Total	0	0	0

A list of names, addresses and telephone numbers of all Franchisees are listed in Exhibit E attached to this Disclosure Document. The name and last known home address and telephone number of every franchisee who has had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recent completed fiscal year or who has not communicated with us within 10 weeks of the date of this Disclosure Document are listed in Exhibit E attached to this Disclosure Document. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the System.

During the last three years, franchisees have signed confidentiality provisions with us that would restrict their ability to speak openly about their experience with the System. In some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience with the Doc Popcorn System. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

As of the Issuance Date of this Disclosure Document, there is no (i) trademark-specific franchisee organization associated with the System being offered that we have created, sponsored or endorsed or (ii) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit D are our audited financial statements for the fiscal years ending as of December 31, 2021, September 24, 2022 (partial year), and September 30, 2023.

Our fiscal year ends on 53 weeks after the immediately preceding fiscal year end.

ITEM 22
CONTRACTS

The following agreements regarding the offering of a franchise are attached as exhibits to this Disclosure Document.

- Exhibit B. Franchise Agreement
- Exhibit C.1 General Release Agreement
- Exhibit C.2. Nondisclosure and Noncompetition Agreement
- Exhibit C.3 Confidentiality Agreement
- Exhibit C.4. ACH Payment Authorization Form
- Exhibit C.5. Authorization for Credit Card Payments
- Exhibit C.6. Addendum to Lease
- Exhibit C.7. Customer Agreement
- Exhibit H. State Addenda and Agreement Riders

ITEM 23
RECEIPTS

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

EXHIBIT A

TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

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

STATE	AGENCY	PROCESS, IF DIFFERENT
California	Department of Financial Protection and Innovation <i>Los Angeles</i> 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 <i>Sacramento</i> 2101 Arena Blvd. Sacramento, CA 95834 (916) 445-7205 <i>San Diego</i> 1350 Front Street, Room 2034 San Diego, CA 92101-3697 (619) 525-4233 <i>San Francisco</i> One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565 Toll Free (866) 275-2677	Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344
Connecticut	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Agent: Banking Commissioner
Florida	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 (850) 245-6000	

STATE	AGENCY	PROCESS, IF DIFFERENT
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division P.O. Box 40 Honolulu, HI 96810 (808) 586-2727 (808) 586-2740 (808) 586-2744	Commissioner of Securities of Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch King Kalakaua Building 335 Merchant Street, Room 205 Honolulu, HI 96813
Illinois	Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62701 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section G. Mennen Williams Building, 1st Floor 525 W. Ottawa St. Lansing, MI 48913 (517) 335-7567	
Minnesota	Minnesota Department of Commerce Securities Unit 85 7 th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1500	Minnesota Department of Commerce Securities Unit Commissioner of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101

STATE	AGENCY	PROCESS, IF DIFFERENT
New York	NYS Department of Law Investor Protection Bureau Franchise Section 28 Liberty Street, 21st FL New York, NY 10005 Phone: (212) 416-8222	Attention: New York Secretary of State New York Department of State The Division of Corporations One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 12231-0001 (518) 473-2492
North Dakota	North Dakota Securities Department 600 Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510
Oregon	Division of Consumer and Business Services Finance and Corporate Securities 350 Winter Street N.E. Labor and Industries Building, Rm 21 Salem, OR 97301 (503) 378-4100	
Rhode Island	Securities Division Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex – Bldg 69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Department of Labor and Regulation Division of Securities 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219-3630 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street Richmond, VA 23219

STATE	AGENCY	PROCESS, IF DIFFERENT
Washington	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760 -or 150 Israel Road SW Tumwater, WA 98501	Director of Dept. of Financial Institutions Securities Division 150 Israel Rd. SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701 -or 345 West Washington Avenue Fourth Floor Madison, WI 53703 (608) 266-2801 (608) 266-2139	Administrator, Division of Securities Department of Financial Institutions 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703

EXHIBIT B
TO FRANCHISE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT



**DOC POPCORN FRANCHISING L.L.C.
FRANCHISE AGREEMENT**

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Exhibits

Exhibit 1 - Franchise Information

Exhibit 2 - Statement of Ownership

Exhibit 3 - Guarantee and Assumption of Franchisee’s Obligations

DOC POPCORN L.L.C. FRANCHISE AGREEMENT

THIS AGREEMENT (“Franchise Agreement”) is made as of _____ (“Effective Date”) by and between Doc Popcorn Franchising L.L.C., an Oklahoma limited liability company, located at 910 South 5th Street, Paducah, Kentucky 42003 (“we”, “our,” “us,” or “Franchisor”) and the franchisee named on the signature page of this Agreement (“you,” “your” or “Franchisee”).

RECITALS

Franchisor has developed a system using the service mark Doc Popcorn® and related trade names and trademarks (“Marks”) for the operation of a business (“Doc Popcorn Business” or “Business”) that sells fresh flavored popcorn made from our proprietary flavor blends (“Doc Popcorn Blends” or “Blends”) in our proprietary packaging and other approved products, from our proprietary mobile, self-contained units which currently include our “PopCarts,” “PopTrucks” or “PopTrailers,” from our proprietary fixed-location kiosks (“PopKiosks”) or at retail stores (“PopStores”).

A PopCart, PopTruck, and PopTrailer (collectively, "Mobile Operating Unit(s)") are usually operated at non-permanent sites including fairs, sporting events, conventions, rodeos, festivals, trade shows, grand openings and seminars (“Events”). A PopCart, PopTruck, and PopTrailer also may be operated from permanent, fixed sites (“Permanent Sites”) located inside malls, strip centers, schools, office buildings, hospitals, airports, colleges, health clubs, auditoriums, arenas and concert and sports venues. A Permanent Site is limited to the actual permanent, fixed site at which a Business is located and does not encompass the entire mall, strip center, school, office building, hospital, airport, college, health club, auditorium, arena, concert venue or sports venue. A PopKiosk and PopStore (collectively, "Fixed Operating Unit(s)") are only operated from Permanent Sites.

Franchisor’s products include its: **(1)** fresh flavored popcorn made from Doc Popcorn Blends; **(2)** soft drinks; **(3)** bottled waters; **(4)** trademarked bags, tins and other product packaging; **(5)** clothing and accessories; and **(6)** such other products as have been or may be introduced and authorized by Franchisor (collectively “Doc Popcorn Products” or “Products”).

Doc Popcorn Businesses prepare, market, and sell Doc Popcorn Products (“Doc Popcorn Services”).

Doc Popcorn Businesses are operated under a business format utilizing a proprietary system with high standards of service, including valuable know-how, information, Trade Secrets, confidential information, training methods, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage and research and development (“System”). The System includes: **(1)** the sale of Doc Popcorn Products; and **(2)** the use of Doc Popcorn® poppers, signage, décor, and other equipment, as well as the PopCart and custom transport trailer, PopTruck, PopTrailer, and PopKiosk (collectively, “Doc Popcorn Supplies and Equipment”), and the specifications for the Doc Popcorn Supplies and Equipment.

Franchisee desires to enter into an agreement with Franchisor to obtain the rights to operate a Doc Popcorn Business and has fully investigated and has familiarized itself with the essential aspects and purposes of the System.

NOW, THEREFORE, the parties agree as follows:

1. GRANT OF FRANCHISE

1.1 Grant of Franchise. Franchisor grants to Franchisee, and Franchisee accepts from Franchisor, the non-exclusive right and obligation to establish and operate a Doc Popcorn Business. Each Business, whether a PopCart, PopTruck, PopTrailer, PopKiosk or PopStore is considered an “Operating Unit” or a “Poperating Unit.” Doc Popcorn Products may be sold by Franchisee only from an approved Operating Unit. The Operating Unit(s) are identified in Exhibit 1.

1.2 Operation of the Business.

1.2.1. Franchisee will operate its Doc Popcorn Business, and use the Marks and System in connection with its Doc Popcorn Business, as they may be changed, improved and developed by Franchisor in the future, only in accordance with the terms and conditions of this Agreement. Franchisee will operate its Business only from the Operating Units set forth in Exhibit 1, at agreed upon Events or Permanent Sites, or a combination of both, up to the maximum permitted number. If Franchisee desires to convert an Operating Unit to a different type of Operating Unit, Franchisee must obtain Franchisor’s prior written consent.

1.2.2. Franchisee will use its best efforts to promote its Doc Popcorn Business and to open and operate the maximum number of Operating Units granted under this Agreement. Franchisee may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales apart from Franchisee’s Operating Unit(s), without Franchisor’s prior written consent.

1.2.3. Notwithstanding anything to the contrary in this Agreement, if Franchisee operates a PopStore from a Permanent Site and Franchisee also purchases a Dippin’ Dots® franchise from our affiliate, Dippin’ Dots Franchising, L.L.C. (“DDF”), Franchisee may be eligible, following our approval, to co-brand the PopStore with the Dippin’ Dots® brand and trademarks. Plans, specifications and other conditions for co-branding the PopStore, will be subject to our direction and final approval, which may be given or withheld in our discretion.

1.3 Permanent Sites and Events.

1.3.1. Franchisee may not operate its Doc Popcorn Business at a Permanent Site without our prior written consent. Franchisee will follow Franchisor’s process and procedures to obtain that consent. As a condition of Franchisor’s consent to any lease that Franchisee may enter into for a Permanent Site, Franchisee and its landlord must execute Franchisor’s Addendum to Lease and Collateral Assignment of Lease or provide similar language in the executed lease.

1.3.2. If Franchisee operates an Operating Unit from a Permanent Site, it will not receive any protected or exclusive territory, nor any exclusive right to any particular market or customers. Franchisee acknowledges that there is no guarantee that it may operate the Doc Popcorn Business at any specific Event sites, Permanent Sites or other locations.

1.4 Principal Business Address. Franchisee will designate a principal business office address, telephone number, fax number, and its email address for billing and notification purposes (“Principal Business Address”). The Principal Business Address may be Franchisee’s home or other place where the administrative affairs of the Business are conducted. The initial Principal Business Address is set forth in Exhibit 1. Franchisee will at all times keep Franchisor apprised of the location of its Principal Business Address.

1.5 Reservation of Rights. Franchisee acknowledges that the franchise granted by this Agreement is non-exclusive and that Franchisor and its affiliates retain the rights, among others, without any compensation to Franchisee to: **(i)** use and license others to use, the Marks and System for the operation of Doc Popcorn Businesses, at any Permanent Site or Event other than the Permanent Site of Franchisee's Operating Unit or at a Protected Event (defined in Section 9.1.3); **(ii)** use the Marks and System to identify services and products, promotional and marketing efforts or related items, and to identify products and services similar or identical to those which Franchisee will sell, but made available through alternative channels of distribution at any location or through the wholesale sale of Doc Popcorn Products to unrelated retail outlets or to food distributors or outlets located in stadiums, arenas, airports, convenience stores, turnpike rest stops, grocery stores, or supermarkets; **(iii)** use and license the use of other proprietary marks or methods in connection with the sale of products and services similar to those which Franchisee will sell or in connection with the operation of displays located in retail stores, at any location other than at Franchisee's Operating Unit, which locations are the same as, or similar to, or different from traditional Doc Popcorn® locations, or through alternative channels of distribution or through the wholesale sale of products and/or services to unrelated retail outlets or to food distributors or outlets located in stadiums, arenas, airports, convenience stores, Internet sales, turnpike rest stops, grocery stores, or supermarkets; and **(iv)** acquire, combine with, merge with or be acquired by, any business or person, including a business that competes directly with Franchisee's Business.

1.6 Ownership and Principal Contact of Franchisee. If Franchisee is a legal entity ("Entity"): **(i)** Franchisee will complete and update throughout the term of this Agreement, as necessary, the "Statement of Ownership," the current form of which is attached as Exhibit 2; **(ii)** all persons who hold a direct or indirect interest of 10% or more percent in the Entity will guarantee Franchisee's performance under this Agreement by signing the Guarantee and Assumption of Franchisee's Obligations attached as Exhibit 3; **(iii)** Franchisee will provide Franchisor a resolution signed by all members, directors, or partners, as appropriate, designating the principal contact for the Business who must be a managing member, general partner, or controlling shareholder and who will have the authority to speak for and bind Franchisee in all matters pertaining to this Agreement and the Business; and **(iv)** its governing documents must provide that the Entity will engage in no business other than the operation of the Doc Popcorn Business.

2. TERM

2.1 Term. The term of this Agreement will begin on the Effective Date and expire 5 years after the Effective Date, unless terminated earlier pursuant to Section 10 ("Initial Term").

2.2 Successor Franchisee. At the end of the Initial Term, Franchisee will have the option to renew its right to operate a Doc Popcorn Business for 2 additional successive 5-year terms (each, a "Renewal Term"), the first Renewal Term commencing immediately after the Initial Term and the second Renewal Term commencing immediately after the first Renewal Term. Franchisee must give Franchisor written notice of its desire to exercise its option not more than 6 months and not less than 3 months before the end of the then-expiring term. Franchisor may require Franchisee to satisfy any or all of the following as a condition of exercising its option for the next successor franchise term:

2.2.1. At least 30 days prior to expiration of the then-expiring term, Franchisee executes our then-current form of franchise agreement used for the sale of Doc Popcorn franchises.

2.2.2. Franchisee has complied with all provisions of this Agreement during the current term, including the payment on a timely basis of all Product payments and other fees due. "Complied" will mean, at a minimum, that Franchisee has not received any written notification from Franchisor of any breach under this Agreement more than 3 times during the current term, regardless of whether the breaches have been cured by Franchisee.

2.2.3. Franchisee upgrades, remodels or refurbishes any equipment, signage and each Permanent Site store or other Operating Unit, as is applicable, at Franchisee's sole expense to conform with the then-current Library of Operating Manuals (defined in Section 3.11).

2.2.4. Franchisee executes a general release, in the form prescribed by Franchisor, of all claims against Franchisor and its affiliates, and their respective officers, directors, employees, and agents arising out of or related to this Agreement or any other agreement with Franchisor or its affiliates.

2.2.5. Franchisee pays a successor franchise fee of \$2,500 prior to the start of each Renewal Term.

3. PROPRIETARY MARKS AND THE SYSTEM

3.1 **Marks.** Franchisor has the right to license and control Franchisee's use of the service mark and trademark "Doc Popcorn[®]" and the other Marks. Franchisee acknowledges that it has not acquired any right, title, or interest in the Marks, except for the right to use the Marks in the operation of its Doc Popcorn Business as governed by this Agreement. Franchisee agrees not to use any of the Marks or any name similar to the Marks as part of its entity name or email address, or as part of any URL, web page, domain name, locator, link, metatag, or on any sites on the internet and the world wide web.

3.2 **No Use of Other Marks.** Franchisee will use no service mark or trademark other than the "Doc Popcorn[®]" service mark or any other Marks as may be specified by Franchisor for use in the identification, marketing, promotion, or operation of a Doc Popcorn Business.

3.3 **System.**

3.3.1. Franchisee acknowledges that: **(i)** Franchisor owns and controls the System which includes the distinctive plan for the establishment, operation and promotion of a Doc Popcorn Business and all related methods of doing business, as well as, Franchisor's standards and specifications for the Operating Units, recipes, Doc Popcorn Blends, operational methods including the "Doc Popcorn Fresh Pop Flavor System[™]," Doc Popcorn Products, Doc Popcorn Services, Doc Popcorn Supplies and Equipment, marketing techniques, written promotional materials, advertising and accounting systems, all of which constitute confidential Trade Secrets of Franchisor (defined in Section 3.11.2); **(ii)** that Franchisor has valuable rights in and to these Trade Secrets; **(iii)** it has not acquired any right, title, or interest in the System except for the right to use the System in the operation of its Doc Popcorn Business as provided in this Agreement; and **(iv)** it is obligated to maintain the confidentiality of the System in accordance with Section 3.9.

3.3.2. If Franchisee develops any new concepts, processes or improvements relating to the System or any other development or material relating to the System, Franchisee must promptly notify Franchisor and provide us with all information regarding the new concept, process, improvement, development or material, all of which will become our property and may be incorporated into the System without any payment to Franchisee. Franchisee, at its expense, promptly must take all actions deemed necessary or desirable by us to vest in us ownership of those concepts, processes or improvements.

3.4 **Infringement.** Franchisee will notify Franchisor in writing within 3 days of the date any possible infringement or illegal use by others of a trademark that is the same as or confusingly similar to any of the Marks comes to its attention. Franchisor has the right, in its discretion, to determine whether any action will be taken on account of any possible infringement or illegal use. Franchisor may prosecute the action in Franchisor's name and expense and may join Franchisee as a party to the action if Franchisor

determines it to be reasonably necessary for the continued protection and quality control of the Marks and System. Franchisee will fully cooperate with Franchisor in any such litigation.

3.5 Notification. During the term of this Agreement, Franchisee agrees to hold itself out to the public as an independent contractor operating the Business under license from Franchisor, and Franchisee agrees to exhibit a notice to that effect (the location and content of which Franchisor reserves the right to specify) in a conspicuous place.

3.6 Change of Marks. Franchisor may modify or discontinue use of any Mark, or develop additional or substitute marks. Franchisee will, within a reasonable time after receipt of written notice of a modification or discontinuation from Franchisor, take such action, at Franchisee's expense, as may be necessary to comply with the modification, discontinuation, addition, or substitution.

3.7 Consents to Use of Marks. Franchisee agrees to execute all additional documents and assurances in connection with the use of the Marks as requested by Franchisor and to fully cooperate with Franchisor or any other franchisee or licensee of Franchisor in securing all necessary and required consents of any state agency or legal authority to the use of the Marks or any other name that is or becomes a part of the System.

3.8 Goodwill. All goodwill associated with the Marks and the System, including any goodwill that might be deemed to have arisen through Franchisee's operation of its Doc Popcorn Business or other activities will inure solely to the benefit of Franchisor.

3.9 Confidentiality of Proprietary Information. Franchisee agrees to: **(i)** strictly adhere to all security procedures required by Franchisor for maintaining the proprietary information as proprietary; **(ii)** disclose proprietary information to its employees only to the extent necessary for the operation of its Doc Popcorn Business; **(iii)** not use any proprietary information in any other business or in any manner not specifically authorized by Franchisor; and **(iv)** exercise the highest degree of diligence and make every effort to maintain the confidentiality of all proprietary information during and after the term of this Agreement.

3.10 Nondisclosure and Noncompetition Agreement. Franchisee will have its owners, members, partners, shareholders, Managers (defined in Section 7.8.1), principal employees, all persons who attend Franchisor's training program, and anyone who has access to the Library of Operating Manuals or any of Franchisor's proprietary information, execute Franchisor's standard form of Nondisclosure and Noncompetition Agreement before performing any work at the Doc Popcorn Business or otherwise having access to Franchisor's proprietary information. A copy of all signed agreements must be delivered to Franchisor within 7 days after execution.

3.11 Library of Operating Manuals.

3.11.1. Franchisor's operating manuals and other written materials, including information posted on Franchisor's website and information sent to Franchisee by email and regular mail, manuals, written procedures, memoranda, and their supplements loaned to Franchisee by Franchisor (collectively, "Library of Operating Manuals") remain the sole property of Franchisor and must be returned to Franchisor at Franchisor's direction. Franchisee, its members, shareholders, partners, and guarantors, if any, acknowledge that the contents of the Library of Operating Manuals and Franchisee's knowledge of Franchisor's processes, services, products, know-how, and the System, are secret, unique and confidential and contain Trade Secrets and other material proprietary to Franchisor.

3.11.2. Franchisee acknowledges that its entire knowledge of the operation of the Business is and will be derived from information disclosed to Franchisee by Franchisor which is proprietary, confidential, and a Trade Secret of Franchisor. “Trade Secrets” refer to the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures, or improvements regarding the Business that is valuable and secret in the sense that it is not generally known to competitors of Franchisor. Franchisee will maintain the absolute confidentiality of all Trade Secrets during and after the term of this Agreement, and will not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor.

3.11.3. Franchisee may not disclose the contents of the Library of Operating Manuals to unauthorized persons and must use Franchisee’s best efforts to prevent unauthorized disclosure to any person, as this disclosure would cause irreparable harm to Franchisor and the System. Franchisee: **(i)** understands that the Library of Operating Manuals is loaned to Franchisee; **(ii)** understands that the Library of Operating Manuals remains Franchisor's property; **(iii)** agrees to return the Library of Operating Manuals to Franchisor on the termination of this Agreement or at times as may otherwise be directed by Franchisor; and **(iv)** will not copy or otherwise duplicate the Library of Operating Manuals or any other proprietary materials.

3.11.4. Franchisor may convert the Library of Operating Manuals to an exclusively electronic format and require Franchisee to access the document through the Internet or through an intranet created and supported by Franchisor. Franchisor retains the right to modify, change, add to, delete or supplement the Library of Operating Manuals and to specify other systems, procedures or forms and notify Franchisee about changes in writing by fax, mail, email or postings on Franchisor’s Intranet or website on the Internet.

4. FEES

4.1 ***Initial Franchise Fee.*** The Initial Franchise Fee for each Operating Unit is \$15,000 and is due and payable in full when Franchisee signs this Agreement. The Initial Franchise Fee, payments for purchases of Doc Popcorn Products and Doc Popcorn Supplies and Equipment for PopKiosks and PopStores are non-refundable, except as otherwise provided in Section 4.2. Franchisee will acquire the Doc Popcorn Products and the Doc Popcorn Supplies and Equipment, as well as the PopCarts, PopTrucks and PopTrailers, and PopKiosks (as applicable) through Franchisor’s affiliate, Doc Popcorn L.L.C. (“DP”), or other affiliates or suppliers designated or approved by Franchisor. Notwithstanding the foregoing, the following Initial Franchise Fee discounts will be afforded to Franchisee, if eligible:

4.1.1. If Franchisee is purchasing a Doc Popcorn Business and a Dippin’ Dots® franchise from DDF at the same time, Franchisee will receive a 25% discount from the Initial Franchise Fee for Franchisee’s first Doc Popcorn Business.

4.1.2. If Franchisee is a current member of the US Armed forces or an honorably discharged U.S. Veteran and provides us with sufficient proof in the form we reasonably require prior to the execution of this Agreement, Franchisee will receive a 15% discount from the Initial Franchise Fee for Franchisee’s first Doc Popcorn Business.

4.1.3. We reserve the right to alter, modify or rescind these discounts at our discretion without notice.

4.2 ***Refund of Initial Franchise Fee.*** If Franchisor, in its discretion, determines that Franchisee or Franchisee’s employee(s) have not successfully completed (or are not making satisfactory progress in) the PopTraining Program (defined in Section 6.1.4), then Franchisor may terminate this

Agreement and/or any other agreements between Franchisor and Franchisee, by providing Franchisee with written notice of termination. In that case, Franchisor will refund 50% of the Initial Franchise Fee paid by Franchisee within 30 days after termination, subject to Franchisee's compliance with this Section. Within 7 days after receipt of the termination notice, Franchisee will return the Library of Operating Manuals and all associated documents and property belonging to Franchisor, and Franchisee, and each owner of Franchisee, will execute a general release, in the form prescribed by Franchisor, of all claims, liabilities, and/or obligations, however arising, known or unknown, against Franchisor and all other Franchisor-related persons or entities.

4.3 Royalty Fee. Franchisee agrees to pay us, in the manner provided below (or as the Library of Operating Manuals otherwise prescribes), a monthly royalty fee (“Royalty Fee”) equal to 6% of Gross Revenue to be collected on the 10th day of the following month. “Gross Revenue” (Net Sales) means the total selling price of all products and services sold at, from or through Franchisee’s Doc Popcorn Business and all income of every other kind and nature related to its Doc Popcorn Business, whether for cash or credit and regardless of collection in the case of credit. Gross Revenue does not include: **(i)** the amount of any tax imposed by any federal, state, municipal, or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by Franchisee to the appropriate governmental authority; and **(ii)** all customer refunds, valid discounts, and coupons, and credits made by the Doc Popcorn Business (these exclusions will not include any reductions for credit card user fees, returned checks or reserves for bad credit or doubtful accounts).

4.4 Technology Fee. Franchisee will be assessed a monthly “Technology Fee as outlined in the Library of Operating Manuals. The Technology Fee currently is \$65 per month. Franchisor may increase the Technology Fee following written notice. The Technology Fee covers a range of services, all of which are outlined in more detail in the Library of Operating Manuals. Following the execution of this Agreement, the Technology Fee on the 7th day of each month during the Initial Term.

4.5 Product Payment Terms.

4.5.1. Franchisee will pay for all purchases of Doc Popcorn Products, Doc Popcorn Supplies and Equipment, the Technology Fee, the Royalty Fee and all other items purchased from or fees owed to Franchisor or Franchisor’s affiliates via automated clearing house (“ACH”) or via charges to Franchisee’s credit card, as Franchisor may require. Franchisor or its affiliates will have the right to withdraw the entire amount owed from Franchisee’s designated bank account (“ACH Account”) or to charge Franchisee’s credit card in accordance with the terms set forth in the Library of Operating Manuals, as periodically modified by Franchisor. Franchisee will, as requested by Franchisor, execute all documents or forms as Franchisor determines are necessary for Franchisor to process ACH withdrawals from Franchisee’s ACH Account and for Franchisor to automatically charge Franchisee’s credit card for payments due.

4.5.2. Franchisee will be responsible for: **(i)** any ACH transfer fee or similar charges imposed by the bank; and **(ii)** should any ACH not be honored by Franchisee’s bank for any reason, for that payment plus any service charge applied by Franchisor and the bank. Franchisee agrees that any time an ACH transaction is not honored, Franchisor is authorized to charge Franchisee’s credit or debit card for the full amount previously requested via ACH plus any bank service charges that may apply, a handling fee of 2.5% of the amount previously requested and a \$50 insufficient funds fee. If any credit card transaction is not honored, Franchisor is authorized to charge Franchisee’s ACH Account for the full amount previously requested via credit card plus any incidental charges that may apply, a handling fee of 2.5% of the amount previously requested and a \$50 insufficient credit fee or the highest amount allowed by law, whichever is less.

4.5.3. Franchisee will at all times maintain the minimum amounts in Franchisee's ACH Account required by the Library of Operating Manuals, as periodically modified by Franchisor, and maintain a credit limit on Franchisee's credit card of at least \$5,000. Franchisee's failure to maintain, at all times, an ACH Account or credit card account in accordance with this Agreement will be a material default of this Agreement. We have the right to periodically specify (in the Library of Operating Manuals or otherwise in writing) different payees and/or payment methods, such as, but not limited to, weekly/biweekly/monthly payment, payment by auto-draft, credit card and payment by check. If Franchisee makes any payment to us by credit card for any required fee, we may charge a service charge of up to 4% of the total charge.

4.6 *Late or Insufficient Payments.* If Franchisee fails to pay any fees or any other amounts owed to Franchisor or its affiliates when due, in addition to any other amounts due under this Section 4, or if Franchisee fails to submit any report under Section 7.10 when due, Franchisee will pay a late fee of \$100 ("Late Fee") for each occurrence. In addition, interest will begin to accrue from the date of non-payment on any amounts owed by Franchisee to Franchisor or its affiliates at the greater of: (i) the announced base rate applicable to corporate loans as stated in the *Wall Street Journal* ("Prime Rate") plus 8% or (ii) 18% per annum; provided that interest will not be charged in an amount in excess of the highest lawful rate.

4.7 *Loyalty Rewards Program Fee.* Franchisor may implement a loyalty rewards program for Doc Popcorn Businesses. We reserve the right to charge Franchisee a monthly and per-use fee to be paid to Franchisor's approved supplier upon creation of any such rewards program.

5. ADVERTISING

5.1 *Advertising.*

Franchisee will obtain Franchisor's prior written approval of all advertising or other marketing or promotional programs regarding the Business. Franchisor may disapprove any advertising, marketing, or promotional programs submitted to Franchisor, for any reason, in Franchisor's discretion. Franchisee will also obtain Franchisor's prior written approval of all promotional materials provided by vendors. The proposed written advertising or a description of the marketing or promotional program must be submitted to Franchisor at least 30 days' prior to publication, broadcast or use.

5.1.1. Franchisee acknowledges that advertising and promoting the Business in accordance with Franchisor's standards and specifications is an essential aspect of the System and Franchisee agrees to comply with all advertising standards and specifications. Franchisee will display all required promotional materials, signs, point of purchase displays and other marketing materials on or around its Operating Unit in the manner required by Franchisor. Franchisee will be responsible for purchasing all promotional packages and promotional materials from Franchisor, its affiliates, or its third-party vendors. Franchisee will not, under any circumstances, use handwritten signs or other advertising materials that have not been approved by Franchisor in the operation of its Doc Popcorn Business. All marketing materials must be produced by Franchisor or an approved vendor. Under no circumstance may any advertising or marketing material be produced by Franchisee and placed in an Operating Unit without Franchisor's prior written approval. Franchisee's use of such material without Franchisor's prior written approval may result in fines up to \$500 for each such unauthorized use.

5.1.2. If Franchisee elects to purchase custom advertising materials developed by Franchisor or its affiliates, Franchisee will be required to pay a custom advertising fee equal to the actual costs related to the custom advertising materials plus an administrative fee of 20%. Franchisee will state in all advertising and marketing materials used by Franchisee (including business cards, order forms, and

letterhead) that Franchisee's Doc Popcorn Business is independently owned and operated, using language that Franchisor periodically may specify.

5.1.3. Franchisee must participate in any promotional campaigns and advertising or other programs that Franchisor or its affiliates periodically may establish.

5.2 Advertising Fund.

5.2.1. Franchisor maintains and administers an advertising fund ("Advertising Fund") for such advertising as Franchisor deems necessary or appropriate. As of the Effective Date, the required contribution to the Advertising Fund is 1% of Gross Revenue, however, Franchisor may increase the required contribution up to 2% of Gross Revenue following 30 days' written notice. These advertising fees ("Advertising Fees") will be payable at the same time as the Royalty Fee.

5.2.2. Franchisor and its affiliates assume no direct or indirect liability or obligation to Franchisee regarding the collection of any Advertising Fees from other franchisees, or maintaining, directing, or administering the Advertising Fund.

5.2.3. Franchisor may use the Advertising Fees and any earnings of the Advertising Fund for any costs associated with advertising, marketing, public relations, promotional programs and materials (which may be national or regional in scope) and/or any other activities that Franchisor believes would benefit the System. Franchisor will not use the Advertising Fund for any activity whose sole purpose is the marketing of franchises; however, Franchisor's web site, public relations activities, community involvement activities and other activities that may be supported by the Advertising Fund may contain information about franchising opportunities. Franchisor has the right to direct all programs supported by the Advertising Fund, with final discretion over creative concepts, the materials and media used in the programs and their placement. Franchisor does not guarantee that Franchisee will benefit from the Advertising Fund in proportion to its contributions to the Advertising Fund. Franchisee agrees to participate in all advertising, marketing, promotions, research, public relations and other programs instituted by the Advertising Fund.

5.3 Local Advertising.

5.3.1. Local Advertising Fee. In addition to required contributions to the Advertising Fund, Franchisee must spend 2% of the monthly Gross Revenue of the Doc Popcorn Business ("Individual Advertising Expense") on local advertising and marketing beginning during the first month of operation of Franchisee's Doc Popcorn Business. The Individual Advertising Expense will be used to advertise and promote Franchisee's Doc Popcorn Business. Any advertising and promotion by Franchisee, including any website Franchisee may wish to establish on the Internet, must be conducted in a dignified manner, conform to the System as specified in the Library of Operating Manuals or otherwise in writing, and may not be used without our prior written approval. If Franchisee violates any provision of this Section, in addition to all other remedies available to Franchisor, Franchisee will pay an unauthorized advertising fee of \$500 per occurrence to the Advertising Fund to offset the damage caused by Franchisee's breach.

5.3.2. Local Advertising Cooperatives. Franchisor may establish a regional advertising cooperative ("Local Advertising Cooperative") in a region that includes Franchisee's Events or Permanent Sites. A Local Advertising Cooperative is a group that consists of franchisees located within a particular geographical area, which conducts local or regional advertising for its members. Franchisee will join and participate in a Local Advertising Cooperative that is established in a region that includes Franchisee's Events or Permanent Sites. The rules and regulations of the Local Advertising Cooperative, including what contributions are required by Franchisee, and how such contributions are to be spent, must be in writing and established by its members, but must be submitted for prior approval to Franchisor. If a Local

Advertising Cooperative is established in a region, any Doc Popcorn Businesses owned and operated by Franchisor in that region will make contributions to the Local Advertising Cooperative on a basis at least equal to that made by franchisees. Franchisor may establish additional requirements regarding membership to, and operations and management of, Local Advertising Cooperatives, and Franchisee agrees to abide by any such additional requirements. Franchisor may require any Local Advertising Cooperative to change, dissolve, or merge in Franchisor's discretion. All Local Advertising Cooperatives will provide quarterly marketing plans, budgets, and financial reports to Franchisor.

6. SERVICES PROVIDED BY FRANCHISOR

6.1 *Before Opening.* Before Franchisee begins making sales through its Doc Popcorn Business, Franchisor or its designees will provide the following services, as Franchisor deems appropriate:

6.1.1. Counsel Franchisee on necessary start-up and inventory items and assist Franchisee with ordering, through Franchisor's affiliates or other suppliers, Doc Popcorn Products and Doc Popcorn Supplies and Equipment that are necessary for commencement of operations.

6.1.2. Provide advice on the amount of the initial inventory of Doc Popcorn Products to be purchased by Franchisee from its approved suppliers

6.1.3. Provide Franchisee with advice regarding which optional equipment to purchase.

6.1.4. Provide an initial training program for up to 2 individuals at our corporate training center in Paducah, Kentucky or another location we specify ("PopTraining Program"). Certain portions of the PopTraining Program may be conducted online. The length and subjects covered in the PopTraining Program may vary in Franchisor's discretion based on the type of Operating Unit Franchisee will be operating for its first Operating Unit. If more than 2 individuals attend the PopTraining Program, Franchisee will pay Franchisor an additional fee of \$75 for each additional attendee. Franchisee must pay for all travel and living expenses associated with training for all of Franchisee's personnel attending training. If Franchisee cancels its attendance at the PopTraining Program less than 2 weeks before the PopTraining Program, Franchisee will be required to pay to Franchisor a cancellation fee of \$500.

6.1.5. Establish and provide to Franchisee operating standards and specifications for the operation of its Doc Popcorn Business in the Library of Operating Manuals. At the PopTraining Program, Franchisor will loan Franchisee a copy of the confidential Library of Operating Manuals. Franchisor may change or update these procedures, standards and specifications at Franchisor's discretion. Franchisee must strictly follow these procedures, standards and specifications in the Library of Operating Manuals and in the Franchise Agreement. Failure to do so is grounds for termination of this Agreement.

6.1.6. In connection with a Mobile Operating Unit: **(i)** assist Franchisee in ordering, through Franchisor's affiliate, the Mobile Operating Unit and provide advice on the specifications for the design and layout of the Mobile Operating Unit; and **(ii)** provide Franchisee with criteria for acceptable Events, but Franchisee is solely responsible for selecting its own Events.

6.1.7. In connection with a Fixed Operating Unit:

6.1.7.1 Provide Franchisee with location and store opening assistance for the Fixed Operating Unit, including site selection, site evaluation, lease review, training and construction and project management.

6.1.7.2 With respect to a PopKiosk, assist Franchisee with ordering, through Franchisor's affiliates, the PopKiosk Operating Unit and provide advice on how to use the PopKiosk.

6.1.7.3 Provide Franchisee with criteria for acceptable Permanent Sites for the Fixed Operating Unit. Franchisor disclaims any liability related to Franchisee's selection, negotiation and acquisition of Permanent Sites.

6.1.7.4 Provide advice on the specifications for the design and layout of a Fixed Operating Unit.

6.1.7.5 Provide Franchisee with the specifications for design and construction of a Fixed Operating Unit purchased by Franchisee from Franchisor's affiliate or approved supplier.

6.1.7.6 At Franchisee's request, Franchisee may elect to locate the Fixed Operating Unit in a Permanent Site previously secured by Franchisor or its affiliate and made available to Franchisee or other franchisees of Franchisor ("Negotiated Location"). Prior to making the Negotiated Location available to Franchisee, Franchisor will have negotiated the business terms for the Negotiated Location and memorialized said business terms in a letter of intent ("Negotiated Letter of Intent"). Franchisee will be provided with a copy of the Negotiated Letter of Intent prior to committing to the Negotiated Location in writing. Franchisee understands and acknowledges that Franchisee or Franchisee's attorney will be solely responsible for negotiating the terms of any lease related to a Negotiated Location acquired by Franchisee.

6.2 ***After Opening.*** During the operation of the Doc Popcorn Business, in addition to other services set forth in this Agreement, Franchisor or its designees will provide the following services, as Franchisor deems appropriate:

6.2.1. If Franchisee elects to acquire more than one Operating Unit, provide each of the items set forth in Section 6.1 for each additional Operating Unit that Franchisee opens and operates, except the training set forth in Sections 6.1.4.

6.2.2. Provide a reasonable amount of consultation with Franchisee as determined by Franchisor in its discretion and based on the availability of Franchisor's representatives. Franchisor will also provide that additional training or on-site assistance described in Section 7.8.2.

6.2.3. Provide Franchisee with reasonable numbers of samples of new advertising and promotional materials as they are developed by Franchisor, if requested by Franchisee. Franchisor reserves the right to charge Franchisee for these materials.

6.2.4. Hold national, regional, or local conferences for all Doc Popcorn® franchisees, at times determined by Franchisor, to discuss sales techniques, operational standards, and advertising.

6.2.5. Provide Franchisee a newsletter as periodically may be published by Franchisor in print or electronic format.

6.3 ***Delegation.*** Franchisee agrees that Franchisor will have the right to delegate to third-party designees: **(i)** the performance of any portion or all of Franchisor's obligations under this Agreement; and **(ii)** any right that Franchisor has under this Agreement.

7. OBLIGATIONS OF FRANCHISEE

7.1 Compliance with Applicable Laws. Franchisee agrees to: (i) comply with all applicable laws, ordinances and regulations or rulings of every nature which in any way regulate or affect the operation of its Business; (ii) promptly pay all taxes and business expenses; and (iii) comply with all laws covering occupational hazards, accommodations for the disabled, including the Americans with Disabilities Act, if applicable, health, workers' compensation insurance, and unemployment insurance. Franchisee agrees, at its expense, to modify its Operating Units if required to comply with any applicable laws or regulations. Franchisee will not engage in any activity or practice that results, or may reasonably be anticipated to result, in any public criticism of the System or any part thereof.

7.2 System Compliance. Franchisee will comply with the System, the Library of Operating Manuals, and any other systems, procedures and forms that are in effect, or that may come into effect in the future. The Operating Units, Doc Popcorn Supplies and Equipment and Doc Popcorn Products will be utilized and each Doc Popcorn Product will be prepared and served in accordance with the standards and procedures of Franchisor. Franchisor may require Franchisee to add additional products or concepts to the Business in the future, at Franchisee's sole expense.

7.3 Inspections. Franchisor may inspect Franchisee's Operating Units and Doc Popcorn Business operations during normal business hours or Event hours. Franchisor also may observe Franchisee and its employees rendering services, confer with Franchisee's employees and customers and generally review the Business operations for compliance with the standards and procedures set forth in the Library of Operating Manuals, with or without prior notification to Franchisee.

7.4 Restrictions on Products.

7.4.1. Franchisee may not offer or sell any services or products not authorized by Franchisor as being a part of the System. If Franchisee proposes to offer, conduct, or utilize any services, products, equipment, materials, forms, items, supplies or services that have not been previously approved by Franchisor, Franchisee must first request Franchisor's approval in writing. Franchisor may grant or withhold approval in its discretion; however, in order to make its determination, Franchisor may require submission of specifications, information, or samples of the products, services, materials, forms, items, or supplies. Franchisee will reimburse Franchisor for the costs of conducting any tests that Franchisor decides are necessary. Franchisor will advise Franchisee within a reasonable time whether the products, services, materials, forms, items, or supplies have been approved.

7.4.2. Franchisee will purchase all Doc Popcorn Products and Doc Popcorn Supplies and Equipment required for the operation of its Doc Popcorn Business from suppliers designated or approved by Franchisor or, if there is no designated or approved supplier for a particular item, from suppliers approved in advance by Franchisor who meet Franchisor's specifications and standards as to quality, composition, finish, appearance, and service, and who will adequately demonstrate their capacity and facilities to supply Franchisee's needs in the quantities, at the times, and with the reliability requisite to an efficient operation of the Business.

7.5 Insurance. Franchisee must maintain in full force and effect that insurance which Franchisee determines to be necessary, which must include at least the types of insurance and the minimum policy limits specified in the Library of Operating Manuals or otherwise in writing. Each insurance policy must be written by an insurance company that maintains an "A+" or better rating by the latest edition of Best's Insurance Rating Service (or another rating service designated by us). The insurance policy or policies must protect Franchisee, us and our respective past, present and future officers, directors, managers, members, owners, employees, representatives, consultants, attorneys and agents. We and any entity with

an insurable interest designated by Franchisor must be named as additional insureds in the policy or policies (statutory policies excepted). Each policy must include a waiver of subrogation in our favor and must list Franchisor and its designated affiliates as additional insureds and certificate holders. We may require additional types of coverage or increase the required minimum amount of coverage upon reasonable notice. Franchisee's obligation to obtain coverage is not limited in any way by insurance that we maintain. Franchisee must provide us with certificates of insurance evidencing the required coverage and proof of payment therefor no later than the date Franchisee sign this Agreement. The evidence of insurance must include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least 30 days' prior written notice to us. If Franchisee fails to obtain and maintain insurance coverage as required by this Agreement, we have the right, but not the obligation, to obtain the required insurance on Franchisee's behalf and to charge Franchisee for the cost of the insurance, plus a reasonable fee for our services in procuring the insurance. If Franchisor obtains beneficial rates and insurance coverage for its franchise owners, Franchisee may be required to obtain such insurance through programs negotiated by Franchisor in order to provide beneficial coverage throughout the franchise network.

7.6 Appearance, Customer Service and Customer Reimbursement. Franchisee and its employees will: **(i)** maintain a clean and attractive appearance; **(ii)** give prompt, courteous and efficient service to the public; and **(iii)** otherwise operate the Doc Popcorn Business in strict compliance with the policies, practices, and procedures contained in the Library of Operating Manuals to preserve, maintain, and enhance the reputation and goodwill of the System. Franchisee may not alter, change, or modify the System, including the Operating Units, the Doc Popcorn Products, or the Doc Popcorn Supplies and Equipment, in any way without the prior written consent of Franchisor. All employees of Franchisee servicing the general public must wear specified clothing and adhere to Franchisor's guidelines for appearance in accordance with the standards set forth in the Library of Operating Manuals. Franchisor reserves the right to establish maximum resale prices, to the extent permitted by applicable law. Franchisor also reserves the right to require that Franchisee play music approved by Franchisor at Franchisee's Operating Unit(s). Additionally, if Franchisor is contacted by a client or other patron of a Doc Popcorn Business who wishes to lodge a complaint, Franchisor may resolve the complaint in order to preserve goodwill and prevent damage to the brand. Franchisor's right to resolve complaints may include refunding money to the complaining person, in which case Franchisee will reimburse Franchisor for these amounts.

7.7 Signs. All signs to be used on, in or in connection with the Business, must be purchased from Franchisor, its affiliates or other approved supplier, or must be approved in writing by Franchisor prior to their use by Franchisee.

7.8 Training.

7.8.1. Franchisee (or, if Franchisee is an Entity, then a managing member, partner, or officer of Franchisee designated by Franchisee to participate personally in the Doc Popcorn Business) and any person designated by Franchisor to assume the primary responsibility for operating an Operating Unit ("Manager"), if applicable, will attend and successfully complete Doc Popcorn's PopTraining Program. Franchisee will train its employees according to standards and procedures established by Franchisor.

7.8.2. If Franchisor determines, in its discretion, that Franchisee requires additional training, including online training programs designated by Franchisor, then Franchisor will provide notice to Franchisee of the need for such additional training. In addition, Franchisor, in its discretion, may provide additional training and assistance at Franchisee's reasonable request. Franchisor will conduct such additional training at a location designated by Franchisor. If additional training is conducted at a location other than Franchisor's corporate headquarters, Franchisee will pay Franchisor its then-current daily rate for such services (which may be changed on 30 days' notice to Franchisee). Franchisee also will be responsible for paying the cost of food, travel and lodging incurred by Franchisor's representatives in

connection with any additional training. If Franchisee's personnel must travel for the additional training, Franchisee must pay all travel and living expenses associated with attendance of its personnel.

7.9 Conferences and Conventions. Franchisor may hold national, regional or local franchisee conferences, at locations and at times determined in Franchisor's discretion, to discuss sales techniques, operational standards, advertising and other matters. Franchisee or its designee must attend any Franchise Owner National Conventions, which will be held by Franchisor no more often than once per year, and any other conferences for which Franchisor determines Franchisee's attendance is mandatory. Franchisee must pay its (and, if applicable, its employees') travel and living expenses, as well as any other fees or costs. If Franchisee or its designee does not attend a Franchise Owner National Convention, Franchisee must pay Franchisor a non-attendance fee of \$1,000, unless waived by Franchisor.

7.10 Franchisee Reports. Franchisee will maintain, during the term of this Agreement and for a minimum of 7 years thereafter, full, complete and accurate records of all sales, marketing activities, closeout sheets, payroll, and accounts payable in accordance with the standard accounting system described by Franchisor in the Library of Operating Manuals or otherwise specified in writing by Franchisor. In all instances, the accounting and reporting system, and all statements and reports to be submitted by Franchisee, will be prepared in accordance with generally accepted accounting principles consistently applied.

7.10.1. Submission of Gross Revenue Reports. Franchisee must furnish Franchisor with reports of the Gross Revenue of Franchisee's Business on a monthly basis. Reports of Gross Revenue are to be received by Franchisor no later than the 3rd day of the following month. Franchisee must furnish Franchisor with any additional financial statements and balance sheets of Franchisee's Business and Franchisee's most recent federal income tax returns within 15 days after Franchisee's receipt of Franchisor's written request. If requested by Franchisor, financial statements will be prepared by an independent certified public accountant in accordance with generally accepted accounting principles consistently applied. Each report of Gross Revenue and other financial statements must be signed by Franchisee or Franchisee's Treasurer or Chief Financial Officer, attesting that the statement is true and correct, and prepared in accordance with the Library of Operating Manuals, this Agreement, and as otherwise specified in writing by Franchisor. Reports of Gross Revenue and other financial statements are to be sent to Franchisor via mail, facsimile or email at Franchisee's transmission cost.

7.10.2. Audit of Books and Records. During and after the term of this Agreement, Franchisor has the right to inspect, copy and audit Franchisee's books and records, federal, state and local tax returns and any other forms, reports, information or data that Franchisor may reasonably designate. Franchisor will provide Franchisee 10 days' written notice before conducting an in-person financial examination or audit. Franchisor (or its designees) may conduct the examination or audit at its offices or those of a third party, in which case Franchisor may require Franchisee to send us its records. If the examination or audit reveals an understatement of Gross Revenue, Franchisee must immediately pay to us all amounts owed, plus interest (and a late fee at our discretion) as provided in Section 4.6. If an inspection or audit is made necessary by Franchisee's failure to provide reports or supporting records as required under this Agreement, or to provide those reports or records on a timely basis, or if the audit or inspection reveals an understatement of Gross Revenue of greater than 2% for the audit period, Franchisee must reimburse Franchisor for the full cost of the inspection or audit, including travel, lodging, meals and wages of our representatives and the reasonable charges of any attorneys or independent accountants Franchisor uses for the inspection or audit and, upon our request, Franchisee must thereafter provide us with periodic audited financial statements. These remedies are in addition to any other remedies and rights available to us under this Agreement or applicable law.

7.10.3. Failure to Comply with Reporting Requirements. If Franchisee's records and procedures are insufficient to permit a proper determination of Gross Revenue, Franchisor will have the right to deliver to Franchisee an estimate, made by Franchisor, of Gross Revenue for the period under consideration, and Franchisee will pay to Franchisor any amount determined by Franchisor to be due based on such Gross Revenue estimates within 7 days of the date of the notice. Any estimated payments will be deemed the minimum amount of fees due for the required reports, and Franchisee will remain liable for all fees in excess of these amounts once the actual Gross Revenues related to these reports are determined. Additionally, Franchisee will be liable for the Late Fee and interest set forth in Section 4.6 above per each overdue report due to Franchisor.

7.10.4. Financial Information from Third Parties. Franchisee authorizes Franchisor to make reasonable inquiries of Franchisee's bank, suppliers, and trade creditors concerning Franchisee's Business, and agrees to direct relevant persons and companies to provide to Franchisor this information and copies of documents pertaining to its Business as Franchisor may request.

7.11 Correction of Defects. Franchisee will correct immediately all defects, deficiencies or unsatisfactory conditions in the appearance or conduct of Franchisee's Doc Popcorn Business brought to Franchisee's attention by Franchisor. Franchisee will establish and maintain an image and reputation for the Business consistent with the standards set forth in this Agreement, the Library of Operating Manuals, or as otherwise specified by Franchisor. Franchisee will keep its Operating Units painted, clean and in good order and repair.

7.12 Indemnification. Franchisee agrees to indemnify, defend and hold harmless Franchisor, its parent corporation, its subsidiaries and affiliates, and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnified Parties") against, and to reimburse them for all claims, obligations and damages described in this Section, all third party obligations and all claims and liabilities directly or indirectly arising out of the operation of the Business or arising out of the use of the Marks and System in any manner not in accordance with this Agreement. For purposes of this indemnification, claims will mean and include all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. Franchisor will have the right to defend any such claim against it with counsel of its choosing. This indemnity will continue in full force and effect following notwithstanding the expiration or termination of this Agreement.

7.13 Management Involvement in Franchisee. Franchisor recommends that Franchisee (or, if Franchisee is an Entity, then a managing member, partner, or officer of Franchisee designated by Franchisee) participate personally in the operation of its Business and be the primary operator of the Business at all times. Franchisee will use its best efforts to build, develop, and expand the Business at its Operating Units, and to open and operate the maximum number of Operating Units permitted under this Agreement.

7.14 Modification. Franchisor may change or modify the System, including the Operating Units and the Doc Popcorn Products, and Franchisee will accept, be bound by, use, implement and display any changes to the System, including changes, additions to, and deletions from the product line. Franchisee will make whatever expenditures are reasonably required to implement changes or modifications. Franchisor ownership all changes, modifications, enhancements or suggestions whether made by Franchisor or Franchisee. Franchisor may vary System standards in particular instances as it deems appropriate in its reasonable judgment.

7.15 Electronic Information, Communications, and Computer Systems. Franchisee agrees to acquire and use the point-of-sale system designated by Franchisor or its affiliates for each PopStore or PopKiosk that Franchisee operates and for each PopCart, PopTruck, or PopTrailer that Franchisee operates from a Permanent Site. Franchisee will be required to purchase an annual software maintenance, support and upgrade contract from the point-of-sale provider and pay a continuing monthly fee for that maintenance, support, and upgrade contract. Franchisor or its affiliates are not obligated to provide any ongoing maintenance, repair, upgrades, or updates. Franchisor may, at any time, change the required point-of-sale system or the required equipment comprising the point-of-sale system, or require that Franchisee obtain and use a different point-of-sale system or different equipment. Franchisor also may require Franchisee to use and purchase other computer hardware or software in the future, in which event Franchisee will purchase such hardware or software within 30 days after being instructed to do so by Franchisor. For a location that is not considered a Permanent Site, as defined in the Library of Operating Manuals, Franchisee will email Franchisor a monthly sales report in the approved format (current email address: reporting@doc.popcorn.com) by the 3rd day of the following month.

Franchisee must maintain the books and records of each Operating Unit on a computer using Quick Books Small Business Accounting Software (QuickBooks Pro or Premier for Windows versions only) and the standardized chart of accounts established by Franchisor and/or Franchisor's affiliates or other software specified in the Library of Operating Manuals. Franchisee must have access to the Internet via a high-speed Internet connection where available, create and maintain an email address, and regularly check Franchisee's electronic mailbox and the portion of Franchisor's internet based support sites devoted to franchise operators. Franchisee will be required to pay the monthly Technology Fee set forth in Section 4.4 for access to and use of this portion of the website, which provides a network for communication and ordering. Any computer capable of performing these functions is acceptable, although Franchisor reserves the right to require Franchisee to purchase additional or specific computer hardware and software and to specify other computer-related standards in the future. If Franchisee operates from one or more Permanent Sites, Franchisee must have a computer with this accounting software and high-speed Internet access at each Permanent Site. Franchisor reserves the right to independently access Franchisee's electronic information and data and to collect and use Franchisee's electronic information and data in any manner Franchisor chooses to promote development of the System and the sale of franchises.

7.16 Performance Requirements. Franchisee must actively market, promote, develop and sell the Doc Popcorn Products at Events or at Permanent Sites, or both, as may be designated in Exhibit 1. If Franchisee elects to operate a PopCart, PopTruck, or PopTrailer for Franchisee's first Operating Unit, Franchisee must purchase the PopCart, PopTruck, or PopTrailer within 2 weeks after the Effective Date and make its first sale through the Doc Popcorn Business within 6 months after the Effective Date. If Franchisee operates a PopStore or PopKiosk as its first Operating Unit, Franchisee must make its first sale within 12 months after the Effective Date. If Franchisee fails to purchase its first Operating Unit within the stated time frame or make its first sale within the stated time frame, Franchisor may terminate this Agreement.

7.17 Web Page. Franchisee will not establish any website without Franchisor's prior written approval. Franchisee also must receive prior written approval from Franchisor for the design, links, names, and representations included on any website or other information posted on the Internet related to the Doc Popcorn Business or including any of these Marks. Franchisor will determine, at its discretion, if a link will be established to any web page, including one of Franchisor or its affiliates. Franchisor may require Franchisee to discontinue any website or other electronic advertising or promotion if Franchisee misuses the Marks on Franchisee's website. Additionally, Franchisor may require that Franchisee use a central web page designer of Franchisor's choosing, in which event Franchisee will be obligated to pay to Franchisor's affiliates an initial and then monthly web interface design fees.

7.18 Operating Units/Restrictions on Purchase and Sale.

7.18.1. Franchisee must purchase all Operating Units, proprietary Doc Popcorn Products and Doc Popcorn Supplies and Equipment from Franchisor's affiliates or approved suppliers within the time limits applicable to the type of franchise being purchased and Franchisee acknowledges that, when the applicable time limit expires, Franchisee will be prohibited from owning or operating additional Operating Units without entering into a separate franchise agreement for additional Operating Units. Franchisee will use its best efforts to open and operate the maximum allowable Operating Units as agreed by the parties.

7.18.2. Franchisee will not sell or purchase any Doc Popcorn Supplies and Equipment at any time to or from a third party, including another current or former Doc Popcorn® franchisee, without Franchisor's prior written consent. As a condition of any such sale or purchase, the Equipment must be refurbished in accordance with Franchisor's refurbishment program and may not be used until it has been refurbished. Unless otherwise agreed in writing by Franchisor, Franchisee must purchase new Doc Popcorn Supplies and Equipment from Franchisor and its affiliates for use in the Operating Unit upon opening.

7.19 Additional Obligations of Franchisee With Respect to Fixed Operating Units.

7.19.1. Franchisee will use vendors designated by Franchisor or its affiliates, and Franchisee will be financially responsible for the location, development and construction of a Fixed Operating Unit, including but not limited to designated architects, real estate brokers, millwork and equipment suppliers, construction service providers, and contractors.

7.19.2. In recognition of the value in the consistent presentation of the Trade Dress and the need for conformity in the marketing presentation of the System, Franchisee will appoint Franchisor as the construction manager for the construction and buildout of the Fixed Operating Unit.

7.19.3. Franchisee will purchase certain materials, equipment, and décor necessary to construct the Fixed Operating Unit and the required initial and ongoing Doc Popcorn Products, and Doc Popcorn Supplies and Equipment from Franchisor's affiliates and approved suppliers.

7.19.4. Franchisee will participate in Franchisor's gift card program by purchasing custom gift cards from Franchisor, its affiliates or a designated supplier, offering gift cards for sale at the Fixed Operating Unit, and honoring Doc Popcorn® gift cards, in compliance with the specifications established by Franchisor.

7.20 Protection of Computer, Electronic, and Communications Systems. Franchisee will be solely responsible for protecting Franchisee's computer, electronic, and communications systems from viruses, computer hackers, and other computer-related and technology-related problems, and Franchisee releases Franchisor from all claims it may have as a result of viruses, hackers or other computer-related, or technology-related problems.

7.21 Photo/Video Release. Franchisee authorizes Franchisor and its affiliates to use Franchisee's likeness in a photograph or video in Franchisor's publications, including printed and digital publications and on websites. Any photograph or video using Franchisee's likeness will become Franchisor's property and will not be returned. Franchisee irrevocably authorizes Franchisor to edit, alter, copy, exhibit, publish or distribute any photograph or video of Franchisee for any lawful purpose and waives any rights to royalties or any other compensation related to Franchisor's use of any photograph or video of Franchisee. Franchisee will hold harmless and forever discharge Franchisor from all claims, demands, and causes of action which Franchisee may have in connection with this authorization.

7.22 **Data Protection.** Franchisee agrees and undertakes that it will:

7.22.1. Comply with the provisions of all applicable laws, regulations and best practices relating to privacy and data protection ("Data Protection Laws") in the use and processing of any personal data, including customer contact information (such as name, telephone numbers, e-mail and postal addresses), and transactional information collected by you from customers and prospective customers of Franchisee's Business ("Customer Personal Data").

7.22.2. Refrain from otherwise modifying, amending or altering the contents of the Customer Personal Data or disclosing or permitting the disclosure of any of the Customer Personal Data to any third party unless required by applicable law or specifically authorized in writing by us.

7.22.3. Implement and maintain throughout the term of this Agreement appropriate technical and organizational measures to protect Customer Personal Data against an unauthorized or unlawful processing, access or use and/or accidental loss, destruction, damage, alteration or disclosure ("Data Breach").

7.22.4. Promptly notify us in writing if Franchisee suspects there has been a Data Breach, in which event Franchisee will do all such acts and things (at your own expense) as we may require in order to remedy or mitigate the effects of the Data Breach.

7.22.5. Promptly notify us of any complaint, communication or request relating to the Applicable Data Protection Laws.

8. PURCHASES OF PRODUCTS

8.1 **Inventory.** The goodwill associated with the Marks is largely based on the recipes and preparation methods for Doc Popcorn Blends and other proprietary Doc Popcorn Products and Doc Popcorn Services, and, therefore, Franchisee's sources of supply for its Doc Popcorn Products are very important to the operation of Franchisee's Business. Franchisee will purchase Doc Popcorn Products only from Franchisor, its affiliates, its approved suppliers or another source approved in writing by Franchisor. Franchisee will maintain inventory levels of Doc Popcorn Products sufficient to meet customer demands and in compliance with Franchisor's standards and specifications as may be described in the Library of Operating Manuals or otherwise designated by Franchisor. Franchisee must maintain sufficient inventory levels of the Doc Popcorn Products Franchisee chooses to sell. Franchisor and its affiliates may earn income on sales of products, ingredients and/or supplies to Franchisee. If Franchisor or its affiliates receive any rebates, commissions or other payments from third-party suppliers based on Franchisee's purchases from them, we and our affiliates may retain the rebates, commissions or other payments. Franchisee agrees that we and our affiliates are entitled to that income.

8.2 **Limitations on Supply Obligations.** Nothing in this Agreement will be construed to be a promise or guarantee by Franchisor as to the continued existence of a particular Doc Popcorn Product, nor will any provision imply or establish an obligation on the part of Franchisor and its affiliates to sell Doc Popcorn Products to Franchisee if Franchisee is in arrears on any payment to Franchisor or its affiliates or otherwise in default under this Agreement. If Franchisee fails to pay for each shipment of purchased Products in accordance with the then-current terms, Franchisor or its affiliates will not be obligated to sell Products to Franchisee unless otherwise agreed to in writing by Franchisor. In addition, Franchisor may impose interest on any late payments on the terms described in Section 4.6.

8.3 *No Warranties.* Neither Franchisor nor any of its affiliates makes any warranties, express or implied, regarding merchantability or fitness for a particular purpose of any of the Doc Popcorn Products purchased by Franchisee from Franchisor or its affiliates.

8.4 *Changes in Inventory.* Franchisor may, at any time and without notice, to: **(i)** add items to, withdraw items from, or change the mix of the Doc Popcorn Products required to be offered for sale by Franchisee through its Doc Popcorn Business; **(ii)** add to or delete from the list of approved suppliers of Doc Popcorn Products; and **(iii)** change the prices, discounts or terms of sale of any Doc Popcorn Products. No changes will give Franchisee the right to recover damages against, or be reimbursed by, Franchisor or its affiliates for any losses suffered by Franchisee, nor will Franchisee be entitled to require Franchisor and its affiliates to accept return of any of the Doc Popcorn Products rendered obsolete by these changes. Franchisee may continue to sell its existing stock of Doc Popcorn Products that are no longer approved as well as Doc Popcorn Products in its existing stock from a supplier who is no longer approved.

9. FRANCHISEE'S OPERATIONS

9.1 *Mobile Operating Units.* If Franchisee elects to operate its Mobile Operating Units from Events, the following provisions will apply:

9.1.1. Subject to this Section, Franchisee will select its own Events at which to operate its Mobile Operating Unit. However, Franchisee may elect to operate its Mobile Operating Unit at an Event which Franchisor has previously secured and made available to Franchisee or other franchisees. Franchisor has no obligation to locate Events for Franchisee or to offer such Events to Franchisee. Scheduling of Events is the sole responsibility of Franchisee.

9.1.2. Subject to the approval of Franchisor, Franchisee may operate at any Event except for a Protected Event, as defined below, of another franchisee. Franchisee may protect one or more Events at which Franchisee is operating its Mobile Operating Unit as set forth below. If Franchisee establishes an Event as a Protected Event, it will also have a right of first refusal to add additional Mobile Operating Units at the Event, provided Franchisee is in good standing, follows Franchisor's stated process for posting Event information on Franchisor's intranet, and has the right either to acquire additional Mobile Operating Units or to expand the Doc Popcorn Product offering at the Event. If Franchisee elects to forego the opportunity to expand either the product offering or the number of Mobile Operating Units at an Event, or should Franchisee not be able to increase the number of Mobile Operating Units at an Event because it does not have the right to open and operate additional Mobile Operating Units, Franchisor may appoint itself, any of its affiliates, or another franchisee to fulfill the Event coordinator's needs, and the party who fulfills that need may apply for Protected Event status covering its participation at the Event.

9.1.3. A "Protected Event" is an Event for which a franchisee: **(i)** obtains a written contract to operate one or more Mobile Operating Units at the Event with the appropriate Event personnel; **(ii)** operates a Mobile Operating Unit at the most recent occurrence of the Event; **(iii)** posts the required information regarding the Event on Franchisor's intranet and receives Franchisor's approval; and **(iv)** maintains protection of the Event by operating one or more Mobile Operating Units at each occurrence of the Protected Event, continuing to have the approval of the appropriate Event personnel, complying with the procedures set forth in the Library of Operating Manuals, and doing nothing to cause Franchisor to revoke the Protected Event status.

9.1.4. Franchisee may not transfer its rights to a Protected Event to another franchisee, without the prior written consent of Franchisor.

9.1.5. Franchisee must furnish Franchisor with monthly reports containing that information which Franchisor requires listing all Events at which Franchisee operated its Mobile Operating Unit (“Event Report”).

9.1.6. Franchisee is not required to use an electronic cash register or point-of-sale system.

9.1.7. Franchisor may require that Franchisee participate in Franchisor's gift card program by purchasing custom gift cards from Franchisor, its affiliate, or a designated supplier, offering gift cards for sale at the Mobile Operating Unit, and honoring Doc Popcorn® gift cards, in compliance with specifications established by Franchisor.

9.2 **Permanent Sites.** The following provisions apply to Permanent Sites:

9.2.1. Acceptance. Franchisee must obtain Franchisor’s prior written acceptance to the Permanent Site. Franchisee will not operate its Operating Unit at any location other than the accepted Permanent Site without Franchisor's written approval. For a Permanent Site to be considered, Franchisee must complete and submit a “Site Submittal Workbook” regarding the Permanent Site prior to signing a letter of intent related to the lease of the Permanent Site, and submit photographs of the Permanent Site, and any other materials that Franchisor may request. Franchisor will not accept any sites that do not meet its criteria. Franchisor may update the other criteria it considers and will share this information with Franchisee as developed. Franchisor will make its decision whether or not to accept a Permanent Site within 15 days of the submission of the above listed materials. Franchisee has not been granted exclusive or protected rights to any particular geographic area or territory, and has not been granted the exclusive right to any particular markets or customers.

9.2.2. Lease.

9.2.2.1 The lease for the Permanent Site at which Franchisee seeks to operate an Operating Unit must be approved in writing by Franchisor before execution. Franchisee will submit to Franchisor for Franchisor’s approval the lease and any other materials related to the lease that Franchisor may request. Franchisor may sign the lease for the Permanent Site and sublease to the Franchisee or may require that the lease be negotiated and/or signed by Franchisee. Any sublease to Franchisee will be on the same terms and conditions as the master lease, except that Franchisor may impose a security deposit. Any landlord chargebacks will be paid by Franchisee.

9.2.2.2 Franchisor will provide Franchisee with guidance in connection with the purchase or lease of a suitable Permanent Site. Franchisor will approve or disapprove the lease within 7 days of the submission of the lease and any other requested materials. If Franchisor does not approve the lease within 7 days, the lease will be deemed disapproved. Franchisor's consultation, approval of the lease and acceptance of the Permanent Site does not constitute a representation or warranty of any kind, express or implied, as to the suitability of the lease or the Permanent Site for a Doc Popcorn Business, that an Operating Unit at the location will be successful or profitable or for any other purpose.

9.2.2.3 Franchisee must execute the lease for a Permanent Site within 60 days after Franchisor approves the lease, unless Franchisor chooses to sign the lease and sublease to Franchisee. Contemporaneously with the lease for the Permanent Site, Franchisee and the lessor will execute Franchisor's form of Addendum to Lease and Franchisee and Franchisor will execute Franchisor's form of Collateral Assignment of Lease. Franchisee must deliver to Franchisor the executed lease, Addendum to Lease, and any other item related to the lease as requested by Franchisor and provide to Franchisor the names and contact information for the landlord and/or management companies of any Permanent Site as

applicable. Franchisor may contact the landlord and/or management company for the purposes of assessing Franchisee's performance and customer satisfaction.

9.2.2.4 Franchisee will indemnify, defend, and hold harmless the Indemnified Parties against, and to reimburse them for all claims, obligations and damages described in Section 7.12, all third party obligations and all claims and liabilities directly or indirectly related to Franchisor's approval or failure to approve any Permanent Site, Letter of Intent, or lease.

9.2.3. Relocation. Franchisee will not relocate its Operating Unit from the accepted Permanent Site to another Permanent Site without the prior written approval of Franchisor. If Franchisor approves the relocation of an Operating Unit, Franchisee will comply with the above provisions related to obtaining approval for a Permanent Site and the lease for a Permanent Site when relocating, and will provide to Franchisor a Site Submittal Workbook regarding the new Permanent Site, photographs of the new Permanent Site, a budget for construction, a break-even analysis, the proposed lease, and any further materials Franchisor may request.

10. BREACH AND TERMINATION

10.1 Automatic Termination. Franchisee will be in default under this Agreement, and all rights granted to Franchisee will automatically terminate without notice to Franchisee if: **(i)** Franchisee becomes insolvent or makes a general assignment for the benefit of creditors; **(ii)** a petition in bankruptcy is filed by or against Franchisee and is not dismissed within 30 days; **(iii)** Franchisee is adjudicated bankrupt or insolvent; **(iv)** a bill in equity or other proceeding for the appointment of a receiver or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; **(v)** a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; **(vi)** proceedings for a composition with creditors under any state or federal law is instituted by or against Franchisee; **(vii)** a final judgment remains unsatisfied or of record for 30 days or longer (unless a bond is filed); **(viii)** Franchisee is dissolved; **(ix)** execution is levied against Franchisee's business or property; **(x)** suit to foreclose any lien or mortgage against Franchisee's premises, if any, or equipment is instituted against Franchisee and not dismissed within 30 days; or **(xi)** the real or personal property of the Doc Popcorn Business is sold after levy thereupon by any sheriff, marshal, constable or the like.

10.2 Termination by Franchisor – No Cure Period. Franchisor may terminate this Agreement and all rights granted to Franchisee, without affording Franchisee any opportunity to cure, effective upon receipt of notice by Franchisee, upon occurrence of any of the following events:

10.2.1. Franchisee or Franchisee's employees fail to satisfactorily complete the PopTraining Program as provided in Section 6.1.4.

10.2.2. Franchisee is convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the sole opinion of Franchisor, to materially and unfavorably affect the System, Marks, goodwill, or reputation of the System or the Marks.

10.2.3. Franchisee or any of Franchisee's principal owners or employees violates any of the non-competition or confidentiality covenants by which Franchisee is bound.

10.2.4. If Franchisee has received 2 or more notices of default within the previous 12 months, upon the occurrence of the next default.

10.2.5. Franchisee uses any of the Marks or other property right, either tangible or intangible, granted by Franchisor other than in connection with the operation of the Doc Popcorn Business.

10.2.6. Franchisee's actions result in a threat or danger to public health or safety.

10.2.7. Franchisee: **(i)** makes any material misrepresentations relating to the acquisition of the Doc Popcorn Business; or **(ii)** engages in conduct that reflects adversely upon the reputation of the Doc Popcorn Business or the System.

10.2.8. Franchisee abandons the Business as evidenced by any one of the following:

10.2.8.1If: **(i)** Franchisee operates a PopCart, PopTruck, or PopTrailer Operating Unit and fails to make its first sale within 6 months after the Effective Date or fails to operate at a minimum of one Event during any 12-month period if the Operating Unit is being operated at Events; or **(ii)** Franchisee voluntarily abandons its Operating Unit operating at a Permanent Site for a period of 5 consecutive days or any shorter period that indicates an intent by Franchisee to discontinue operation of its Doc Popcorn Business, unless such abandonment is due to fire, flood, earthquake, or other similar causes beyond Franchisee's control or is due to the seasonal nature of the location of Franchisee's PopCart, PopTruck, or PopTrailer and Franchisee has obtained Franchisor's prior written consent to operate on a seasonal basis.

10.2.8.2If: **(i)** Franchisee operates a PopKiosk or PopStore and fails to make its first sale within 12 months after the Effective Date; **(ii)** voluntarily abandons its Doc Popcorn Business for a period of 5 consecutive days, or any shorter period that indicates an intent by Franchisee to discontinue operation of its Doc Popcorn Business, unless such abandonment is due to fire, flood, earthquake, or other similar causes beyond Franchisee's control or is due to the seasonal nature of the location of Franchisee's PopKiosk or PopStore and Franchisee has obtained Franchisor's prior written consent to operate on a seasonal basis; or **(iii)** the lease for the premises of the franchised Business is terminated.

10.2.8.3Franchisee sells all or substantially all of the Doc Popcorn Supplies and Equipment required to operate the Business without Franchisor's prior written consent.

10.2.9. Franchisee undertakes a Transfer that requires Franchisor's prior written consent without having obtained that consent.

10.2.10.Franchisee verbally or physically assaults or abuses any other franchisee or any officer, director or employee of Franchisor after receiving a verbal or written warning against this conduct from Franchisor.

10.2.11.Franchisee relocates an Operating Unit obtaining Franchisor's prior written consent.

10.2.12.Franchisee submits on 2 or more occasions a report, financial statement, tax return, schedule, or other information or supporting record which understates its Gross Revenue by more than 2%, unless Franchisee demonstrates to Franchisor's satisfaction that the understatement or variance resulted from verifiable inadvertent error.

10.2.13.Franchisee submits reports more than 5 days late on 4 or more occasions, unless due to circumstances beyond Franchisee's control.

10.2.14.Franchisee signs a letter of intent related to a Permanent Site for an Operating Unit without completing those forms required by Franchisor.

10.2.15. Franchisee or any affiliate of Franchisee defaults under the terms of any other agreement between Franchisee or any affiliate of Franchisee and Doc Popcorn or any affiliate of Doc Popcorn, and fails to cure the default within the time period permitted by the other agreement, if any.

10.2.16. Franchisee or any affiliate of Franchisee commits a default under any loan from or equipment lease with Doc Popcorn, its affiliates, or a third party and fails to cure that default by the date specified by the lender or equipment lessor.

10.2.17. Franchisee sells unapproved products or goods from or through the Operating Unit or Business or Franchisee participates in the unauthorized use of proprietary information.

10.3 ***Termination by Franchisor – 10-Day Cure Period.*** Franchisor will have the right to terminate this Agreement, if Franchisee commits any of the following breaches and fails to cure the same within 10 days following Franchisor’s written notice to Franchisee:

10.3.1. Franchisee fails or refuses to maintain and operate its Doc Popcorn Business in compliance with this Agreement, the System and the Library of Operating Manuals, other than in a manner that constitutes a default of Sections 10.2 or 10.4, including, but not limited to, failing to adhere to any remodeling or refurbishment requirements including updating its Operating Unit(s) to utilize the then-current trade dress, at least once 5 years, at Franchisee’s expense.

10.3.2. Franchisee fails to obtain Doc Popcorn Products, Doc Popcorn Supplies and Equipment, or the Operating Units from Franchisor or its affiliates or any other products, equipment or services from approved or designated suppliers or vendors.

10.3.3. Franchisee fails to pay for any Doc Popcorn Products, the Doc Popcorn Supplies and Equipment, any Operating Units, or fails to pay any fees or other amounts due to Franchisor, or any affiliate or assigns of Franchisor, or Franchisee fails to pay third parties for amounts related to the operation of its Doc Popcorn Business within the applicable time period. However, as long as financing from the United States Small Business Administration remains outstanding, Franchisee will be given the same opportunity to cure defaults under any agreement between Franchisor or its affiliates and Franchisee, as Franchisee is given under this Agreement.

10.3.4. Franchisee fails to submit to Franchisor a report of Gross Revenue or other financial statement(s) required to be delivered to Franchisor by Franchisee, when due under Section 7.10, fails to submit an Event Report when due or fails to submit any other report or statement to Franchisor or its affiliates required by this Agreement or otherwise requested by Franchisor or its affiliates, by its due date.

10.3.5. Franchisee denies Franchisor or its designee the right to inspect its Operating Unit(s) or Business operations at any Event or any Permanent Site.

10.3.6. Franchisee fails to maintain the required insurance.

10.3.7. Franchisee fails to comply with any federal, state or local law or regulation applicable to the operation of the Business.

10.3.8. Franchisee fails to maintain the ACH Account or Franchisee’s credit card account in accordance with this Agreement.

10.4 Termination by Franchisor – 30-Day Cure Period. Franchisor may terminate this Agreement if Franchisee commits any of the following breaches and fails to cure the same within 30 days following Franchisor’s written notice to Franchisee:

10.4.1. Franchisee operates one or more PopCarts, PopTrucks, or PopTrailers and fails to order a minimum of \$5,000 of Doc Popcorn Products from Franchisor or its affiliates in a 360 day or longer period.

10.4.2. Franchisee operates one or more PopKiosks or PopStores and fails to order a minimum of \$5,000 of Doc Popcorn Products from Franchisor or its affiliates in a 360 day or longer period.

10.4.3. Franchisee fails to comply with any other term or condition in this Agreement not specifically listed in Sections 10.2 or 10.3 or fails to carry out the terms of this Agreement in good faith

10.5 Termination by Franchisor – 12-Month Cure Period. Franchisor may terminate this Agreement if: (i) Franchisee’s lease for a PopKiosk or PopStore terminates or expires and, at such time, Franchisee is not operating any other PopKiosks , PopStores, PopCarts, PopTrucks, or PopTrailers; and (ii) Franchisee fails to cure the same within 12 months following Franchisor’s written notice.

10.6 Termination by Franchisee. Franchisee will have the right to terminate this Agreement as the result of a material breach of this Agreement by Franchisor, provided Franchisee provides Franchisor with written notice of the breach and a reasonable opportunity to cure any breach, but in no event will Franchisor have less than 30 days to cure any alleged material breach.

10.7 Statutory Limitations. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Agreement, this Agreement will be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

11. OBLIGATIONS OF FRANCHISEE UPON TERMINATION OR EXPIRATION

11.1 Post-Termination Obligations. Upon termination or expiration of this Agreement for any reason, Franchisee will cease to be a licensed franchisee of Franchisor and will:

11.1.1. Immediately pay Franchisor or its affiliates for all purchases of Operating Units, Doc Popcorn Products, Doc Popcorn Supplies and Equipment, and other fees or charges owed to Franchisor or its affiliates.

11.1.2. If this Agreement is terminated prior to the expiration of the term, immediately pay Franchisor a lump sum amount equal to the net present value of Royalty Fees and Technology Fees that would have become due following termination of this Agreement for the period the Franchise Agreement would have remained in effect, but for Franchisee’s default. The lump sum due for purposes of this Section 11.1.2 will be calculated based on the average Royalty Fees and Technology Fees paid for Franchisee’s Doc Popcorn Business for the 12 months preceding the termination date. Franchisee agrees that these payments will not be a penalty, but instead are a reasonable, good faith representation of the actual damages sustained by Franchisor.

11.1.3. Not hold itself or any businesses associated with Franchisee out as a current or former Doc Popcorn® franchisee.

11.1.4. Immediately cease to advertise or in any way use the System, Marks, Operating Units, Doc Popcorn Products, processes, materials, logos, methods, procedures, commercial property, symbols, or promotional materials provided by or licensed to Franchisee by Franchisor or in any way connected with the Business.

11.1.5. Remove all unique markings, colors, décor, Marks and other features (“Trade Dress”) that identify each PopCart, PopTruck, PopTrailer, PopKiosk, PopStore, and the Business as a Doc Popcorn Business, and otherwise take all necessary steps to disassociate itself from the System and Franchisor, including, but not limited to, the removal of signs and all Trade Dress and destruction of printed materials.

11.1.6. All telephone numbers, facsimile numbers, social media websites, Internet addresses and e-mail addresses (collectively “Identifiers”) used in the operation of Franchisee’s Doc Popcorn Business constitute Franchisor’s assets, and upon termination or expiration of this Agreement, Franchisee will take such action within 5 days to cancel or assign to Franchisor or Franchisor’s designee as determined by Franchisor, all of Franchisee’s 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 Franchisee’s 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, Franchisor’s direction. Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as Franchisee’s 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. Franchisee further appoints Franchisor 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 Franchisor or Franchisor’s designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by Franchisor pursuant to this Agreement as conclusive evidence of Franchisor’s rights to the Identifiers and Franchisor’s authority to direct their transfer.

11.1.7. Take all actions as will be necessary to amend or cancel any assumed name, fictitious or business name or equivalent registration that contains any trade name or mark of Franchisor or in any way identifies Franchisee as being affiliated with the System.

11.1.8. Notify immediately all of its suppliers, utilities, Events coordinators, Permanent Site landlords, creditors and others with whom it has done business that Franchisee is no longer affiliated with Franchisor or the System and provide proof to Franchisor of this notification within 5 days after termination or expiration of this Agreement.

11.1.9. Return to Franchisor by first class prepaid United States mail or a recognized commercial delivery service the Library of Operating Manuals, all training, advertising and promotional aids and materials, and all other printed materials obtained by Franchisee from Franchisor pertaining to the operation of its Doc Popcorn Business.

11.1.10. Furnish evidence satisfactory to Franchisor of compliance with this Section within 30 days after the termination or expiration of this Agreement.

11.2 **Acknowledgements.** Upon the termination or expiration of this Agreement for any reason, Franchisee acknowledges and agrees that:

11.2.1. No payment is due to Franchisee from any source for any claimed goodwill or other equity claimed by Franchisee based on Franchisee’s operation or ownership of a Doc Popcorn Business, or otherwise.

11.2.2. No fees, charges, or other payments of any kind from Franchisee to Franchisor or its affiliates are refundable wholly or partially, except as otherwise provided in Section 4.2.

12. PURCHASE OPTION

12.1 Following the expiration or termination of this Agreement, Franchisor has an option to acquire all or any part of Franchisee's inventory, equipment, PopCarts, PopTrucks, PopTrailers, PopKiosks, Doc Popcorn Products, Doc Popcorn Blends, signs and accessories, and other personal property relating to the Business. If Franchisor elects to exercise this option, the purchase price for the inventory will be the price paid by Franchisee. The purchase price for all other items will be the fair market value, determined as of the effective date of the purchase in a manner that accounts for reasonable depreciation and condition. The purchase price will be adjusted by setting off and reducing it by any amount then owing by Franchisee to Franchisor or its affiliates, including any amounts paid by Franchisor to cure Franchisee's defaults with third parties such as landlords or equipment lessors (the decision to pay such cure amounts to be the sole decision of Franchisor). If Franchisee has an Operating Unit at a Permanent Site, and Franchisor elects to exercise its purchase option, the lease for the Permanent Site will also be transferred to Franchisor. Franchisor must exercise its option within 30 days after the expiration or termination by giving written notice to Franchisee of its intent to exercise its option to purchase.

12.1 Unless otherwise agreed by Franchisee, the purchase price will be paid in cash within 30 days after the notice of its election to exercise its option is sent by Franchisor to Franchisee. All assets must be transferred free and clear of all liens and encumbrances, with all sales and transfer taxes paid by Franchisee. Franchisee and its owners further agree to sign general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates and their respective shareholders, officers, directors, employees, agents, successors, and assigns.

13. TRANSFERS

13.1 **Transfer by Franchisor.** Franchisor has the unrestricted right to transfer or assign ownership interests in Franchisor and all or any part of its interest in this Agreement to any person or legal entity without Franchisee's consent. Franchisee agrees that Franchisor will have no liability after the effective date of transfer or assignment for the performance of, or any failure to perform, any obligations transferred. Franchisor also has the right to delegate to others the performance of any of its duties under this Agreement.

13.2 **Transfer by Franchisee.**

13.2.1. Consent Required. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee's (or, if Franchisee is an Entity, Franchisee's principals) business skill, financial capacity and personal character. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, corporation or other legal entity which directly or indirectly owns any interest in Franchisee or in all or substantially all of the assets of the Business may sell, assign, transfer, convey, pledge, mortgage, encumber, merge or give away any direct or indirect interest in this Agreement, in Franchisee or in all or most of the assets of the Business (collectively, "Transfer") without Franchisor's prior written consent, which may be granted or denied in Franchisor's discretion. Any proposed transfer will be subject to Franchisor's right of first refusal set forth in Section 13.3. Any attempted transfer without its prior written approval will be null and void and will constitute a material breach of this Agreement, for which we may immediately terminate without opportunity to cure pursuant to Section 10.

13.2.2. Conditions. Franchisee must notify Franchisor in writing of any proposed Transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Business at least 30 days before the Transfer is proposed to take place. In connection with such notice, Franchisee will provide Franchisor with copies of all documents to be executed prior to any Transfer. Any such Transfer will be subject to the minimum requirement that one person be designated as a controlling owner of the franchisee entity, owning at least 51% of the Entity. If a Transfer, alone or together with other previous, simultaneous or proposed Transfers, would have the effect of changing control of Franchisee or substantially all of the assets of the Business, Franchisor may, in its discretion, require any or all of the following as conditions of its approval that:

13.2.2.1 The person to be designated as a controlling owner of the Entity owns and controls not less than 51% of the ownership interests and meets all requirements for approval as a franchisee.

13.2.2.2 All of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor and its affiliates have been satisfied.

13.2.2.3 Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto or any other agreement between Franchisee and Franchisor or its affiliates.

13.2.2.4 The transferor will have executed a release, in a form prescribed by Franchisor, of any and all claims against Franchisor, its owner(s), affiliates and their respective owners, officers, managers, directors, agents and employees.

13.2.2.5 The transferee enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as we may request guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor.

13.2.2.6 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as we may request) demonstrate to Franchisor's satisfaction that it: **(i)** meets its educational, managerial and business standards; **(ii)** possesses a good moral character, business reputation and credit rating; **(iii)** possesses the aptitude and ability to operate the Business (as may be evidenced by prior related business experience or otherwise); and **(iv)** has adequate financial resources and capital to operate the Business.

13.2.2.7 The transferee execute for the Business, for a term ending on the expiration date of this Agreement and with such renewal provisions as are provided by this Agreement, the then-current form of franchise agreement and other ancillary agreements as we require, which agreements will supersede this Agreement.

13.2.2.8 The transferee refurbish the Operating Units and other equipment in accordance with Franchisor's then-current refurbishment program within 45 days following the Transfer, and the transferee may not begin to operate the Doc Popcorn Business at an Operating Unit until that Operating Unit has been refurbished.

13.2.2.9 Franchisee remains liable for all of the obligations to Franchisor in connection with the Business which arose prior to the effective date of the Transfer and execute any and all instruments reasonably requested by Franchisor to evidence such liability.

13.2.2.10 The transferee (or, if the transferee is an Entity, a principal of the transferee acceptable to Franchisor) and the transferee's manager (if the transferee or transferee's principal will not manage the Business), at the transferee's expense, complete any training programs then in effect for franchisees and managers upon such terms and conditions as we may reasonably require;

13.2.2.11 Franchisee pays a non-refundable transfer fee equal to: **(i)** if the Transfer is to an existing franchisee or if Franchisee also is a Dippin' Dots franchisee transferring its Doc Popcorn Business to an existing Dippin' Dots franchisee, the lesser of 10% of the sales price, or total consideration, monetary or non-monetary, or \$1,000; **(ii)** if Franchisee adds a minority shareholder, partner, member, or owner, \$1,000; or **(iii)** in all other instances, the lesser 10% of the sales price, or total consideration, monetary and/or non-monetary or \$7,500. Franchisee also must pay any reasonable attorneys' fees incurred by Franchisor in connection with its review, analysis, assessment and involvement of any kind with such partial or complete sale or other alienation of the Business.

13.3 Right of First Refusal.

13.3.1. In connection with a Transfer, the transferor must notify Franchisor in writing of the offer, and will provide such information and documentation relating to the offer as we may require. Franchisor has the right and option, exercisable within 30 days after receipt of such written notification, to send written notice to the transferor that Franchisor intends to purchase the transferor's interest or the assets on the same terms and conditions offered by the third party.

13.3.2. If Franchisor elects to purchase the transferor's interest or assets, closing on such purchase must occur within 30 days from the date of the notice to the transferor of Franchisor's election to purchase. Any material change in the terms of any offer prior to closing will constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer. Franchisor's failure to exercise the option afforded by this Section will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Agreement with respect to a proposed Transfer. If the consideration, terms and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms and/or conditions, then Franchisor may purchase the interest or assets proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the cash consideration, an independent appraiser will be designated by Franchisor and the determination of such appraiser will be binding.

13.4 Transfer Following Death or Permanent Incapacity. Upon the death or permanent incapacity of any person with an interest in the Business, which would have the effect of transferring control of Franchisee, the executor, administrator or personal representative of such person will transfer, within 6 months after such death or mental incapacity, such interest to a third party approved by Franchisor. Such Transfers, including, without limitation, Transfers by devise or inheritance, will be subject to the same conditions as any inter vivos Transfer. However, in the case of Transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 13, the personal representative of the deceased will have a reasonable time to dispose of the deceased's interest, which disposition will be subject to all the terms and conditions for Transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, not to exceed 6 months, Franchisor may terminate this Agreement

13.5 Effect of Consent. Franchisor's consent to a Transfer will not constitute a waiver of any claims Franchisor may have against the transferring party, nor will it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

13.6 Bankruptcy Filing. If, this Agreement is not terminated pursuant to Section 10.1 and it is contemplated that this Agreement will be assumed by or assigned to a person or entity who has made a bona fide offer to accept an assignment or assumption of this Agreement, pursuant to the U.S. Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth: **(i)** the name and address of the proposed assignee; and **(ii)** all of the terms and conditions of the proposed assignment or assumption, will be given to Franchisor within 20 days after receipt of such proposed assignee's offer to accept assignment or assumption of this Agreement, and, in any event, within 10 days prior to the date that the application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Franchisor will have the right and option, exercisable within 30 days after receipt of such notice, to accept an assignment of this Agreement to Franchisor, upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by Franchisee out of the consideration to be paid by such assignee for the assignment of this Agreement.

14. RELATIONSHIP OF THE PARTIES

14.1 Independent Contractor. Franchisee is an independent contractor. Franchisee and Franchisor are not partners or agents of, or joint venturers with each other. Neither party is liable for the debts, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors, or omissions of the other. The parties will not hold themselves out by action or inaction contrary to this Section and will indemnify each other for any liability, cost, or expense including attorney fees, incurred by either of them for any act, omission, finding, or result to the contrary. No employee of Franchisee will be deemed an employee of Franchisor, and each employee will be so notified.

14.2 No Authority. Neither party will act or have the authority to act as the agent for the other, and neither Franchisee nor Franchisor will guarantee the obligations of the other or in any way become obligated for the debts or expenses of the other unless otherwise agreed to in writing.

14.3 No Joint Employers. Franchisee alone is responsible for all employment decisions and functions of Franchisee's Doc Popcorn Business, regardless of whether Franchisee has received advice from Franchisor. Franchisor will have no liability for any action or settlement related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees and Franchisee agrees to indemnify Franchisor for any such liabilities Franchisor incurs.

15. COVENANTS

15.1 Non-Competition During Term. Franchisee acknowledges and agrees that: **(i)** pursuant to this Agreement, Franchisee will have access to valuable Trade Secrets, specialized training and confidential information from Franchisor and its affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; **(ii)** the System and the opportunities, associations and experience established by Franchisor and acquired by Franchisee under this Agreement are of substantial and material value; **(iii)** in developing the System, Franchisor and its affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; **(iv)** Franchisor would be unable to adequately protect the System and its Trade Secrets and confidential information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among Doc Popcorn franchisees if franchisees were permitted to hold interests in competitive businesses; and **(v)** restrictions on Franchisee's right to hold interests in, or perform services for, competitive businesses will not hinder its activities. Accordingly, Franchisee agree that, during the term of this Agreement, Franchisee will not, without Franchisor's prior written consent, either directly or indirectly through any other person or entity:

15.1.1. Directly or indirectly, for itself, or through, on behalf of or in conjunction with any person or legal entity, own maintain, operate, engage in, be employed by, provide assistance to or have any interest in a Competitive Business.

15.1.2. Divert or attempt to divert any business related to, or any customer or account of the Business, Franchisor's business, any affiliates' business, or any franchised Business of another franchisee licensed by Franchisor to use the Marks and System, by direct inducement or otherwise.

15.1.3. During the term of this Agreement, there is no geographical limitation on these restrictions.

15.1.4. "Competitive Business" means any business offering or selling popcorn or any other products or services offered by Doc Popcorn Businesses or any business offering and granting franchises or licenses for a similar type business; however, Franchisee, its owners, members, partners, principals, and if an individual, members of his or her immediate family, will not be prohibited from owning less than 2% of the outstanding shares of a publicly traded company.

15.2 Post-Termination Covenant Not to Compete. Franchisee and its officers, directors, shareholders, or partners agree that, for a period of 2 years following termination or expiration of this Agreement, neither Franchisee, any Manager of the Business, nor Franchisee's officers, directors, shareholders, managers, members, or partners will directly or indirectly, for itself, or through, on behalf of or in conjunction with any person or legal entity, own maintain, operate, engage in, be employed by, provide assistance to or have any interest in a Competitive Business: **(i)** within a 5 mile radius of the Permanent Site of any Franchisee-owned, franchised or company-owned Doc Popcorn Business; or **(ii)** at the same Event(s), wherever located, served by Franchisee, Franchisor or any other Doc Popcorn® franchisee. This restriction will not apply to the ownership of less than 2% of the outstanding shares of a publicly traded company. Franchisee and its officers, directors, shareholders, managers, members, or partners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting those skills. As a result, adherence to this restriction will not deprive them of their personal goodwill or ability to earn a living.

15.3 Confidentiality of Proprietary Information. Franchisee will treat all information it receives which comprises or is a part of the System as proprietary and confidential and will not use this information in an unauthorized manner or disclose the same to any unauthorized person without first obtaining Franchisor's written consent. Franchisee acknowledges that the Marks and the System have valuable goodwill attached to them, that the protection and maintenance thereof is essential to Franchisor, and that any unauthorized use or disclosure of the Marks and System will result in irreparable harm to Franchisor.

15.4 Prohibition Against Reshipment. Franchisee will not in any manner reship, transship, distribute, or sell any Doc Popcorn Blends or Doc Popcorn Products or other items purchased from or through Franchisor, its affiliates or its approved suppliers to any reseller of said items, including other Doc Popcorn® franchisees or licensees. Franchisee will sell items purchased from or through Franchisor, its affiliates and its approved suppliers only to consumers using an Operating Unit.

15.5 Modification. Franchisor has the right, in its discretion, to reduce the scope of any covenant in this Section 15 effective immediately upon Franchisee's receipt of written notice, and Franchisee agrees that it will comply with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Section 19.1. If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time

during the 2-year period following expiration or termination of this Agreement or a Transfer, Franchisee fails to comply with its obligations under this Section, that period of noncompliance will not be credited toward the satisfaction of the 2-year obligation. Following the resolution of any dispute regarding the enforceability of this Section that is resolved in Franchisor's favor, the 2-year period (or such other period as may be deemed reasonable by the court) will run from the date of the resolution.

15.6 Confidentiality Agreement. Franchisor may require that Franchisee cause each of its officers, directors, partners, shareholders, managers, members, Managers, employees, and, if Franchisee is an individual, immediate family members, to execute a Nondisclosure and Noncompetition Agreement containing the above restrictions in the form required by Franchisor.

16. TAXES, PERMITS AND INDEBTEDNESS

16.1 Taxes. Franchisee will promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the operation of the Business. Franchisee will pay Franchisor an amount equal to any sales tax, gross receipts tax or similar tax (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event will Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Premises, or any improvements thereon.

16.2 Licenses. Franchisee will comply with all federal, state and local laws, rules and regulations, and will timely obtain all permits, certificates or licenses necessary for the full and proper conduct of the Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits and fire clearances.

16.3 Notice to Franchisor. Franchisee will immediately notify Franchisor in writing 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, which may adversely affect the operation or financial condition of the Business or Franchisee.

17. APPROVALS AND WAIVERS

17.1 Approvals. Whenever this Agreement requires Franchisor's prior approval or consent, Franchisee will make a timely written request to us therefore, and such approval or consent must be obtained in writing.

17.2 No Warranties. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefore.

17.3 Waivers. No failure by us to exercise any power reserved to us by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, will constitute a waiver of Franchisor's right to demand exact compliance with any of the terms hereof. Our waiver of any particular default by Franchisee will not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar or different nature; nor will any delay, forbearance or omission of us to exercise any power or right arising out

of any breach or default by Franchisee of any of the terms, provisions or covenants hereof, affect or impair Franchisor's right to execute the same; nor will such constitute a waiver by us of any right hereunder, or of the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Our subsequent acceptance of any payments due to us hereunder will not be deemed to be a waiver by us of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

18. NOTICES

Any and all notices that are required or permitted under this Agreement must be in writing and must be personally delivered, sent by certified mail or sent by other means which affords the sender evidence of delivery or rejected delivery, to Franchisee at its Designated Business Address and to Franchisor at the address on the first page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by means which affords the sender evidence of delivery or rejected delivery will be deemed to have been given and received at the date and time of receipt or rejected delivery.

19. CONSTRUCTION

19.1 Entire Agreement. This Agreement, the Exhibits and attachments hereto and the documents referred to herein constitute the entire Agreement between the parties concerning the subject matter hereof, and supersedes any prior agreements (whether oral or written), promises, arrangements or obligations by and between the parties, and no other representations have induced Franchisee to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement, or any related agreement is intended to disclaim Franchisor's representations in Franchisor's Franchise Disclosure Document.

19.2 Severability. Each section, part, term or provision of this Agreement is severable, and if, for any reason, any section, part, term or provision of this Agreement is deemed to be invalid and contrary to, or in conflict with, any existing or future law, decision, ruling or regulation of a court or agency having valid jurisdiction, that will not impair the operation or affect the remaining portions, sections, parts, terms or provisions of this Agreement, and the latter will continue to be given full force and effect and bind you and us, and the invalid sections, parts, terms or provisions will not be a part of this Agreement.

19.3 Survival. Any provision or covenant in this Agreement that expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination) will survive such expiration, termination or assignment.

20. DISPUTE RESOLUTION; APPLICABLE LAW

20.1 Arbitration. Except as otherwise provided in Section 20.3, all disputes between the parties, including all those arising under or related to this Agreement will be resolved by final binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), regardless of whether administered by the parties or by the AAA. The arbitration proceedings will be governed by the Federal Arbitration Act. The arbitration will take place in Oklahoma City, Oklahoma and the parties consent to application of the laws of the State of Oklahoma, excluding its conflict of laws provisions. Notwithstanding the foregoing, the parties agree that the Oklahoma Consumer Protection Act (Sections 751, et seq. of the Oklahoma Statutes) will not apply to this Agreement or any disputes between the parties. Any party who fails or refuses to submit any dispute to binding arbitration

following a lawful demand by the opposing party will bear all costs and expenses incurred by the opposing party in compelling arbitration.

20.1.1. Scope of Arbitration. For any dispute involving less than \$300,000, the matter will be resolved by a single arbitrator and, absent a disagreement over the selection of the arbitrator, will be self-administered. The parties will have 30 days after the service of a Statement of Claim and demand for arbitration to agree on a single arbitrator. If the parties cannot agree on a single arbitrator, the matter will be filed with and administered by the AAA. For any dispute involving more than \$300,000, 3 arbitrators will be employed and the matter will be filed with and administered by the AAA.

20.1.2. Individual Basis. Franchisor and Franchisee agree that arbitration will be conducted on an individual basis only. Neither party will commence any arbitration with a third party against the other, or join with any third party in any arbitration involving Franchisor and Franchisee. Further, neither Franchisor nor Franchisee will attempt to consolidate or otherwise combine in any manner, an arbitration proceeding involving Franchisor and Franchisee with another arbitration of any kind, nor will Franchisor or Franchisee attempt to certify a class or participate as a party in a class action against the other. Notwithstanding the foregoing, if Franchisee controls, is controlled by, or is in active concert with another franchisee of Franchisor, or there is a guarantor of some or all of the Franchisee's obligations to Franchisor, then the joinder of those parties to any arbitration between Franchisor and Franchisee will be permitted, and in all events, the joinder of an owner, director, officer, manager, partner or other representative or agent of Franchisor or Franchisee will be permitted.

20.1.3. Procedure. No discovery depositions will be allowed unless the arbitrator(s) make a finding of exceptional need. The decision of the arbitrator(s) will be final and binding; however, either party may appeal the award to the AAA. Either side may confirm and enforce any arbitration award in any court having jurisdiction.

20.1.4. Damages Waiver. The parties (and their owners and guarantors, if applicable) waive to the fullest extent permitted by law, any right to or claim for any punitive or consequential damages against the other and agree that in a dispute between them each will be limited to the recovery of any actual damages sustained by it.

20.2 Provisional Remedies. **The parties will be entitled to a resort to provisional remedies to prevent breaches of this Agreement and to enforce specifically its terms, pending a final resolution of any claim by binding arbitration. In the event of resort to a provisional remedy, the parties agree that upon conclusion of such preliminary equitable proceeding; the matter will be stayed pending a resolution of the underlying claim by arbitration.**

20.3 Claims Not Subject to Arbitration. The following claims may be litigated as provided in Section 20.4: **(i)** claims involving actual or threatened disclosure or misuse of the confidential information; **(ii)** claims involving the ownership, validity or use of the Marks; **(iii)** claims to enjoin a Transfer alleged to be in violation of Section 13; or **(iv)** claims by Franchisor to enforce Franchisee's obligations under Section 15.

20.4 Forum Selection. The parties agree that, for any matter that may be litigated, Franchisee must file any suit against Franchisor only in the federal or state court having jurisdiction in Oklahoma City, Oklahoma. Franchisor may file suit in the federal or state court having jurisdiction in Oklahoma City, Oklahoma or in the jurisdiction where Franchisee resides or does business or where the Business is or was located or where the claim arose. Franchisee consents to the personal jurisdiction of those courts over Franchisee and to venue in those courts.

20.5 Limitations of Actions. Any legal action or proceeding (including a proceeding related to the offer and sale of a franchise to Franchisee) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of 2 years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, regardless of when discovered. The preceding limitation period does not apply: **(i)** with respect to payments owed by one party to the other; **(ii)** if prohibited by applicable law; or **(iii)** if applicable law provides for a shorter limitations period..

21. MISCELLANEOUS

21.1 Interpretation. This Agreement will not be interpreted in favor of or against any party based on a party's sophistication or based on the party that drafted this Agreement. Except as expressly otherwise provided, nothing in this Agreement is intended, or will be deemed, to confer any rights or remedies upon any person or legal entity other than Franchisee and Franchisor.

21.2 Franchisor's Discretion. Whenever Franchisor has a right and/or the discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make that decision or exercise our right and/or discretion on the basis of its judgment of what is in the best interests of the System. Franchisor's judgment of what is in the best interests of the System, at the time its decision is made or its right or discretion is exercised, can be made without regard to whether: **(i)** other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; **(ii)** Franchisor's decision or the action taken promotes its financial or other individual interest; **(iii)** Franchisor's decision or the action taken applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned or affiliate-owned operations; or **(iv)** Franchisor's decision or the action taken is adverse to Franchisee's interests. Franchisor will have no liability to Franchisee for any such decision or action. We and you intend that the exercise of our right 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, the parties agree that such covenant will 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 Franchisee's rights and obligations under this Agreement.

21.3 Compliance with U.S. Laws. Franchisee acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 ("Order"), Franchisor is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, Franchisee represents and warrants to Franchisor that, as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in Franchisee, controlled by Franchisee, or under common control with Franchisee is designated under the Order as a person with whom business may not be transacted by Franchisor, and that Franchisee: **(i)** does not, and hereafter will not, engage in any terrorist activity; **(ii)** is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and **(iii)** is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

21.4 Attorneys' Fees and Costs.

21.4.1. Subject to Section 20, Franchisee will reimburse Franchisor for its costs and expenses, including, without limitation, attorneys' fees, which Franchisor incurs in pursuit of its rights

following a breach or event of default of or by Franchisee whether or not the pursuit of rights involves litigation or arbitration.

21.4.2. The prevailing party in any litigation or arbitration action arising out of, or related to, this Agreement (including an action to compel arbitration) is entitled to recover all of its reasonable costs and expenses incurred in the action, including reasonable accounting, expert witness, attorneys' and arbitrator's fees, and costs of collecting monies owed, in addition to all other amounts and damages awarded. If both parties are awarded a judgment in any dollar amount, the court or arbitrator, as applicable, will determine the prevailing party taking into consideration the merits of the claims asserted by each party, the amount of the judgment received by each party, and the relative equities between the parties.

21.5 Headings, Construction. Headings used in this Agreement are for reference and convenience purposes only and are not to be used in construing the provisions of this Agreement. As used in this Agreement, the male or female gender will include the other and the neuter. The singular will include the plural and the plural will include the singular as appropriate.

21.6 Beneficiaries. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third parties will have any right or claims, benefit, or right as a third party beneficiary under this Agreement or any provision hereof. Similarly, Franchisee is not entitled to claim any rights or benefits including those of a third party beneficiary, under any contract, understanding or agreement between Franchisor and any other person or entities, unless that contract, understanding or agreement specifically refers to Franchisee by name or to a class which Franchisee belongs and specifically grants rights or benefits to Franchisee or to the concerned class.

21.7 Authority. If Franchisee is an Entity, the person or persons signing this Agreement for Franchisee warrant to Franchisor that he, she or they have the requisite corporate authority to sign this Agreement. At Franchisor's request, the concerned entity signatory agrees to promptly provide Franchisor with a certified copy of the resolution or other document authorizing the execution of this Agreement and naming the officers or other positions of the entity that are authorized to sign this Agreement for the entity.

21.8 Payments. Franchisor may, in writing, unilaterally waive any obligation or requirement of Franchisee under this Agreement. No payment by Franchisee or receipt by Franchisor of any amount less than that required to be paid under this Agreement, or otherwise, to Franchisor or any person or entity affiliated with Franchisor, will be deemed to be anything except payment on account, regardless of any endorsement to the contrary contained on any such payment or in any oral or written communication transmitted in connection therewith.

21.9 Set Off. Franchisee will not be allowed to set off amounts owed to Franchisor for Product purchases, Operating Unit and other equipment purchases, fees or other amounts due hereunder, against any monies owed to Franchisee, nor will Franchisee in any event withhold any amounts due to any alleged nonperformance by Franchisor hereunder, which right of set off is expressly waived by Franchisee. Franchisor will be allowed to set off amounts owed to Franchisee against monies owed to Franchisor by Franchisee.

21.10 Successors In Interest. This Agreement is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties to this Agreement.

21.11 Cross-Default and Cross Termination Provisions.

21.11.1.A default by Franchisee under this Agreement will be deemed a default of all agreements between Franchisee and Franchisor or its affiliates, including DDF. A default by Franchisee

under any other agreement between Franchisee and Franchisor or its affiliates, including DDF, will be deemed a default under this Agreement. A default by the guarantor(s) of this Agreement or any other agreement of guarantee, will be deemed a default of this Agreement.

21.11.2. If this Agreement is terminated as a result of a default by Franchisee, Franchisor may, at its option, elect to terminate any or all other agreements between Franchisee and Franchisor or its affiliates, including DDF. If any other agreement between Franchisee and Franchisor or its affiliates, including DDF, is terminated as a result of a default by Franchisee, Franchisor may, at its option, elect to terminate this Agreement. It is agreed that an incurable or uncured default under this Agreement or any other agreement between Franchisee and Franchisor or its affiliates, including DDF, will be grounds for termination of this Agreement and/or all agreements between Franchisee and Franchisor or its affiliates, including DDF, without additional notice or opportunity to cure.

22. ACKNOWLEDGMENTS

Franchisee represents, acknowledges and warrants to Franchisor that:

22.1 Franchisor has entered, and will continue to enter, into agreements with other franchisees. The manner in which Franchisor enforces its rights and the franchisees' obligations under any of those other agreements will not affect our ability to enforce our rights or Franchisee's obligations under this Agreement.

22.2 Franchisor may change or modify the System, from time to time and Franchisee will be required to make such expenditures as those changes or modifications in the System may require.

22.3 Even though this Agreement contains provisions requiring Franchisee to operate the Business in compliance with the System: **(i)** Franchisor and its affiliates do not have actual or apparent authority to control the day-to-day conduct and operation of Franchisee's business or employment decisions; **(ii)** neither Franchisee nor Franchisor intend for Franchisor or its affiliates to incur any liability in connection with or arising from any aspect of the System or Franchisee's use of the System; and **(iii)** Franchisee is the sole employer of Franchisee's employees and Franchisee and Franchisor are not joint employers.

22.4 Franchisee will be solely responsible for: **(i)** hiring, training and supervising efficient, competent and courteous employees of good character for the operation of the Business; **(ii)** the terms of their employment and compensation; and **(iii)** the proper training of the employees in the operation of the Business.

22.5 Franchisee's execution of this Agreement does not and will not conflict or interfere, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any third party to which Franchisee or any of Franchisee's owners or affiliates is a party, including, but not limited to, any noncompetition provision.

[SIGNATURES ARE ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives.

FRANCHISOR:
DOC POPCORN FRANCHISING L.L.C.

FRANCHISEE:

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

_____ Individually

Print Name: _____
Date: _____

OR, if a corporation, partnership or other business entity:

Company Name

By: _____
Title: _____
Date: _____

EXHIBIT 1
FRANCHISE INFORMATION

1. **Initial Number of Operating Units Purchased.** Franchisee has elected to purchase and open _____ Operating Units.

2. **Types of Operating Units.** Franchisee is authorized to open and operate:

- Doc Popcorn Cart Operating Unit ("PopCart").
- Doc Popcorn Truck Operating Unit ("PopTruck").
- Doc Popcorn Event Concession Trailer Operating Unit ("PopTrailer").
- Doc Popcorn Fixed Kiosk Operating Unit.
- Doc Popcorn Retail Store Operating Unit, which will be a

In Line Location;

Stand-Alone Location; or

Other, describe _____.

3. **Operations.** If the Operating Unit is a PopCart, PopTruck or PopTrailer, it will be operated from:

- Events
- Permanent Site.

4. **Initial Franchise Fee.** In connection with the execution of the Franchise Agreement, Franchisee will pay Franchisor an Initial Franchise Fee of \$_____.

5. **Principal Business Address.** Franchisee's Principal Business Address is: _____

**EXHIBIT 2
STATEMENT OF OWNERSHIP**

Entity Name: _____

Form of Ownership
(Check One)

___ Individual ___ Partnership ___ Corporation ___ Limited Liability Company

State and Date of Formation: _____

Management (managers, officers, board of directors):

Name	Title

All owners of a direct or indirect interest:

Name	Address	Percentage Owned

EXHIBIT 3
GUARANTEE AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Doc Popcorn Franchise Agreement dated as of _____ (“Agreement”) by Doc Popcorn Franchising L.L.C (“Franchisor”), entered into with _____ (“Franchisee”), the undersigned (collectively, “Guarantors”) hereby personally and unconditionally agree as follows:

1. **Guarantee and Assumption of Franchisee's Obligations.** Guarantors hereby: (A) guarantee to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement or at law or in equity, that Franchisee and any assignee of Franchisee's interest under the Agreement will: (1) punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (2) punctually pay all other monies owed to Franchisor and/or its affiliates; (B) agree to be personally bound by each and every provision in the Agreement, including, without limitation, the provisions of Sections 7.12 and 15; and (C) agree to be personally liable for the breach of each and every provision in the Agreement.

2. **General Terms and Conditions.** The following general terms and conditions will apply to this Guarantee:

A. Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right he/she/it may have to require that an action be brought against Franchisee or any other person as a condition of liability; (5) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guarantee by the undersigned; (6) any law or statute which requires that Franchisor make demand upon, assert claims against or collect from Franchisee or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guarantee; (7) any and all other notices and legal or equitable defenses to which he may be entitled; and (8) **any and all right to have any legal action under this Guarantee decided by a jury.**

B. Each of the undersigned consents and agrees that: (1) his/her/its direct and immediate liability under this Guarantee will be joint and several; (2) he/she/it will render any payment or performance required under the Agreement if Franchisee fails or refuses punctually to do so; (3) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; (4) such liability will not be diminished, relieved or otherwise affected by any amendment of the Agreement, any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guarantee, which will be continuing and irrevocable during the term of the Agreement and for so long thereafter as there are monies or obligations owing from Franchisee to Franchisor or its affiliates under the Agreement; and (5) monies received from any source by Franchisor for application toward payment of the obligations under the Agreement and under this Guarantee may be applied in any manner or order deemed appropriate by Franchisor. In addition: (a) each Guarantor acknowledges that the obligations under this Guarantee will continue to remain in force and effect unless

Franchisor in its discretion, in writing, releases him/her/it from this Guarantee; and **(b)** following any Transfer, the obligations of each Guarantor under this Guarantee will continue to remain in force and effect unless Franchisor in its discretion, in writing, releases the Guarantor from this Guarantee. Notwithstanding the provisions of the previous sentence, unless prohibited by applicable law, the obligations contained in Sections 15.2 of the Agreement will remain in force and effect for a period of 2 years after any such release by Franchisor. A release by Franchisor of any Guarantor will not affect the obligations of any other Guarantor.

C. If Franchisor brings a legal action to enforce this Guarantee, the prevailing party in that proceeding will be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. In any judicial proceeding, these costs and expenses will be determined by the court and not by a jury.

D. If Franchisor utilizes legal counsel (including in-house counsel employed by Franchisor or its affiliates) in connection with any failure by the undersigned to comply with this Guarantee, the undersigned will reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

E. If any of the following events occur, a default ("Default") under this Guarantee will exist: **(1)** failure of timely payment or performance of the obligations under this Guarantee; **(2)** breach of any agreement or representation contained or referred to in this Guarantee; **(3)** the dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, any of the undersigned; and/or **(4)** the entry of any monetary judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due any of the undersigned. If a Default occurs, the obligations of each Guarantor will be due immediately and payable without notice. Upon the death of a Guarantor, the estate will be bound by this Guarantee for all obligations existing at the time of death. The obligations of the surviving Guarantors will continue in full force and effect.

F. This Guarantee will inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Franchisor interests in and rights under this Guarantee are freely assignable, in whole or in part, by Franchisor. Any assignment will not release the undersigned from this Guarantee.

G. Section 20 of the Agreement is incorporated by reference into this Guarantee and all capitalized terms that are not defined in this Guarantee will have the meaning given them in the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature.

GUARANTORS:

Date: _____

Print Name: _____

Address: _____

Telephone: _____

Date: _____

Print Name: _____

Address: _____

Telephone: _____

EXHIBIT C
TO FRANCHISE DISCLOSURE DOCUMENT
CONTRACTS FOR USE WITH THE FRANCHISE

EXHIBIT C-1

SAMPLE DOC POPCORN FRANCHISE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (the "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 Doc Popcorn Franchising L.L.C., an Oklahoma limited liability company ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (the "Agreement") pursuant to which Franchisee was granted the right to own and operate a Doc Popcorn 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/indicate other reason for the requirement of this waiver and release**} and Franchisor has consented to such; and

WHEREAS, as a condition to Franchisor's consent, 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.

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. 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 Oklahoma.

(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 attorney 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) The Parties agree that the arbitration, injunctive relief, governing law, and jurisdiction provisions contained in the Franchise Agreement, shall govern this Release and such provisions are incorporated into this Release by reference.

(h) 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.

(i) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

(Signature Page Follows)

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISOR:

DOC POPCORN FRANCHISING L.L.C.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

_____, a

By: _____

Title: _____

FRANCHISEE'S OWNERS:

Typed or Printed Name

EXHIBIT C-2

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Nondisclosure and Noncompetition Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of Doc Popcorn Franchising L.L.C., an Oklahoma limited liability company, and its successors and assigns (collectively, “us”), upon the terms and conditions 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 derives at least 50% of its revenues from the sale of popcorn and related items. A Competitive Business does not include a Doc Popcorn® 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 Doc Popcorn® business, whether now in existence or created in the future.

“*Franchisee*” means the Doc Popcorn® Franchisee for whom you are an officer, director, manager or key employee.

“*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 Doc Popcorn® 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 Doc Popcorn® business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Doc Popcorn® business, including “Doc Popcorn,” and any other trademarks, service marks or trade names that we designate for use by a Doc Popcorn® business. The term “Marks” also includes any distinctive trade dress used to identify a Doc Popcorn® 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 5% or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

“*Restricted Period*” means the 2 year period after you cease to be a manager or officer of Franchisee’s Doc Popcorn® 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 1 year period after you cease to be a manager or officer of Franchisee’s Doc Popcorn® business.

“*Restricted Territory*” means the geographic area within: (i) a 25 mile radius from Franchisee’s Doc Popcorn® business (and including the premises of the center); and (ii) a 25 mile radius from all other Doc Popcorn® businesses operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines the foregoing Restricted Territory

is too broad to be enforceable, then the “Restricted Territory” means the geographic area within a 20 mile radius from Franchisee’s Doc Popcorn® business (and including the premises of the center).

“System” means our system for the establishment, development, operation and management of a Doc Popcorn® business, including Know-How, proprietary programs and products, confidential operations manuals and operating System.

2. Background. You are an officer, director, manager or key employee of Franchisee. Because of this relationship, you may gain knowledge of our System and Know-how. 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 unfairly compete. To avoid such damage, you agree to comply with this Agreement.

3. Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Doc Popcorn® 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 an officer, director, manager or key employee of Franchisee’s Doc Popcorn® business. You further agree you will not use the Intellectual Property for any purpose other than performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Unfair Competition during Relationship. You agree not to unfairly compete with us at any time while you are an officer, director, manager or key employee of Franchisee’s Doc Popcorn® 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 located within or provides competitive goods or services to customers 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, or grandchild). You also acknowledge it would be difficult for us to prove whether you disclosed the Know-how 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 (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 this Agreement. **YOU 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 this Agreement will cause substantial and irreparable damage to us and/or other Doc Popcorn® 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 the 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 will 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.

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 attorney fees and costs in doing so.

(b) This Agreement will be governed by, construed and enforced under the laws of Oklahoma and the courts in that state will have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection or portion of this Agreement is unenforceable, it will 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.

EXECUTED on the date stated below.

Date

Signature

Typed or Printed Name

EXHIBIT C-3

SAMPLE DOC POPCORN FRANCHISE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of Doc Popcorn Franchising L.L.C., an Oklahoma limited liability company, and its successors and assigns (“us”), upon the terms and conditions in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“*Doc Popcorn Business*” means a business that provides popcorn and related items and other related services and products using our Intellectual Property.

“*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 Doc Popcorn Business, whether now in existence or created in the future.

“*Franchisee*” means the Doc Popcorn Franchisee for whom you are an officer, director, employee or independent contractor.

“*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 Doc Popcorn 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 Doc Popcorn Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Doc Popcorn Business, including “Doc Popcorn” and any other trademarks, service marks or trade names we designate for use by a Doc Popcorn Business. The term “Marks” also includes any distinctive trade dress used to identify a Doc Popcorn Business, whether now in existence or hereafter created.

“*System*” means our system for the establishment, development, operation and management of a Doc Popcorn Business, including Know-How, proprietary programs and products, confidential operations manuals and operating System.

2. Background. You are an employee, independent contractor or supplier of Franchisee. Because of this association, you may gain knowledge of our System and Know-how. 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 unfairly compete with us. To avoid such damage, you agree to comply with 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 Doc Popcorn 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 an officer, director, employee or independent contractor of Franchisee.

You further agree you will not use the Intellectual Property for any purpose other than performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge 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 uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Know-how 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 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 the this Agreement will cause substantial and irreparable damage to us and/or other Doc Popcorn Businesses 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 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 one thousand dollars (\$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) 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.

(b) This Agreement will be governed by, construed and enforced under the laws of Oklahoma 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 enforceable.

(Signatures on following page)

EXECUTED on the date stated below.

Date _____

Signature

Typed or Printed Name

EXHIBIT C-4

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

I (we) hereby authorize Doc Popcorn Franchising, LLC and Doc Popcorn, LLC (collectively, the “**Doc Popcorn Companies**”) to initiate entries to my commercial checking/savings account at the financial institution listed below, and if necessary, initiate adjustments for any transaction debited / credited in error. This authority will remain in effect until each of the Doc Popcorn Companies is notified by me (us) in writing to cancel it in such time as to afford the Doc Popcorn Companies and the financial institution a responsible opportunity to act on it.

Franchisee Name (Last, First): _____

If for specific location, please specify here _____

Franchisee’s Legal Company
Name / Name on Account: _____

Name of Financial Institution: _____

Financial Institution Routing Number: _ _ _ _ _

Commercial Checking or
Commercial Savings Account Number: _____

Credit Card _____ Exp. Date _____

Authorized Signature: _____

If payment using ACH is returned for any reason, this form will authorize the Doc Popcorn Companies to charge your credit card account for amounts owed, including associated fees.

NOTE: You must attach your voided check to this authorization below. For commercial savings accounts, please attach a deposit slip. If you choose to have funds debited from a savings account, please verify the transit routing number / ABA to be used for electronic transactions with your financial institution. The routing number on a savings deposit or withdrawal slip may be different than the actual routing number used by the bank for electronic transactions.

Attach voided check here

Please fax form to ACCOUNTING at 270-415-3233.

EXHIBIT C-5

AUTHORIZATION FOR CREDIT CARD PAYMENTS

This Credit Card Authorization (this “**Authorization**”) is entered on the day and date set forth on the signature page hereof by the undersigned credit card account owner (“**Owner**”). Owner agrees that each of Doc Popcorn Franchising L.L.C., an Oklahoma limited liability company, and Doc Popcorn L.L.C., an Oklahoma limited liability company (the “**Doc Popcorn Companies**”), may charge (at their sole discretion) the account(s) listed below for payments for the purchase of products, equipment, and other items from any of the Doc Popcorn Companies and for all fees and interest owed to any of the Doc Popcorn Companies under the Franchise Agreement between Owner, or a company controlled by Owner, and Doc Popcorn Franchising L.L.C. (the “**Franchise Agreement**”), as follows:

1. Owner authorizes each of the Doc Popcorn Companies to charge Owner’s account(s), as listed below, for payments for the purchase of DOC POPCORN Products, DOC POPCORN Supplies and Equipment, and other items from any of the Doc Popcorn Companies and for all fees, and interest owed to any of the Doc Popcorn Companies under the Franchise Agreement.

Type of Credit Card: VISA MASTERCARD
 AMEX OTHER

Credit Issuer: _____

Account Number: _____ Expiration Date: _____

Current Credit Limit: \$ _____

2. Owner agrees that this Authorization will remain in effect for each Franchise Agreement of Owner, or a company controlled by Owner, throughout the duration of the applicable Franchise Agreement, unless the Doc Popcorn Companies agrees to an earlier termination of this Authorization. Owner agrees not to revoke any Authorization prior to the termination of the applicable Franchise Agreement, without prior written consent of the Doc Popcorn Companies. Owner agrees that the credit card issuer cannot cancel this Authorization without receiving written consent from the Doc Popcorn Companies.

3. Owner agrees to maintain, at all times, sufficient available credit in each account covered by this Authorization to pay past due amounts and associated charges, as listed above, but, in any event the available credit on each account should not be less than \$5,000.00. Owner shall notify the Doc Popcorn Companies of the expiration, termination, or any other change in its account(s) covered by this Authorization, within one business day of the change, providing new account numbers and other information reasonably requested by any of the Doc Popcorn Companies. Owner agrees to execute a new Authorization within five business days after receipt of a new Authorization form from any of the Doc Popcorn Companies.

4. Each of the Doc Popcorn Companies may bill Owner directly or withdraw the owing amounts from Owner’s bank account pursuant to an ACH Authorization Form for any amounts owed by Owner, or a company controlled by Owner, to any of the Doc Popcorn Companies, for which the Doc Popcorn Companies do not charge Owner’s account(s) under this Authorization.

5. A company is considered to be “controlled by Owner” if Owner is a guarantor of a Franchise Agreement between the company and Doc Popcorn Franchising L.L.C.; or if Owner has a 10 percent or greater shareholder, partnership, or member interest in the company, or is the sole proprietor of the company.

6. Owner agrees to execute any other documents required by any credit card processing company, any credit card issuer, any other entity, or by law, as necessary to enable the Doc Popcorn Companies to exercise the rights granted to it by this Authorization.

7. All capitalized terms not defined in this Authorization are defined as in the Franchise Agreement.

OWNER:

By: _____

Print Name: _____

Title: _____

Date _____

EXHIBIT C-6

ADDENDUM TO LEASE

This Addendum to Lease, dated _____, 20____, is entered into by and between _____ (“**Lessor**”), and _____ (“**Lessee**”).

A. The parties hereto have entered into a certain Lease Agreement, dated _____, 20____, and pertaining to the premises located at _____ (“**Lease**”).

B. Lessor acknowledges that Lessee intends to operate a DOC POPCORN Business from the leased premises (“**Premises**”) pursuant to a Franchise Agreement (“**Franchise Agreement**”) with Doc Popcorn Franchising L.L.C., an Oklahoma limited liability company (“**Doc Popcorn**”) under the name DOC POPCORN® or other name designated by Doc Popcorn (herein referred to as “**DOC POPCORN Business**”).

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. Use of Premises. Lessor and Lessee agree that the Premises shall be used only for the operation of a DOC POPCORN Business, unless another use is approved in writing Doc Popcorn.

2. Remodeling and Decor. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a DOC POPCORN Business on the Premises.

3. Doc Popcorn’s Right to Enter. Lessor and Lessee agree that the employees of Doc Popcorn, or its parent, subsidiaries or affiliates, shall have the right to enter the leased premises to make any modifications necessary to protect their proprietary marks.

4. Retail Radius Restrictions in Lease. Any “retail radius restriction” or similar provision shall not be binding upon nor enforceable against Doc Popcorn, nor shall such provision be enforceable against the Lessee in case Doc Popcorn, its parent, subsidiaries or affiliates open a location within a restricted area.

5. Assignment. Lessee shall have the right to assign all of its right, title and interest in the Lease to Doc Popcorn or its parent, subsidiary, affiliate, or another franchisee, at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor’s consent in accordance with the Collateral Assignment of Lease attached hereto as Attachment A (the “Collateral Assignment”). However, no assignment shall be effective until the time as Doc Popcorn or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Doc Popcorn or its designated transferee a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Doc Popcorn or its designated transferee unless and until the Lease is assigned to, and accepted in writing by, Doc Popcorn or its designated transferee. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Doc Popcorn shall have the right to reassign the Lease to another franchisee without the Landlord’s consent in accordance with this Section.

6. Default and Notice.

a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Doc Popcorn written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Doc Popcorn a copy of the notice. Doc Popcorn shall have the right, but not the obligation, to cure the default. Doc Popcorn will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in the Collateral Assignment. Doc Popcorn will have an additional 15 days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated to cure the default or violation.

b) All notices to Doc Popcorn shall be sent by registered or certified mail, postage prepaid, to the following address:

Doc Popcorn Franchising L.L.C.
910 South 5th Street
Paducah, Kentucky 42003
Phone: (270) 575-6990
Fax: (270) 575-6997

Doc Popcorn may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Doc Popcorn of any change in Lessor's mailing address to which notices should be sent.

c) Following Doc Popcorn's approval of the Lease, Lessee agrees not to terminate, or in any way alter or amend the same during the term of the Franchise Agreement, including any renewal thereof, without Doc Popcorn's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Doc Popcorn's interests thereunder; and a clause to the effect shall be included in the Lease.

7. Termination or Expiration.

a) Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Doc Popcorn will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any later time to re-assign the Lease to a new franchisee without Landlord's consent and to be fully released from any and all liability to Landlord upon the reassignment, provided the franchisee agrees to assume Lessee's obligations and the Lease.

b) Upon the expiration or termination of either the Lease or the Franchise Agreement, Landlord will cooperate with and assist Doc Popcorn in securing possession of the Premises and if Doc Popcorn does not elect to take an assignment of the Lessee's interest, Lessor will allow Doc Popcorn to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a DOC POPCORN Business and to make other modifications (such as repainting) as are reasonably necessary to protect the DOC POPCORN marks and system, and to distinguish the Premises from a DOC POPCORN Business. In the event Doc Popcorn exercises its option to purchase assets of Lessee, Lessor shall permit Doc Popcorn to remove all the assets being purchased by Doc Popcorn.

8. Consideration; No Liability.

a) Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment from Lessee to Doc Popcorn as evidenced by Attachment A.

b) Lessor further acknowledges that Lessee is not an agent or employee of Doc Popcorn and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Doc Popcorn or any affiliate of Doc Popcorn, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Doc Popcorn or any affiliate of Doc Popcorn.

9. Sales Reports. If requested by Doc Popcorn, Lessor will provide Doc Popcorn with whatever reports, information or data Lessor has regarding Lessee's sales from its DOC POPCORN Business.

10. Amendments. No amendment or variation of the terms of the Lease or this Addendum to the Lease shall be valid unless made in writing and signed by the parties hereto.

11. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

12. Beneficiary. Lessor and Lessee expressly agree that Doc Popcorn is a third party beneficiary of this Addendum.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto as of the day, month and year first written above.

LESSOR:

LESSEE:

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT C-6

Attachment A

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of the ___ day of ____, 20__ (“**Effective Date**”), the undersigned, _____, (“**Assignor**”) hereby assigns, transfers and sets over unto Doc Popcorn Franchising L.L.C., an Oklahoma limited liability company (“**Assignee**”) all of Assignor’s right, title and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as Attachment A (“**Lease**”) with respect to the premises located at _____. This Collateral Assignment of Lease (“**Collateral Assignment**”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Collateral Assignment unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

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

Upon a default by Assignor under the Lease or under that certain franchise agreement for a DOC POPCORN Business between Assignee and Assignor (“**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in the event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease at least 30 days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

IN WITNESS WHEREOF, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

ASSIGNOR:

ASSIGNEE:
DOC POPCORN FRANCHISING L.L.C.

By: _____
Title: _____

By: _____
Title: _____

EXHIBIT C-7

FORM OF CUSTOMER AGREEMENT

DOC POPCORN, L.L.C.

910 SOUTH 5TH STREET, PADUCAH, KENTUCKY 42003

Customer Agreement

THIS AGREEMENT is entered into this ___ day of ___, 2022, by and between Doc Popcorn, L.L.C., hereinafter referred to as “Seller”, and, , hereinafter referred to as “Customer”.

WHEREAS, Seller is the distributor of Doc Popcorn related products and supplies, hereinafter referred to as the “Product”; and

WHEREAS, Customer desires to purchase the Product from Seller pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Purchase of Product. Customer shall purchase the Product from Seller for use in Customer’s operation of Doc Popcorn® stores and/or outlets and solicitation and sale of approved Doc Popcorn® products (“Franchised Business”) in accordance with the Doc Popcorn® Franchise Agreement between Customer and Doc Popcorn Franchising, L.L.C. (“DPF”). Customer agrees that Seller shall be Customer’s exclusive supplier of the Product and Customer shall not purchase the Product or any products and supplies from any other seller, supplier, distributor, or wholesaler without the expressly written permission from the Seller.

2. Customer’s Orders. Customer warrants with each order that it is a bona fide franchisee, in good standing with DPF. Customer shall submit orders to Seller for acceptance as defined by Seller in the current version of Seller’s customer guidelines, which may be amended by Seller from time to time in its sole discretion (the “Customer Guidelines”). For the avoidance of doubt, each order shall be submitted by Customer using only Seller’s then current form of purchase order (a “Purchase Order”), will be subject to acceptance by Company, in its sole discretion and will be governed by Company’s then current version of terms and conditions of sale.

3. Customer Prices. Customer shall pay Seller for each shipment of the Product, at the then-current prices, together with the applicable shipping and handling charge, which shall include reimbursement to Seller for any tax on the Product. Upon thirty (30) days’ notice to Customer, Seller shall have the right to change prices, discounts, terms and provisions affecting the Product and to issue new applicable price lists. All prices shall be exclusive of all taxes, insurance, and shipping and handling charges, which are Customer’s sole responsibility.

4. Payment & Terms. Customer shall make payment for the Product in accordance with this Agreement, unless previous arrangements have been made with the Financial Department of Seller. Receipt of any check, Credit Card or ACH draft will not constitute payment until Seller has received cash in the full amount thereof. Customer shall pay all collection charges, including Seller’s reasonable attorney’s fees. Seller may in its sole discretion change Customer’s credit terms and/or require C.O.D. payment (pre-

payment) for any shipments. Initial terms for Product payment will be net 10 days from shipment. If Customer submits a Purchase Order for equipment totaling more than \$2,000, Seller will require that Customer make full pre-payment prior to shipment of said equipment.

5. Security Interest. To secure Customer's payment of the Product and the faithful performance of all other obligations of Customer under this Agreement, Customer grants to Seller a security interest in all personal property, furnishings, equipment, signs, fixtures and inventory of Customer used by Customer in connection with its Franchised Business and any proceeds thereof. In addition to having all the rights of a secured creditor under the Uniform Commercial Code, upon the occurrence of an event of default under this Agreement, Seller may, but shall not be obligated, to remove any collateral and store it in any place selected by Seller (including, a public warehouse), at the expense and risk of the owner thereof. Seller acknowledges and agrees that the security interest provided by this Agreement shall be subordinate to any purchase money security interest of any lender or lessor providing financing for the purchase of equipment. Seller agrees to execute and deliver such instruments as are reasonably required to evidence such subordination; provided that such instruments contain terms and conditions reasonably acceptable to Seller.

6. Title. Title to the Product shall be and remain with Seller until receipt by Seller in cash of the full purchase price thereof. Seller shall have the right to retake possession of and resell the Product until title thereto shall have passed to Customer. Customer shall be responsible for the care of the Product in Customer's possession. Any damage or loss occurring to the Product while it is in Customer's possession shall be the sole responsibility of Customer.

7. Shipments. The Product pricing is F.O.B. Seller's specified warehouse (the "Delivery Point"), or such other shipping point requested by Customer, and agreed to in writing by Seller, at which time title and risk of loss will pass to Customer. All freight, insurance and other shipping expenses from Delivery Point, as well as any expenses related to Customer's special packing requests, will be borne by Customer unless otherwise agreed to in writing by Seller.

8. Warranties, Disclaimers, and Limitations of Liability.

(a) SELLER MAKES NO WARRANTIES OR REPRESENTATIONS AS TO THE PRODUCTS, EXCEPT AS SET FORTH IN THIS AGREEMENT. ALL IMPLIED WARRANTIES AND CONDITIONS, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT, ARE HEREBY DISCLAIMED.

(b) Customer Warranty. Customer will not make any representations or statements regarding any Customer or other Warranty, unless expressly authorized by Seller in writing.

(c) LIMITATION OF LIABILITY. THE LIABILITY OF SELLER AND ITS AGENTS, AFFILIATES, OR SUPPLIERS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE SUPPLY OF PRODUCTS HEREUNDER, SHALL BE LIMITED TO THE ACTUAL AMOUNTS PAID BY CUSTOMER TO SELLER FOR THE PRODUCTS GIVING RISE TO SUCH DAMAGES, AND SHALL IN NO EVENT INCLUDE LOSS OF PROFITS, COST OF PROCURING SUBSTITUTE GOODS OR SERVICES, OR ANY INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES OF ANY KIND, EVEN IF SELLER, AFFILIATE, AGENTS, OR SUPPLIER IS AWARE OF THE POSSIBILITY OF SUCH DAMAGES.

9. Conditions of Sale.

(a) Seller has the right to change the design or specifications of any of the Products at any time without notice.

(b) Seller, its agents, affiliates or suppliers shall not be liable for failure or delay in filling orders of Customer.

(c) Customer shall not resell the Product within a distribution model unless Customer has received approval from Seller for resale to an outside retail re-seller. Resale or transshipment of the Product without prior approval to an unauthorized location or to another business or person is expressly prohibited. Unauthorized resale in violation of this Agreement may result in non-shipment and/or termination of Customer's business relationship with Seller.

10. Indemnification by Customer. Customer hereby indemnifies, holds harmless, and shall defend Seller and each of its officers, directors, servants, agents, employees, and affiliates, from and against any and all claims, demands, actions, costs, expenses, liabilities, judgments, causes of action, proceedings, suits, losses and damages of any nature, which are threatened or brought against, or are suffered or incurred by Seller arising out of or in connection with this Agreement or Customer's operations.

11. Confidentiality. Customer acknowledges that during the course of its business relationship with Seller it may be made aware of trade secret information that is proprietary to Seller. Customer shall keep confidential all, and shall not divulge to any other Person or use for a Customer's own benefit, direct or indirect, any of the private, secret or confidential information of the business of the Seller including, but not limited to, private, secret and confidential information relating to such matters as the finances, methods of operation and competition, pricing, trade secrets, know-how, trademarks, marketing plans and strategies, equipment and operational requirements and information concerning personnel, customers and suppliers, unless such information (a) is or becomes generally available to the public other than as a result of a disclosure by Seller, or (b) is required to be disclosed by law or by a judicial, administrative or regulatory authority.

12. Guaranty. If Customer is a corporation, limited liability company or other entity, all of its holders of a legal or beneficial interest of 5% or more must execute a Personal Guaranty upon becoming a franchisee that will also, among other matters, require them to jointly and severally guarantee Customer's payment and performance under this Agreement and any other agreements between Customer and either Seller or DPF. Any other persons providing substantial capital for Customer's operations must also execute a Personal Guaranty. Seller reserves the right to require any guarantor to provide personal financial statements at any time upon request.

13. Modifications. All modifications to this Agreement shall be in writing and signed by both Parties.

14. Entire Agreement. This Agreement is the entire Agreement among the parties and, when executed by the parties, supersedes all prior agreements, understandings and communications, either verbal or in writing, among the parties with respect to the subject matter contained herein.

15. Severability. If any term, provision or condition of this Agreement is determined by a court or other judicial or administrative tribunal to be illegal, void or otherwise ineffective or not in accordance

with public policy, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

16. No Waiver. Any failure by a party to comply with any obligation, agreement or condition herein may be expressly waived in writing by each of the other parties, but such waiver or failure to insist upon strict compliance with such obligation, agreement or conditions shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

17. Applicable Law. This Agreement is a contract under the laws of the State of Oklahoma and for all purposes shall be governed by and construed in accordance with the substantive laws of the State of Oklahoma, without regard to its principles of conflicts of laws provisions.

18. Notices. All notices shall be sent Certified Mail, return receipt requested, to the following addresses:

If to Seller:

Doc Popcorn, L.L.C.
910 South 5th Street
Paducah, KY 42003

If to Customer:

19. Counterparts. This Agreement may be executed simultaneously or in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

20. Further Assurances. The parties shall from time to time execute and deliver such further instruments or take such further action as any party may reasonably request in order to effectuate the intent of this Agreement.

21. Force Majeure. Neither party shall be held liable for any failure to perform that is due to any cause or circumstance beyond the reasonable control of such party, including without limitation a demand for such Products and other products manufactured by Company which exceeds Company's ability to supply them, earthquakes, fire, accidents, floods, storms, other Acts of God, riots, wars, rebellions, strikes, lockouts or other labor disturbances, national or international emergencies, failure to secure materials or equipment from usual sources of supply, failure of carriers to furnish transportation, government rules, regulations, acts, orders, restrictions or requirements or any other cause or circumstance beyond the reasonable control of such party. An inability to deliver or delay in delivery shall invalidate the remainder of this Agreement.

22. Termination and Cross Termination. Seller may terminate this Agreement without cause, at any time, by written notice to Customer not less than thirty (30) days prior to the effective date of termination. All unfilled orders pending at the time of the date of such notice of termination shall be deemed canceled, and Seller and Customer hereby waive all claims against the other in connection with the cancellation of such orders. Seller may further terminate this Agreement, for cause, by written notice to Customer not less than ten (10) days prior to the effective date of such notice in the event that: (i) Customer fails to pay past due invoices within thirty (30) days after notice that invoices are past due; (ii) Customer

fails to resolve and remove from Seller unauthorized debits; or (iii) Customer violates any other material provision of this Agreement. Any termination of this Agreement shall also provide Seller the right to terminate any or all other agreements with Customer.

[Signature Page Follows]

IN WITNESS WHEREOF, Seller and Customer have executed this Agreement as of the day and year first written above.

Seller: DOC POPCORN, L.L.C.

By: _____

Name: Stephen C. Heisner

Title: Vice President of Administration

Customer:

By: _____

Name: _____

Title: _____

EXHIBIT D
TO FRANCHISE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

DOC POPCORN FRANCHISING, LLC

FINANCIAL STATEMENTS

**For the 53 Weeks Ended
September 30, 2023**

BLYTHE
CPAs ● ADVISORS

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INDEPENDENT AUDITOR'S REPORT

To the Member
of Doc Popcorn Franchising, LLC
Paducah, Kentucky

Opinion

We have audited the accompanying financial statements of Doc Popcorn Franchising, LLC (an Oklahoma limited liability company), which comprise the balance sheet as of September 30, 2023, and the related statements of income and cash flows for the 53 weeks then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Doc Popcorn Franchising, LLC as of September 30, 2023, and the results of its operations and its cash flows for the 53 weeks then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT (Continued)

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

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

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

Blythe CPAs, PLLC

January 2, 2024

DOC POPCORN FRANCHISING, LLC
BALANCE SHEET
September 30, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 264,633
Accounts receivable, net	92,136
Accounts receivable, related parties	853,417
Prepaid expenses	<u>283</u>

TOTAL CURRENT ASSETS 1,210,469

TRADE NAME

61,568

TOTAL ASSETS \$ 1,272,037

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 1,943
Accounts payable, related parties	80,555
Unearned revenue, current portion	52,910
Liability to advertising fund	<u>214,890</u>

TOTAL CURRENT LIABILITIES 350,298

UNEARNED REVENUE, net of current portion

103,788

MEMBER'S EQUITY

Beginning member's equity	463,422
Net income	<u>354,529</u>

ENDING MEMBER'S EQUITY 817,951

TOTAL LIABILITIES AND MEMBER'S EQUITY \$ 1,272,037

See independent auditor's report and notes to financial statements.

DOC POPCORN FRANCHISING, LLC
STATEMENT OF INCOME
For the 53 Weeks Ended September 30, 2023

REVENUES

Royalties and advertising fees	\$ 839,930
Franchise, renewal and transfer fees	<u>61,638</u>

TOTAL REVENUES 901,568

OPERATING EXPENSES

Administrative	663
Advertising	6,974
Bad debt expense, trade	5,878
Commissions	860
Conferences and meetings	85,579
Dues and subscriptions	15,801
Grand opening expense	576
Management fees	25,687
Miscellaneous	830
Office expense	284
Point of purchase	1,273
Professional fees	76,470
Promotional expense	38,087
Public relations	17,541
Shipping	6,264
Taxes and licenses	671
Telephone expense	17,134
Travel	9,672
Wages	239,281

TOTAL OPERATING EXPENSES 549,525

INCOME FROM OPERATIONS 352,043

OTHER INCOME (EXPENSE)

Loss on disposal of assets	(180)
Other revenue	<u>2,666</u>

TOTAL OTHER INCOME 2,486

NET INCOME \$ 354,529

See independent auditor's report and notes to financial statements.

DOC POPCORN FRANCHISING, LLC
STATEMENT OF CASH FLOWS
For the 53 Weeks Ended September 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 354,529
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
(Increase) decrease in:	
Accounts receivable, net	(4,731)
Accounts receivable, related parties	(444,105)
Prepaid expenses	1,916
Increase (decrease) in:	
Accounts payable	(596)
Accounts payable, related parties	62,869
Unearned revenue	3,862
Liability to advertising fund	48,972
Accrued liabilities	<u>(5,610)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 17,106

CASH FLOWS FROM INVESTING ACTIVITIES

Disposition of intangibles, net	<u>180</u>
---------------------------------	------------

NET CASH PROVIDED BY INVESTING ACTIVITIES 180

Net increase in cash and cash equivalents 17,286

Cash and cash equivalents at beginning of year 247,347

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 264,633

DOC POPCORN FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Nature of Operations and Organizational Structure

The Company was formed on July 3, 2014 in the state of Oklahoma. The Company is in the business of offering franchises which sell Doc Popcorn Fresh-Flavored Popcorn throughout the United States of America and Japan. The Company is a subsidiary of Dippin' Dots Holding, LLC (DDH) which is owned by J&J Snack Foods Corporation.

The Company established and administers the Advertising Fund (the Fund) under the terms of its franchise agreement. All contributions and any earnings thereon are used for the promotion of Doc Popcorn, LLC (DPL) gourmet popcorn and related equipment within the United States of America through maintaining, administering, directing, conducting, and preparing advertising, marketing, and public relations.

Fiscal Period

The Company's fiscal year is the 52- or 53- week period that ends on the last Saturday of September. An additional week is included in the last fiscal quarter every five or six years to realign the Company's fiscal quarters, which occurred in the Company's fourth quarter of fiscal year 2023. The Company's fiscal year 2023 spanned 53 weeks.

Accounting Method

The Company maintains its books and these financial statements are presented on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements, in conformity with 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents includes amounts on hand and amounts on deposit at financial institutions.

Cash held related to the Fund is classified as unrestricted cash; however, the Company intends to use these funds solely to support the Fund rather than for the Company's operations. Total cash balance related to the Fund as of September 30, 2023 is \$202,864.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at face value and include royalties and other franchisee related receivables. An allowance for doubtful accounts is estimated based upon management's review and as of September 30, 2023 is \$5,878.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes any sales incentives and amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

Royalties and Advertising Fees

The Company and the Fund recognize royalties and contributions based on a franchisee's monthly net sales. The income is earned at the end of each month.

Franchise, Renewal and Transfer Fees

The Company recognizes franchise, renewal and transfer fees over the life of the contract with the franchisee.

Judgments

The Company considered several factors in determining that control transfers from the franchisee based upon the specifics relating to each revenue activity. For royalties and advertising fees, the Company has a right to earn contributions at the point of monthly sales reporting as specified by the franchise agreement. For franchise, renewal and transfer fees, the Company has a right to earn the revenue over the life of the contract.

Trade Name

The trade name is carried at cost. The Company believes that they will receive benefit from the use of the trade name indefinitely and, is therefore, not amortized. The trade name is reviewed for impairment annually. Where impairment is indicated, the trade name's carrying amount is reduced to fair value based on discounted net cash flows or other estimates of fair value. No impairment loss was recorded for the 53 weeks ended September 30, 2023.

Fair Value of Financial Instruments

The fair value of the Company's cash and cash equivalents, accounts receivable, and accounts payable approximate their carrying amounts due to their short-term nature.

Advertising

The Company expenses advertising production costs as they are incurred, and advertising communication costs the first time the advertising takes place.

Limited Liability Company/Income Taxes

The Company is treated for income tax purposes as a disregarded entity. In lieu of entity level income taxes, the member is taxed on its proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. Certain states, however, require assessment at the entity level. As a limited liability company, the member's liability is limited to amounts reflected in its capital account. There is a single class of membership.

Date of Management's Review

Subsequent events have been evaluated through January 2, 2024 the date the financial statements were available to be issued.

DOC POPCORN FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE B – CONCENTRATIONS

The Company has concentrated its credit risk for cash and cash equivalents by maintaining deposits in a bank which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash and cash equivalents.

DPL is the only supplier of popcorn flavorings to the Company’s franchisees.

NOTE C – REVENUE, CONTRACT ASSETS AND CONTRACT LIABILITIES

Revenues by revenue type are listed below for the 53 weeks ended September 30, 2023:

Point-in-time		
Royalties		\$ 761,916
Advertising fees		78,014
Total point-in-time revenues		<u>839,930</u>
Over-time		
Franchise, renewal and transfer fees		61,638
Total over-time revenues		<u>61,638</u>
Total revenues		<u><u>\$ 901,568</u></u>

The Company has elected to recognize the incremental costs of obtaining a contract as an expense when incurred instead of a contract asset and then amortizing over the life of the contract. This presentation is not materially different from the results that would have been obtained had the expenses been capitalized and amortized.

Contract liabilities consist of deferred revenue resulting from initial franchise fees, transfer fees, and renewal fees paid by franchisees which are generally recognized on a straight-line basis over the term of the underlying agreement. The contract liabilities are recorded as unearned revenue on the balance sheet. The following table reflects the change in contract liabilities for the 53 weeks ended September 30, 2023:

<u>Contract Liabilities</u>	
Balance at September 24, 2022	\$ 152,836
Additions to contract liability	65,500
Amounts recognized as revenue	<u>(61,638)</u>
Balance at September 30, 2023	<u><u>\$ 156,698</u></u>

Of the amounts recognized as revenue during the 53 weeks ended September 30, 2023, \$51,304 was included in the beginning of year contract liability balance.

DOC POPCORN FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE D – SIGNIFICANT NON-CASH TRANSACTIONS FOR CASH FLOW INFORMATION

The Company was involved in significant non-cash transactions with related parties as identified in Note F.

NOTE E – RELATED PARTY TRANSACTIONS

Certain business expenses paid by DPL on behalf of the Company are recorded as non-cash transactions to the intercompany receivable from DPL. The Company advances funds to DPL as needed for operations. At September 30, 2023, DPL owed the Company \$226,420.

Transactions with DPL for the 53 weeks ended September 30, 2023 are summarized as follows:

Business expenses paid by DPL on behalf of the Company (non-cash)	\$	17,567
Business expenses paid by the Company on behalf of DPL (non-cash)		9,114
Funds advancement to DPL from the Company		140,605
Funds advancement to the Company from DPL		5,000

Dippin' Dots, LLC (DDL), a sister company, provides management services and employees to the Company. Management fees, payroll expenses and other business expenses paid by DDL on behalf of the Company are recorded as non-cash transactions to the intercompany payable to DDL. At September 30, 2023, DDL owed the Company \$626,997.

Transactions with DDL for the 53 weeks ended September 30, 2023 are summarized as follows:

Management fee expense incurred by the Company to DDL (non-cash)	\$	18,325
Payroll expenses allocated to the Company on DDL employees (non-cash)		239,260
Business expenses paid by the Company on behalf of DDL (non-cash)		406
Funds advancement to DDL from the Company		595,000
Business expenses paid by DDL on behalf of the Company (non-cash)		8,819
Funds advancement to the Company from DDL		20,000
Company fees collected by DDL		7,950

Dippin' Dots Franchising, LLC (DDF), a sister company, provides management services to the Company. Management fees and other business expenses paid by DDF on behalf of the Company are recorded as non-cash transactions to the intercompany payable to DDF. At September 30, 2023, the Company owed DDF \$79,433.

Transactions with DDF for the 53 weeks ended September 30, 2023 are summarized as follows:

Business expenses paid by DDF on behalf of the Company (non-cash)	\$	92,710
Business expenses paid by the Company on behalf of DDF (non-cash)		29,696

DDL provides management services to the Fund. In 2023, the Fund incurred \$7,362 in management fees to DDL. As of September 30, 2023, DPF owed the Fund \$13,148.

DOC POPCORN FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE F – COMMITMENT

There is a current marketing agreement that expires in October 2024. The expenses related to the contract will be paid from the Fund. If the Fund cash is insufficient, the Company will pay the expenses out of operating cash.

NOTE G – SUBSEQUENT EVENTS

In October 2023, management elected to eliminate allocations of management fees to the Company.

DOC POPCORN FRANCHISING, LLC

FINANCIAL STATEMENTS

**For the 38 Weeks Ended
September 24, 2022**

BLYTHE
CPAs ● ADVISORS

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INDEPENDENT AUDITOR'S REPORT

To the Member
of Doc Popcorn Franchising, LLC
Paducah, Kentucky

Opinion

We have audited the accompanying financial statements of Doc Popcorn Franchising, LLC (an Oklahoma limited liability company), which comprise the balance sheet as of September 24, 2022, and the related statements of income and cash flows for the 38 weeks then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Doc Popcorn Franchising, LLC as of September 24, 2022, and the results of its operations and its cash flows for the 38 weeks then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT (Continued)

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

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

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

Blythe CPAs, PLLC

December 30, 2022

DOC POPCORN FRANCHISING, LLC
BALANCE SHEET
September 24, 2022

ASSETS

CURRENT ASSETS

Cash	\$ 247,347
Accounts receivable	87,405
Accounts receivable, related parties	409,312
Prepaid expenses	<u>1,939</u>

TOTAL CURRENT ASSETS 746,003

LONG-TERM PREPAID EXPENSES

261

INTANGIBLE ASSETS, NET

61,747

TOTAL ASSETS \$ 808,011

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 2,539
Accounts payable, related parties	17,686
Unearned revenue	50,460
Liability to advertising fund	165,918
Accrued liabilities	<u>5,610</u>

TOTAL CURRENT LIABILITIES 242,213

LONG-TERM UNEARNED REVENUE

102,376

MEMBER'S EQUITY

Beginning member's equity	284,761
Net income	<u>178,661</u>

ENDING MEMBER'S EQUITY 463,422

TOTAL LIABILITIES AND MEMBER'S EQUITY \$ 808,011

See independent auditor's report and notes to financial statements.

DOC POPCORN FRANCHISING, LLC
STATEMENT OF INCOME
For the 38 Weeks Ended September 24, 2022

REVENUES

Royalties and advertising fees	\$ 542,564
Franchise, renewal and transfer fees	<u>38,448</u>

REVENUES 581,012

OPERATING EXPENSES

Administrative	716
Advertising	10,087
Amortization	6,372
Commissions	440
Conferences and meetings	86,019
Dues and subscriptions	11,028
Insurance	1,808
Management fees	69,507
Miscellaneous	422
Office expense	403
Point of purchase	1,737
Professional fees	26,687
Promotional expense	19,810
Taxes and licenses	394
Telephone expense	7,274
Training	256
Travel	12,099
Wages	<u>116,100</u>

OPERATING EXPENSES 371,159

INCOME FROM OPERATIONS 209,853

OTHER INCOME (EXPENSE)

Loss on disposal of assets	(31,971)
Other revenue	<u>779</u>

OTHER EXPENSE (31,192)

NET INCOME \$ 178,661

See independent auditor's report and notes to financial statements.

DOC POPCORN FRANCHISING, LLC
STATEMENT OF CASH FLOWS
For the 38 Weeks Ended September 24, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 178,661
Adjustments to reconcile net income to net cash used by operating activities:	
(Increase) decrease in:	
Accounts receivable	11,416
Accounts receivable, related parties	(344,011)
Prepaid expenses	7,979
Increase (decrease) in:	
Accounts payable	(7,787)
Accounts payable, related parties	(32,558)
Unearned revenue	34,552
Liability to advertising fund	52,278
Accrued liabilities	5,610

NET CASH USED IN OPERATING ACTIVITIES	<u>(93,860)</u>
--	-----------------

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of intangibles, net	<u>(23,430)</u>
---------------------------------	-----------------

NET CASH USED IN INVESTING ACTIVITIES	<u>(23,430)</u>
--	-----------------

Net decrease in cash and cash equivalents	(117,290)
---	-----------

Cash and cash equivalents at beginning of year	<u>364,637</u>
--	----------------

CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 247,347</u></u>
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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Nature of Operations and Organizational Structure

The Company was formed on July 3, 2014 in the state of Oklahoma. The Company is in the business of offering franchises which sell Doc Popcorn Fresh-Flavored Popcorn throughout the United States of America and Japan. The Company is a subsidiary of Dippin' Dots Holding, LLC (DDH). On June 20, 2022, DDH and its subsidiaries were acquired by J&J Snack Foods Corporation (J&J). Prior to the acquisition, the Company was a subsidiary of Dippin' Dots Franchising, LLC (DDF), now a sister company. As part of the transition, the Company changed from a December 31 fiscal year end to a 4-4-5 calendar method with a fiscal year end of September 24, 2022 for 2022.

The Company established and administers the Advertising Fund (the Fund) under the terms of its franchise agreement. All contributions and any earnings thereon are used for the promotion of Doc Popcorn, LLC (DPL) gourmet popcorn and related equipment within the United States of America through maintaining, administering, directing, conducting, and preparing advertising, marketing, and public relations.

Accounting Method

The Company maintains its books and these financial statements are presented on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements, in conformity with 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.

Cash

For purposes of the statement of cash flows, cash includes amounts on hand and amounts on deposit at financial institutions.

Cash held related to the Fund is classified as unrestricted cash; however, the Company intends to use these funds solely to support the Fund rather than for the Company's operations. Total cash balance related to the Fund as of September 24, 2022 is \$156,541.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at face value and include royalties and other franchisee related receivables. The Company estimates an allowance for doubtful accounts based on a review of existing receivables. Accounts receivable are written off on a specific basis. Bad debt recoveries are realized as income in the period of receipt. There is no allowance for doubtful accounts as of September 24, 2022.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes any sales incentives and amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

Royalties and Advertising Fees

The Company recognizes royalty revenues based on franchisee's monthly net sales. The income is earned at the end of each month. The Company's Fund receives monthly franchisee contributions. The income is earned at the end of the month and is based on the franchisee's net sales.

Franchise, Renewal and Transfer Fees

The Company recognizes franchise, renewal and transfer fees over the life of the contract with the franchisee.

Judgments

The Company considered several factors in determining that control transfers from the franchisee based upon the specifics relating to each revenue activity. For royalties and advertising fees, the Company has a right to earn contributions at the point of monthly sales reporting as specified by the franchise agreement. For franchise, renewal and transfer fees, the Company has a right to earn the revenue over the life of the contract.

Deferred Commissions

The Company capitalizes costs of sales commissions paid to employees related to franchise fees as these costs are incremental and recoverable costs of obtaining a contract with the customer. These costs are amortized on a straight-line basis over the contract period, which is typically five years. Amortization is included in commissions expense in the statements of income.

Intangible Assets

Intangible assets consist of indefinite and definite life assets. The indefinite life assets are tradenames associated with the acquisition of DDH by J&J. The Company has determined that the use of these assets provides indefinite value to the company, therefore, they are not amortized.

The definite life assets are website development costs. The balance associated with the website development costs is amortized using the straight-line method over a five-year period. At September 24, 2022 these were fully amortized.

Fair Value of Financial Instruments

The fair value of the Company's cash, accounts receivable and accounts payable approximate their carrying amounts due to their short-term nature.

DOC POPCORN FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
September 24, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Company expenses advertising production costs as they are incurred, and advertising communication costs the first time the advertising takes place.

Limited Liability Company/Income Taxes

The Company is treated for income tax purposes as a disregarded entity. In lieu of entity level income taxes, the member is taxed on its proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. Certain states, however, require assessment at the entity level. As a limited liability company, the member's liability is limited to amounts reflected in its capital account. There is a single class of membership.

Date of Management's Review

Subsequent events have been evaluated through December 30, 2022, the date the financial statements were available to be issued.

NOTE B – CONCENTRATIONS

The Company has concentrated its credit risk for cash by maintaining deposits in a bank which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

DPL is the only supplier of popcorn flavorings to the Company's franchisees.

NOTE C – REVENUE, CONTRACT ASSETS AND CONTRACT LIABILITIES

Revenues by revenue type are listed below for the 38 weeks ended September 24, 2022:

Point-in-Time	
Royalties	\$ 509,717
Advertising Fees	32,847
Total Point-in-Time Revenues	<u>542,564</u>
Over-Time	
Franchise, Renewal and Transfer Fees	38,448
Total Over-Time Revenues	<u>38,448</u>
Total Revenues	<u><u>\$ 581,012</u></u>

DOC POPCORN FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
September 24, 2022

NOTE C – REVENUE, CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Contract assets consist of prepaid commissions paid to the Company’s sales force for securing an executed franchise agreement and are amortized on a straight-line basis over the term of the franchise agreement. The following table reflects the change in contract assets for the 38 weeks ended September 24, 2022:

<u>Contract Assets</u>	
Balance at January 1, 2022	\$ 1,300
Additions to contract asset	-
Amounts recognized as expense	<u>(440)</u>
Balance at September 24, 2022	<u>\$ 860</u>

Of the amounts recognized as expense during the 38 weeks ended September 24, 2022, the entire amount was included in the beginning of year contract asset balance.

Contract liabilities consist of deferred revenue resulting from initial franchise fees paid by franchisees which are generally recognized on a straight-line basis over the term of the underlying agreement. The contract liabilities are recorded as unearned revenue on the balance sheet. The following table reflects the change in contract liabilities for the 38 weeks ended September 24, 2022:

<u>Contract Liabilities</u>	
Balance at January 1, 2022	\$ 118,284
Additions to contract liability	73,000
Amounts recognized as revenue	<u>(38,448)</u>
Balance at September 24, 2022	<u>\$ 152,836</u>

Of the amounts recognized as revenue during the 38 weeks ended September 24, 2022, \$32,523 was included in the beginning of year contract liability balance.

NOTE D – INTANGIBLE ASSETS

Intangible assets are comprised of the following at September 24, 2022:

<u>Indefinite</u>	
Tradename	\$ 61,747
<u>Definite</u>	
Website development costs	8,126
Less accumulated amortization	<u>(8,126)</u>
Total definite	-
Intangibles, net	<u>\$ 61,747</u>

Amortization expense of \$6,372 was recorded for the 38 weeks ended September 24, 2022.

DOC POPCORN FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
September 24, 2022

NOTE E – SIGNIFICANT NON-CASH TRANSACTIONS FOR CASH FLOW INFORMATION

The Company was involved in significant non-cash transactions with related parties as identified in Note F.

NOTE F – RELATED PARTY TRANSACTIONS

Certain business expenses paid by DPL on behalf of the Company are recorded as non-cash transactions to the intercompany receivable from DPL. The Company advances funds to DPL as needed for operations. Transactions with DPL for the 38 weeks ended September 24, 2022 are summarized as follows:

Business expenses paid by DPL on behalf of DPF (non-cash)	\$	34,032
Business expenses paid by DPF on behalf of DPL (non-cash)		30,756
Funds advancement to DPL from DPF		107,394
Funds advancement to DPF from DPL		4,850

DDL provides management services and employees to the Company. Management fees, payroll expenses and other business expenses paid by DDL on behalf of the Company are recorded as non-cash transactions to the intercompany payable to DDL. Transactions with DDL for the 38 weeks ended September 24, 2022 are summarized as follows:

Management fee expense incurred by DPF to DDL (non-cash)	\$	22,569
Payroll expenses allocated to DPF on DDL employees (non-cash)		118,107
Funds advancement to DDL from DPF		746,788
Business expenses paid by DDL on behalf of DPF (non-cash)		20,904
Funds advancement to DPF from DDL		324,102

DDF provides management services to the Company. Management fees and other business expenses paid by DDF on behalf of the Company are recorded as non-cash transactions to the intercompany payable to DDF. Transactions with DDF for the 38 weeks ended September 24, 2022 are summarized as follows:

Management fee expense incurred by DPF to DDL (non-cash)	\$	39,723
Business expenses paid by DDF on behalf of DPF (non-cash)		80,560
Business expenses paid by DPF on behalf of DDF (non-cash)		4,101

DDL provides management services to the Fund. In 2022, the Ad Fund incurred \$7,215 in management fees to DDL. As of September 24, 2022, the Fund owed DDL \$1,267.

NOTE H – COMMITMENT

There is a current marketing agreement that expires in October 2024. The expenses related to the contract will be paid from the Fund. If the Fund cash is insufficient, the Company will pay the expenses out of operating cash.

DOC POPCORN FRANCHISING, LLC

FINANCIAL STATEMENTS

**For the Years Ended
December 31, 2021 and 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Member
Of Doc Popcorn Franchising, LLC
Paducah, Kentucky

Opinion

We have audited the accompanying financial statements of Doc Popcorn Franchising, LLC (an Oklahoma limited liability company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income and cash flows for the years then ended, and the related notes to financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT (Continued)

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

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

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

Blythe CPAs, PLLC

April 5, 2022

DOC POPCORN FRANCHISING, LLC
BALANCE SHEETS
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 364,637	\$ 45,502
Accounts receivable, net	98,819	70,208
Accounts receivable, related parties	65,301	85,609
Prepaid expenses	<u>9,479</u>	<u>600</u>
TOTAL CURRENT ASSETS	538,236	201,919
LONG-TERM PREPAID EXPENSES	700	1,300
INTANGIBLE ASSETS, NET	<u>38,317</u>	<u>52,900</u>
	<u>\$ 577,253</u>	<u>\$ 256,119</u>
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 10,326	\$ 8,396
Accounts payable, related party	50,244	-
Unearned revenue	42,045	39,225
Liability to advertising fund (2020 restated - Note H)	<u>113,640</u>	<u>49,899</u>
TOTAL CURRENT LIABILITIES	216,255	97,520
LONG-TERM UNEARNED REVENUE	76,239	69,179
MEMBER'S EQUITY		
Beginning member's equity	89,420	70,535
Net income (2020 restated - Note H)	<u>195,339</u>	<u>18,885</u>
ENDING MEMBER'S EQUITY	<u>284,759</u>	<u>89,420</u>
	<u>\$ 577,253</u>	<u>\$ 256,119</u>

See independent auditor's report and notes to financial statements.

DOC POPCORN FRANCHISING, LLC
STATEMENTS OF INCOME
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
REVENUES		
Royalties and advertising fees (2020 restated - Note H)	\$ 716,334	\$ 410,817
Franchise, renewal and transfer fees	50,745	39,280
	<u>767,079</u>	<u>450,097</u>
REVENUES	767,079	450,097
OPERATING EXPENSES		
Administrative	112,636	128,930
Advertising	45,134	60,354
Amortization	14,583	14,583
Bad debt expense, trade	114	2,712
Bank charges	-	290
Commissions	600	687
Conferences and meetings	-	74,048
Dues and subscriptions	15,837	18,139
Insurance	3,331	3,112
Management fees	77,339	114,333
Miscellaneous	543	464
Office expense	2,379	809
Professional fees	52,178	91,982
Property taxes	526	296
Public relations	13,375	12,384
Research and development	-	130
Telephone expense	4,519	9,077
Training	17	4,166
Travel	10,834	19,371
Tradeshows	-	1,255
Website	-	4,823
	<u>353,945</u>	<u>561,945</u>
INCOME (LOSS) FROM OPERATIONS	413,134	(111,848)
OTHER INCOME (EXPENSE)		
Bad debt expense, related party	(219,510)	(2,818)
Gain on related party debt forgiveness	-	131,994
Other revenue	1,715	1,557
	<u>(217,795)</u>	<u>130,733</u>
NET INCOME	<u>\$ 195,339</u>	<u>\$ 18,885</u>

See independent auditor's report and notes to financial statements.

DOC POPCORN FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (2020 restated - Note H)	\$ 195,339	\$ 18,885
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	14,583	14,583
Bad debt expense	114	2,712
Bad debt expense, related party	219,510	2,818
Gain on related party forgiveness of debt	-	(131,994)
(Increase) decrease in:		
Accounts receivable	(28,725)	16,090
Accounts receivable, related parties	(199,202)	(64,305)
Prepaid expenses	(8,279)	6,282
Increase (decrease) in:		
Accounts payable	1,930	(1,853)
Accounts payable, related parties	50,244	135,119
Unearned revenue	9,880	(528)
Liability to advertising fund (2020 restated - Note H)	63,741	(9,589)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>319,135</u>	<u>(11,780)</u>
Net increase (decrease) in cash and cash equivalents	319,135	(11,780)
Cash and cash equivalents at beginning of year	<u>45,502</u>	<u>57,282</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 364,637</u></u>	<u><u>\$ 45,502</u></u>

See independent auditor's report and notes to financial statements.

DOC POPCORN FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Nature of Operations and Organizational Structure

The Company was formed on July 3, 2014 in the state of Oklahoma. The Company is in the business of offering franchises which sell Doc Popcorn Fresh-Flavored Popcorn throughout the United States of America and Japan. The Company is a subsidiary of Dippin' Dots Franchising, LLC (DDF) which is owned by Dippin' Dots Holding, LLC (DDH).

The Company established and administers the Advertising Fund (the Fund) under the terms of its franchise agreement. All contributions and any earnings thereon are used for the promotion of Doc Popcorn, LLC (DPL) gourmet popcorn and related equipment within the United States of America through maintaining, administering, directing, conducting, and preparing advertising, marketing, and public relations.

Accounting Method

The Company maintains its books and these financial statements are presented on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements, in conformity with 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.

Cash

For purposes of the statement of cash flows, cash includes amounts on hand and amounts on deposit at financial institutions.

Cash held related to the Fund is classified as unrestricted cash; however, the Company intends to use these funds solely to support the Fund rather than for the Company's operations. Total cash balances related to the Fund as of December 31, 2021 and 2020 is \$82,685 and \$39,703, respectively.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at face value and include royalties and other franchisee related receivables. An allowance for doubtful accounts is estimated based upon management's review and at December 31, 2021 and 2020 is \$0 and \$76,505, respectively.

Revenue Recognition

Revenue is measured based on a consideration specified in a contract with a customer and excludes any sales incentives and amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Royalties and Advertising Fees

The Company recognizes royalty revenues based on franchisee's monthly net sales. The income is earned at the end of each month. The Company's Fund receives monthly franchisee contributions. The income is earned at the end of the month and is based on the franchisee's net sales.

Franchise, Renewal and Transfer Fees

The Company recognizes franchise, renewal and transfer fees over the life of the contract with the franchisee.

Judgements

The Company considered several factors in determining that control transfers from the franchisee based upon the specifics relating to each revenue activity. For royalties and advertising fees, the Company has a right to earn contributions at the point of monthly sales reporting as specified by the franchise agreement. For franchise, renewal and transfer fees, the Company has a right to earn the revenue over the life of the contract.

Deferred Commissions

The Company capitalizes costs of sales commissions paid to employees related to franchise fees as these costs are incremental and recoverable costs of obtaining a contract with a customer. These costs are amortized on a straight-line basis over the contract period, which is typically five years. Amortization is included in commissions expense in the statements of income.

Intangible Assets

Intangible assets consist of website development costs. The balance associated with the website development costs is amortized using the straight-line method over a five-year period.

Fair Value of Financial Instruments

The fair value of the Company's cash, accounts receivable and accounts payable approximate their carrying amounts due to their short-term nature.

Advertising

The Company expenses advertising production costs as they are incurred, and advertising communication costs the first time the advertising takes place.

Limited Liability Company/Income Taxes

The Company is treated for income tax purposes as a disregarded entity. In lieu of entity level income taxes, the member is taxed on its proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. Certain states, however, require assessment at the entity level. As a limited liability company, the member's liability is limited to amounts reflected in its capital account. There is a single class of membership.

Date of Management's Review

Subsequent events have been evaluated through April 5, 2022, the date the financial statements were available to be issued.

DOC POPCORN FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE B – CONCENTRATION

The Company has concentrated its credit risk for cash by maintaining deposits in a bank which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

DPL is the only supplier of popcorn flavorings to the Company’s franchisees.

NOTE C – REVENUE, CONTRACT ASSETS AND CONTRACT LIABILITIES

Revenues by revenue type are listed below:

	<u>12/31/2021</u>	<u>12/31/2020</u>
Point-in-Time		
Royalties	\$ 667,689	\$ 342,336
Advertising Fees (2020 restated)	48,645	68,481
Total Point-in-Time Revenues	<u>716,334</u>	<u>410,817</u>
Over-Time		
Franchise, Renewal and Transfer Fees	<u>50,745</u>	<u>39,280</u>
Total Over-Time Revenues	<u>50,745</u>	<u>39,280</u>
Total Revenues	<u><u>\$ 767,079</u></u>	<u><u>\$ 450,097</u></u>

Contract assets consist of prepaid commissions paid to the Company’s sales force for securing an executed franchise agreement and are amortized on a straight-line basis over the term of the franchise agreement. The following table reflects the change in contract assets between December 31, 2021 and 2020.

<u>Contract Assets</u>	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 1,900	\$ 2,500
Expense incurred that was included in the contract asset balance at the beginning of the year	<u>(600)</u>	<u>(600)</u>
Balance at December 31	<u><u>\$ 1,300</u></u>	<u><u>\$ 1,900</u></u>

Contract liabilities consist of deferred revenue resulting from initial franchise fees paid by franchisees which are generally recognized on a straight-line basis over the term of the underlying agreement. The contract liabilities are recorded as Unearned revenue on the balance sheet. The following table reflects the change in contract liabilities between December 31, 2021 and 2020.

DOC POPCORN FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE C – REVENUE, CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

<u>Contract Liabilities</u>	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 108,404	\$ 108,932
Revenue recognized that was included in the contract liability balance at the beginning of the year	(42,800)	(35,571)
Increase, excluding amounts recognized as revenue during the year	<u>52,680</u>	<u>35,043</u>
Balance at December 31	<u>\$ 118,284</u>	<u>\$ 108,404</u>

NOTE D – INTANGIBLE ASSETS

Intangible assets are comprised of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Intangible assets	\$ 72,915	\$ 72,915
Less accumulated amortization	<u>(34,598)</u>	<u>(20,015)</u>
Intangible assets, net	<u>\$ 38,317</u>	<u>\$ 52,900</u>

Amortization expense of \$14,583 and \$14,583 was recorded for the years ended December 31, 2021 and 2020, respectively.

NOTE E – SIGNIFICANT NON-CASH TRANSACTIONS FOR CASH FLOW INFORMATION

The Company was involved in significant non-cash transactions with related parties as identified in Note F.

NOTE F – RELATED PARTY TRANSACTIONS

At December 31, 2021 and 2020, a derecognition of related party debt occurred. As a result, certain related party receivables were written off as bad debt by lending entities, with the related debtor recognizing income from debt forgiveness. In 2021 and 2020, the Company recognized related party bad debt expense of \$219,510 and \$2,818, respectively, from DPL. In 2020, the Company recognized a gain on related party forgiveness of debt of \$131,994 from DDF.

Certain business expenses paid by DPL on behalf of the Company are recorded as non-cash transactions to the intercompany receivable from DPL. The Company advances funds to DPL as needed for operations. Transactions with DPL for the years ended December 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Business expenses paid by DPL on behalf of DPF (non-cash)	\$ 35,708	\$ 63,767
Funds advancement to DPL from DPF	255,000	65,000
Funds received by DPL on behalf of DPF (non-cash)	218	2,053
Credit card rewards collected by DPL on DPF credit cards	-	725

DOC POPCORN FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE F – RELATED PARTY TRANSACTIONS (Continued)

DDL provides management services and employees to the Company. Management fees, payroll expenses and other business expenses paid by DDL on behalf of the Company are recorded as non-cash transactions to the intercompany payable to DDL. Transactions with DDL for the years ended December 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Management fee expense incurred by DPF to DDL (non-cash)	\$ 21,175	\$ 30,337
Payroll expenses allocated to DPF on DDL employees (non-cash)	112,601	128,554
Funds advancement to DDL from DPF	104,007	220,000
Business expenses paid by DDL on behalf of DPF (non-cash)	5,051	10,610

DDF provides management services to the Company. Management fees and other business expenses paid by DDF on behalf of the Company are recorded as non-cash transactions to the intercompany payable to DDF. Transactions with DDF for the years ended December 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Management fee expense incurred by DPF to DDF (non-cash)	\$ 50,276	\$ 68,648
Business expenses paid by DDF on behalf of DPF (non-cash)	1,843	72,582
Business expenses paid by DPF on behalf of DDF	-	4,236
Payments collected by DDF on behalf of DPF	1,875	5,000

DDL provides management services to the Fund. In 2021 and 2020 the Fund incurred \$5,888 and \$13,831, respectively, in management fees to DDL. As of December 31, 2021 and 2020, DDL owed the Fund \$16,362 and \$1,459, respectively.

DPL provided management services to the Fund. In 2020, the Fund incurred \$1,516 in management fees to DPL.

NOTE G – COMMITMENTS

There is a current marketing agreement that expires in October 2024. The expenses related to the contract will be paid from the Fund. If the Fund cash is insufficient, the Company will pay the expenses out of operating cash.

NOTE H – PRIOR PERIOD ADJUSTMENT

During its preparation for the 2021 audit, the Company became aware of certain accounting errors in the 2020 financial statements that were determined to be material. The Company has restated the 2020 financial statements to reflect the correction of those errors. The impact of these corrections on the 2020 financial statements is summarized below:

DOC POPCORN FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE H – PRIOR PERIOD ADJUSTMENT (Continued)

	As Previously Stated	Correction	As Restated
Balance Sheet			
Liability to advertising fund	\$ 59,488	\$ (9,589)	\$ 49,899
Total Current Liabilities	107,109	(9,859)	97,250
Net income	9,296	9,589	18,885
Ending Member's Equity	79,831	9,589	89,420
Statement of Income			
Royalties and advertising fees	401,228	9,589	410,817
Revenues	440,508	9,589	450,097
Income (loss) from operations	(121,437)	9,589	(111,848)
Net income	9,296	9,589	18,885
Statement of Cash Flow			
Net income	9,296	9,589	18,885
Liability to advertising fund	-	(9,589)	(9,589)

NOTE I – SUBSEQUENT EVENTS

COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreaks and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the fiscal year 2022.

Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company’s results of future operations, financial position, and liquidity.

DOC POPCORN FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE I – SUBSEQUENT EVENTS (Continued)

Cash

On January 4, 2022, a transfer of \$265,992 was made to DDL. The transfer was a decision based on cash management. The funds are available on demand if a need arises by the Company.

Annual Conference

In February 2022, the Company held their annual conference for their franchisees. On March 29, 2022, the Company paid \$71,570 in association with conference expenses.

EXHIBIT E**TO FRANCHISE DISCLOSURE DOCUMENT****LIST OF CURRENT AND FORMER FRANCHISEES AND
DIRECTORS OF REGIONAL SUPPORT****LIST OF FRANCHISEES AS OF SEPTEMBER 30, 2023**

Last Name	First Name	Address	City	State	Zip Code	Telephone Number
Besett*	Diana	5000 S. Arizona Mills Circle	Tempe	AZ	85282	623- 606-0543
Zhu	Francis (Baoyu)	1 Mills Circle, Entry 1	Ontario	CA	91764	626-278-6985
Girgis*	Nagwa	1125 Promontory Pl	West Covina	CA	91791	626-482-4982
Ahmed*	Ashfaq	14200 East Alameda Ave.	Aurora	CO	80012	720- 352-5908
D'Amato	Stephen	2 Devonshire Rd	Wolcott	CT	06716	860-302-0672
Lopez- Contreras	Eleazar	9740 SW 72 nd Ave.	Pinecrest	FL	33156	786-878-4696
Donald	Doug	137 SE 1 st St.	Satellite Beach	FL	32937	407- 767-2676
Sontitim	Chaipet	9632 Osprey Landing	Orlando	FL	32832	571-251-9955
Sontitim	Chaiwat	8505 Park Meadow	Lone Tree	CO	80124	571-251-9955
Sanford	David	801 Pier Park Drive	Panama City Beach	FL	32413	205-910-4355
Aleemuddin	Rahil	203 Yorktown Ctr.	Lombard	IL	60148	847-810-9588
Mansour	Ahmad	288 Orland Square Dr	Orland Park	IL	60462	708--620-0394
McLean*	Barry	7167 N. Ozark	Chicago	IL	60631	773-491-7935
Chen*	Paul	30 Bristol Court	Lake Bluff	IL	60044	847-867-6780

Last Name	First Name	Address	City	State	Zip Code	Telephone Number
Jones *	Patricia	501 Sugar Trace Dr.	Broussard	LA	70518	504-912-4565
Wynn	Kevin	200 Cove Way 513	Quincy	MA	02169	617-838-0899
Davis*	Euniesha	6004 Cedar Post Drive	District Heights	MD & DC	20747	301- 967-1939
Mehdi	Syed Ali	11207 Independence Way	Ellicott City	MD	21042	202-258-4082
Gauga	Namrata	5020 Olive Ln	Plymouth	MN	55446	612-406-1253
Yeida	Marc	1404 Riverview Dr.	Festus	MO	63028	314-255-3830
Hunt	Debbie	704 Creston Dr.	Byrom	MS	39272	601-321-9002
Rovetti	David	4334 Dant Blvd	Reno	NV	89509	775-233-9543
Cataldo	Sal	655 W 34 th St	New York	NY	10001	201-486-2550
Frischman*	Geoff	12 Sylvan Drive	Neptune	NJ	07753	908-216-1431
Zaidi*	Taiyab	651 Kapkowski Rd	Elizabeth	NJ	08512	201-776-5412
Hershman	Neil	24 E. 23 rd St.	New York	NY	10010	914-656-4534
Cook*	Rudy	1105 Walnut St. #K5024	Cary	NC	27511	336-764-0238
Elias*	Alex	5404 New Fashion Way	Charlotte	NC	28278	704-519-9356
Whiting	Ron & Serena	6600 Menaul Blvd NE	Albuquerque	NM	87110	831-332-3712
Wu	Stella	8840 Meadow Grass Lane	Lewis Center	OH	43035	513-314-7501
Chancy	Dolphus	1002 N. Falkner Pl	Claremore	OK	74017	918-557-4647
Flanagan	Robert	901 Clearview RD	Moscow	PA	18444	570-877-4186
Diaz*	Angel	HC 50 Box 21271	San Lorenzo	Puerto Rico	00754	787-607-1442

Last Name	First Name	Address	City	State	Zip Code	Telephone Number
Hauser	Anna	1235 Wild Olive Dr.	Mt. Pleasant	SC	29464	843-388-5418
Barbin*	Cesar	2200 S. 10 th St.	McAllen	TX	78503	956-655-9178
Conatser*	Chris	17421 Marianne Cir	Dallas	TX	75252	214-417-8432
Kheraj	Hassan	12315 Lakeshore Ridge	Houston	TX	77041	713-856-7701
McCaskill*	Denise	5910 Green Terrace Lane	Houston	TX	77088	713-907-0733
Nguyen	Nancy	6525 Clawson Street	Houston	TX	77055	832-316-3732
Marques	Richard & Linda	3896 Skyview Way	Round Rock	TX	78681	512-633-8836
Bui*	Alex	5902 Hawthorne Garden Way	Katy	TX	77494	713-702-4230
McLean	Rob	12611 Manor Dr	Pearland	TX	77581	281-455-3670
Sorrells*	Jason	P.O. Box 796	Bedford	TX	76095	214-762-7126
Warnick	Jeff	806 N Bluff St	St. George	UT	84770	435-674-0109
Ashfaq	Ahmed	178 South Granby Court	Aurora	CO	80012	
Besold	Kristen	79 Farms Rod Circle	East Brunswick	NJ	08816	732-735-9462

*Multi-Unit Owner (2 Units)

**FORMER FRANCHISEES AND CURRENT FRANCHISEES THAT HAD AN OUTLET
TRANSFERRED, TERMINATED OR NOT RENEWED**

The name and last known address of every franchisee who had a franchise transferred, terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period from September 24, 2022, to September 30, 2023, or who has not communicated with us within ten (10) weeks of the Issuance Date of this Disclosure Document are listed below. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the System.

Last Name	First Name	Address	City	State	Zip Code	Telephone Number
CHEN	PAUL	30 BRISTOL COURT	LAKE BLUFF	IL	60044	847-867-6780

EXHIBIT F

TO FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS FOR FRANCHISE OPERATIONS MANUAL

**FRANCHISE OPERATIONS MANUAL
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EXHIBIT G
TO FRANCHISE DISCLOSURE DOCUMENT
STATE ADDENDA

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDA TO FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR DOC POPCORN FRANCHISING L.L.C.

The following modifications are made to the Franchise Disclosure Document (“FDD”) for Doc Popcorn Franchising L.L.C. (“Franchisor,” “us,” “we,” or “our”) given to Franchisee (“Franchisee,” “you,” or “your”) and may supersede, to the extent required by applicable state law, certain portions of the FDD and Franchise Agreement between you and us dated _____, 20__ (“Franchise Agreement”).

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 an FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement requires binding arbitration. The arbitration will occur in the State of Oklahoma, the Franchisor’s Choice of Law State, with the costs being borne by the prevailing party.

The Franchise Agreement require the application of the Franchisor’s Choice of Law State. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 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 the franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The maximum allowable interest rate in California is 10% annually.

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

Local county health departments in California inspect restaurants and other retail food facilities to ensure compliance with safe food handling practices and adequacy of kitchen facilities.

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

The Antitrust Law Section of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. As long as this represents the law of the State of California, we will not interpret the Franchise Agreement as permitting or requiring maximum price limits.

The Franchise Agreement contains provisions requiring binding arbitration. The arbitration will occur at 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 form outside the State of California.

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

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at "www.dfpi.ca.gov."

The parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

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".

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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.

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

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).

INDIANA

Item 13 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 the 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 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.

MARYLAND

This Maryland Addendum amends the FDD and/or the Franchise Agreement as follows:

Item 17 of the FDD and the applicable sections of the Franchise Agreement are amended to the effect that 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 Disclosure Law.

Item 17 of the FDD and sections of the Franchise Agreement and Supplemental Agreements are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise

Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

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

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

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

Fee Deferral

The State of Maryland Office of Attorney General - Securities Division requires us to defer payment of the Initial Franchise Fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement. Items 5 and 7 of the FDD and the Franchise Agreement are hereby amended to state that payment of the Initial Franchise Fee is deferred until all of our initial obligations under the Franchise Agreement have been fulfilled by us and you have commenced doing business pursuant to the Franchise Agreement.

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 provisions of 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.

NEW YORK

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

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

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

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

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

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

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

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

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

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

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

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 Section 7 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.

Fee Deferral

The North Dakota Securities Department requires us to defer payment of the Initial Franchise Fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement. Items 5 and 7 of the FDD and the Franchise Agreement are hereby amended to state that payment of the Initial Franchise Fee is deferred until all of our initial obligations under the Franchise Agreement have been fulfilled by us and you have commenced doing business pursuant to the Franchise Agreement.

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.

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 Doc Popcorn Franchising L.L.C. for use in the Commonwealth of Virginia shall be amended as follows:

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

Under Section 13.1-564 of the Virginia Retail Franchising Act: It is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do 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.

The State Cover Page is hereby amended to include the following risk factor: “Please note the Franchisor’s audited financial statements for the period ending December 31, 2018 reflect that 77% of the Franchisor’s assets are intangible. In addition, these financial statements report that current liabilities exceed current assets. This means that the Franchisor may not have the financial resources to provide services or support to you.”

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.

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states 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 Disclosure Document.

- | | | | | | |
|--------------------------|------------|--------------------------|--------------|--------------------------|--------------|
| <input type="checkbox"/> | California | <input type="checkbox"/> | Minnesota | <input type="checkbox"/> | South Dakota |
| <input type="checkbox"/> | Illinois | <input type="checkbox"/> | New York | <input type="checkbox"/> | Virginia |
| <input type="checkbox"/> | Indiana | <input type="checkbox"/> | North Dakota | <input type="checkbox"/> | Washington |
| <input type="checkbox"/> | Maryland | <input type="checkbox"/> | Rhode Island | <input type="checkbox"/> | Wisconsin |

FRANCHISOR:

**FRANCHISEE:
DOC POPCORN FRANCHISING L.L.C.**

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

_____ Individually
Print Name: _____
Date: _____

OR, if a corporation, partnership or other business entity:

Company Name

By: _____
Title: _____
Date: _____

EXHIBIT H
TO FRANCHISE DISCLOSURE DOCUMENT
STATE EFFECTIVE DATES

State Effective Dates

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

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

State	Effective Date
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	January 16, 2024, as amended
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	January 26, 2024
Virginia	Pending
Washington	Pending
Wisconsin	January 25, 2024, as amended

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

EXHIBIT I
TO FRANCHISE DISCLOSURE DOCUMENT
RECEIPTS

RECEIPT
(Franchisee 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 Doc Popcorn Franchising L.L.C. 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 or grant. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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

Doc Popcorn authorizes the parties identified on Exhibit A to receive service of process for Doc Popcorn in the particular state.

The name, principal business address and telephone number of each franchise seller offering the franchise is:

Stephen C. Heisner, Tammy Isom 910 South 5th Street, Paducah, Kentucky 42003; (270) 575-6990

Issuance Date: January 16, as amended February 16, 2024.

I received a Disclosure Document dated January 16, as amended February 16, 2024, that included the following Exhibits:

EXHIBITS

- A. List of State Agencies/Agents for Service of Process
- B. Franchise Agreement
- C. Contracts for use with the Franchise
- D. Financial Statements
- E. List of Current and Former Franchisees and Regional Directors
- F. Franchise Operations Manual Table of Contents
- G. State Addenda
- H. State Effective Dates
- I. Receipt

Date	Signature	Printed Name
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Date	Signature	Printed Name
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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 Doc Popcorn Franchising L.L.C. 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 or grant. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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

Doc Popcorn authorizes the parties identified on Exhibit A to receive service of process for Doc Popcorn in the particular state.

The name, principal business address and telephone number of each franchise seller offering the franchise is:

Stephen C. Heisner, Tammy Isom 910 South 5th Street, Paducah, Kentucky 42003; (270) 575-6990

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- G. State Addenda
- H. State Effective Dates
- I. Receipt

Date	Signature	Printed Name
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Date	Signature	Printed Name
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Important: Please sign and fax this page to 270-575-6997, then return this page by mail or courier to Doc Popcorn Franchising L.L.C. at 910 South 5th Street, Paducah, Kentucky 42003.