

FRANCHISE DISCLOSURE DOCUMENT



Wetzel's Pretzels, LLC
dba Wetzel's Pretzels
a California limited liability company
35 Hugus Alley, Suite 300
Pasadena, CA ~~A~~alifornia 91103
Telephone (626) 432 6900 ~~URL~~
~~Website:~~
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The franchised business is the operation of one or more bakeries specializing in hand-rolled soft fresh-baked pretzels, hot dogs and beverages. We offer 32 franchise programs:

1. A single WETZEL'S PRETZELS® Bakery. The total investment necessary to begin operation of a WETZEL'S PRETZELS® Bakery ranges from \$~~1783,500~~ to \$~~689710,74~~50. This includes between \$23,500 and \$47,750 that must be paid to the franchisor. If Wetzel's Pretzels grants you a license to operate a Remote Mobile Unit under a Remote Mobile Unit Addendum to your Franchise Agreement, the total investment necessary to begin a Remote Mobile Unit ranges from \$~~612,000~~ and \$~~1434,500~~. This includes a fee of \$5,000 for a Remote Mobile Unit that must be paid to the franchisor.

2. A single WETZEL'S PRETZELS® Concession Truck or Trailer. The total investment necessary to begin operation of a WETZEL'S PRETZELS® Concession Truck or Trailer ranges from \$~~1732,61~~25 to \$~~317,89~~00. This includes approximately between \$5,625 and \$8,250 that must be paid to franchisor.

~~3. A single TWISTED BY WETZEL'S™ Bakery. The total investment necessary to begin operation of a TWISTED BY WETZEL'S™ Bakery ranges from \$585,500 to \$838,250. This includes between \$33,500 and \$47,750 that must be paid to the franchisor.~~

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Wetzel's Pretzels at 35 Hugus Alley, Suite 300, Pasadena, CA 91103, Telephone (626) 432

6900.

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

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

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

ISSUANCE DATE: March 28, 2025⁴

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits E-1 and E-2.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Wetzel’s Pretzels® 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 Wetzel’s Pretzels® franchisee?	Item 20 or Exhibits E-1 and E-2 list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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-1.

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

Special Risks to Consider About *This Franchise*

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

1. ~~**Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.~~

- 2.1. **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.

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.

The State of Michigan requires us to include the following notice in the Disclosure Document:

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 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, the failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

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

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

Any questions regarding this notice should be directed to the Consumer Protection Division, G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913, Telephone (517) 373-7117.

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- B-1: Financial Statements
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ATTACHMENTS:

- 1: Approved Location, Bakery Type and Protected Area (or Development Territory)
 - 2: Special Release of Claims (Sample)
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WETZEL'S PRETZELS®
FRANCHISE DISCLOSURE DOCUMENT

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

The purpose of this disclosure document is to give you important information about Wetzel's Pretzels, LLC, a franchisor, and the franchise it offers. To simplify the language, we will refer to the franchisor as "Wetzel's Pretzels," "we" or "us," and the person or company that buys a franchise from us as "you." "You" does not include your owners or partners. We will call them "Related Parties."

We have no predecessors that must be disclosed. We were organized in California on August 7, 1995. A principal business office of ours is at 35 Hugus Alley, Suite 300, Pasadena, CA 91103. In 2007, by means of a merger into us of a subsidiary of our purchaser, we were acquired by Pretzel Holding Corporation, which was a wholly owned subsidiary of Pretzel Parent Holding Corporation, both Delaware corporations. On or about August 31, 2016, Pretzel Parent Holding Corporation was acquired by COP WP Holding, Inc., a Delaware corporation. COP WP Holding, Inc., was a wholly owned subsidiary of COP WP Parent, Inc., a Delaware corporation, in which MTY Franchising USA, Inc. ("MTY USA"), a Tennessee corporation, purchased the controlling shareholder rights from CenterOak Equity Fund I, L.P., a private equity firm, in connection with the WP Merger detailed below. MTY USA, our parent, is now our sole member. The principal address of our parent company ~~following~~ is 9311 E Via De Ventura, Scottsdale, AZ 85258.

On November 2, 2022, COP WP Parent, Inc., MTY USA, and a wholly-owned subsidiary of MTY USA created for the purposes of the merger, called Twisted Merger Sub, Inc. ("Merger Sub") entered into an agreement, providing for the acquisition of the WETZEL'S PRETZELS® brand by MTY USA, via a merger of Merger Sub with and into COP WP Parent, Inc. (the "WP Merger"), with COP WP Parent, Inc. surviving the WP Merger as a wholly-owned subsidiary of MTY USA. This transaction included the rights to franchise and operate the Wetzel's Pretzels brand, and closed on December 8, 2022. Upon the WP Merger closing, MTY USA became the parent company of COP WP Parent, Inc. As of the Effective Date, COP WP Parent, Inc. has been dissolved, making MTY USA our parent.

MTY USA's parent corporation is MTY Franchising Inc. ("MTY Canada"), a Canada corporation formerly known as MTY Tiki Ming Enterprises Inc., having an address at 8150 Route Transcanadienne, Suite 200, Ville Saint-Laurent, Quebec, H4S 1M5, Canada. MTY Canada was initially incorporated under the Canada Business Corporations Act on February 13, 1979, under the name "Matoyee Enterprises Inc." MTY Canada is a wholly owned subsidiary of MTY Food Group, Inc. ("MTY"), a public corporation listed on the Toronto Stock Exchange.- MTY's principal place of business is also 8150 Route Transcanadienne, Suite 200, Ville Saint-Laurent, Quebec, H4S 1M5, Canada.

MTY or one or more of its Canadian-based subsidiaries franchises over (55) different restaurant concepts and has over 2,500 units under the following trademarks in Canada primarily, and other international countries: Allo Mon Coco, Baton Rouge Steakhouse & Bar, Ben & Florentine, Big Smoke Burger, ~~Bunsmaster~~, Café Depot, Casa Grecque, Country Style, Cultures,

Dagwoods, ~~Frat's Cucina~~, Extreme Pita, Giorgio, Jugo Juice, Kim Chi, Koryo, Koya, Kuto Comptoir A Tartares, ~~La Boite Verte~~, La Crémère, La Diperie (and Cakes and Shakes by La Dip), Madisons, Manchu Wok, Toujours Mikes, mmmuffins, Mr. Souvlaki, Mr. Sub, Mucho Burrito, Muffin Plus, O'Burger, Pizza Delight, Poke by Sushi Shop, Scores, ~~Senseasian~~, South St. Burger, Spice Bros, Steak & Frites St. Paul Sukiyaki, Sushi Go, Sushman, Sushi Shop, Thai Express, Thaizone, The Works, Tiki Ming, Timothy's World Coffee, The COOP Wicked Chicken, Tosto, Turtle Jack's, Tutti Frutti, Valentine, Van Houtte, Vanellis, Vie & Nam, Villa Madina, Spice Brothers, Steak Frites, ~~Wasabi Grill & Noodle~~ and YUZU trademarks.- MTY also sub-franchises two (2) other different restaurant concepts: TCBY and TacoTime.

Through common ownership by MTY, we have the following affiliates that also offer franchises: (1) MTY USA, a Tennessee corporation having an address of 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (2) MTY Canada, a Canada corporation having an address at 8210, route Transcanadienne, Suite 200, Saint-Laurent, Québec, H4S 1M5, Canada; (3) Kahala Franchising, LLC ("Kahala Franchising"), an Arizona limited liability company with a principal address at 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (4) BF Acquisition Holdings, LLC ("BFAH"), a Delaware limited liability company with a principal address at 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (5) La Salsa Franchise, LLC, a Delaware limited liability company with a principal address at 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (6) Imvescor Restaurant Group Inc. ("IRG") a Canada corporation having an address at 8210, route Transcanadienne, Suite 200, Saint-Laurent, Québec, H4S 1M5, Canada; (7) Papa Murphy's International, LLC ("Papa Murphy's"), a Delaware limited liability company having a principal address at 8000 NE Parkway Drive, Suite 350, Vancouver, Washington 98662; (8) VI BrandCo, LLC ("Village Inn"), a Delaware limited liability company having a principal address at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164, (9) Famous Dave's of America, Inc. ("FDA"), a Delaware limited liability company having a principal address at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164, and (10) BQ Concepts, LLC, an Arizona limited liability company having a principal address at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164. -These affiliates franchise over 50 different brands.

The following chart summarizes the franchised brands offered in the United States by MTY USA or its affiliates as of November 30, 2024~~3~~ (or the date following November 30, 2024~~3~~ when MTY USA or its affiliate acquired the rights to such franchised brand), including the type of business, number of franchised units in operation as of November 30, 2024~~3~~, and the date MTY USA or its current or former affiliates offered franchises in those brands:

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2024 3	Dates unit franchises began being offered by us or our affiliate
Blimpie	Restaurants serving submarine sandwiches and salads	106-10 <u>10</u> franchised units (104-97 in the United States and 2-3 internationally) (plus 4 company-owned units in the United States)	From 2006 until 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising
Chicken Strips and Dips	Ghost kitchen concept serving primarily chicken tenders.	6-3 franchised units	March 2022, Kahala Franchising.
Cold Stone Creamery	Restaurants serving super-premium freshly made ice cream, cakes, pies, smoothies, shakes, and other frozen dessert products	1,348 -427 franchised units (952-992 in the United States and 396-435 internationally) (plus 1-2 company-owned units). 10 59 Cold Stone Creamery franchises also sell Rocky Mountain Chocolate Factory® products and 1 Cold Stone Creamery franchise also sells Tim Hortons® products. Additionally, 15-13 licensed units.	From May 2007 until March 2008 by Cold Stone Creamery, Inc., from March 2008 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
Frullati Cafe & Bakery	Restaurants serving sandwiches, salads, smoothies and baked goods	10-11 franchised units	From 1999 until 2004 by Frullati Franchise Systems, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
Great Steak	Restaurants serving Philadelphia cheesesteak sandwiches, chicken sandwiches and French fries	34 franchised units (25-24 in the United States and 9-10 internationally)	From 2004 until March 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2024 3	Dates unit franchises began being offered by us or our affiliate
Johnnie's New York Pizzeria	Restaurants serving New York style pizza, calzones, salads, and related Italian cuisine menu items	2 franchised units	From 2006 until March 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising
Kahala Coffee Traders	Restaurants serving coffee and espresso, tea, baked goods, parfaits, sandwiches and merchandise	5 franchised units. 1 licensed unit.	November 2011 under Kahala Franchising
Maui Wowi	Store fronts or portable units serving fruit smoothies, Hawaiian coffee and espresso	97-88 franchised units (89 <u>80</u> in the United States and 8 internationally)	Since November 2015 under Kahala Franchising
NrGize Lifestyle Cafe	Cafes serving smoothies, fruit drinks and nutritional supplements	57 franchised units	From 2006 until March 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising
Pinkberry	Restaurants serving frozen yogurt, yogurt drinks, smoothies and frozen desserts	63-59 franchised units. 30 licensed units.	From July 2008 until April 2016 under Pinkberry Ventures, Inc. and since June 2016 under Kahala Franchising
Planet Smoothie	Restaurants serving smoothies, smoothie bowls, juices and nutritional supplements	163-162 franchised units (158-154 in the United States and 5-8 internationally) Additionally, 2 Tasti D-Lite outlets	Since June 2016 under Kahala Franchising
Ranch One	Restaurants specializing in grilled and crispy breaded chicken sandwiches	2 franchised units	From 2001 until 2004 by Ranch *1 Group, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2024 3	Dates unit franchises began being offered by us or our affiliate
Samurai Sam's Teriyaki Grill	Restaurants serving Japanese rice bowls and noodle bowls	12 franchised units	From 2003 until 2004 by SP Franchising, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
Surf City Squeeze	Juice bars serving smoothies, fruit drinks and nutritional supplements	64-62 franchised units (plus 1 company-owned unit)	From 1994 until 2004 by Malibu Smoothie Franchise Corp. and Surf City Squeeze Franchise Corp., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
TacoTime	Restaurants serving freshly-prepared Mexican food including burritos, taco, quesadillas and nachos	220-222 franchised units (99-97 franchised in the United States and 121-125 internationally) (plus 1-2 company-owned units) Additionally, there are 78 licensed units.	From 2003 until 2004 by Taco Time International, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2024 3	Dates unit franchises began being offered by us or our affiliate
Extreme Pita	Restaurants serving wrap-style hot and cold pita and wrap sandwiches	1 franchised unit	From March 2001 to July 2014: The Extreme Pita Franchising USA, Inc.; since July 2014: MTY USA
Grabbagreen	Restaurants serving healthy food, juice, smoothies and related products	4 franchised units	Since February 2018 under MTY USA
Ginger Sushi Boutique + Poke Shop	Restaurant serving a variety of sushi menu items and drinks	0 franchised units	From September 2015 under MTY USA
Mucho Burrito	Restaurants offering burritos, quesadillas, tacos, nachos, and other assorted food and drinks	1 franchised unit	From January 2010 under Mucho Burrito Franchising USA, Inc.; from March 2019 under MTY USA
Thai Express	Restaurant serving “Thai-style” foods and drinks	9 <u>7</u> franchised units (5 <u>7</u> in the United States and 2 internationally) (plus 1 <u>2</u> company-owned)	From February 2015 under MTY USA
La Diperie	Restaurant serving retail sale of an ice cream product and various dips and toppings	1 franchised unit	From April 2019 under MTY USA

Baja Fresh	Restaurant offering a limited menu featuring fresh high quality Mexican-style food products	69 franchised units (67 in the United States and 2 internationally) (plus 11 <u>6</u> company-owned units)	October 2016 until July 2017 under Triune, LLC and since then under BFAH
La Salsa	Restaurant offering a limited menu featuring fresh high quality Mexican-style food products	6 <u>5</u> franchised units	October 2016 under La Salsa Franchise, LLC
The Counter	Full service restaurant featuring build-your-own burgers, signature burgers, side dishes, sandwiches, and salads	15 <u>9</u> franchised units (14 <u>8</u> in the United States and 1 internationally) (plus 2 <u>3</u> company-owned units)	December 2017 under CB Franchise Systems, LLC. Then from March 2019 under MTY USA
Built Custom Burgers	Fast casual restaurant featuring build-your-own burgers, signature burgers, side dishes, sandwiches, and salads	6 <u>7</u> franchised units (3 in the United States and 3 <u>4</u> internationally)	December 2017 under Built Franchise Systems, LLC. Then from March 2019 under MTY USA
sweetFrog	Restaurant offering frozen yogurt using a self-serve delivery format	226 <u>216</u> franchised units (216 <u>206</u> in the United States which include 9 licensed franchisees plus 10 internationally)	September 2018 under MTY USA
Manchu WOK	Quick service restaurant serving fast and fresh Chinese cuisine	15 franchised units	March 2015 under MTY USA
Ben & Florentine	Restaurant serving a superior breakfast & lunch experience	0 franchised units	December 2018 under MTY USA

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2024 3	Dates unit franchises began being offered by us or our affiliate
Papa Murphy's	Retail food outlet serving primarily take and bake pizza	1, 154 036 franchised units (1,119 001 in the United States and 35 internationally) plus 8 43 company-owned units	From May 2019 under Papa Murphy's International LLC

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2024 3	Dates unit franchises began being offered by us or our affiliate
Famous Dave's	Restaurants specializing in authentic, down-home, genuine smoked barbecue	88 85 franchised units (81 77 in the United States and 7 8 internationally) plus 35 32 company-owned units	From March 1994 under Famous Dave's of America, Inc.
Village Inn	Restaurant specializing in pancakes, omelets, skillet, eggs, and other popular breakfast items	91 88 franchised units plus 23 26 company-owned units	From August 2020 under VI BrandCo, LLC
Barrio Queen	Restaurants specializing in authentic Southern Mexican fine dining cuisine	7 8 company-owned units	From March 2023 under BQ Concepts, LLC
Champps Kitchen + Bar	Sports theme restaurants that provide the public with high-quality food and beverage	2 franchised units plus 1 company-owned unit	From September 1999 to October 2008 under Champps Entertainment, Inc. and From August 2023 under BQ Concepts, LLC
Sauce Pizza / Wine	Restaurants serving wood-fired pizzas, a variety of pasta dishes, and salads	13 company-owned units	March 2024

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2024 3	Dates unit franchises began being offered by us or our affiliate
Wetzel's Pretzels	Restaurant specializing in hand-rolled fresh-baked soft pretzels	356 406 franchised units (346 389 in the United States and 10 17 internationally) plus 40 36 company-owned units	From April 1996 under Wetzel's Pretzels, LLC

The name and address of our agent for service of process in this State is stated in Exhibit A-2 to this disclosure document. None of these entities offers franchises in any line of business or supplies any of our franchisees with any products or services.

We have been offering franchises since April 1996. Our management began operating a business similar to the franchised business in November 1994. In 2022, we began offering ~~a TWISTED BY WETZEL'S® franchise, which is~~ a WETZEL'S PRETZELS® franchise with an expanded menu of offerings. We also may sell frozen products at wholesale to selected food service accounts for on-site consumption and/or license the sale of frozen pretzels. In some instances, we may also sublease premises to WETZEL'S PRETZELS franchisees. We have never sold another type of franchise.

The business you will operate under the Franchise Agreement (attached as Exhibit C) is either a Bakery (defined in the Franchise Agreement) or a Concession Truck or Trailer (defined in the Franchise Agreement). The term "Bakery" includes locations that operate as a WETZEL'S PRETZELS bakery ~~and including~~ those that operate as a ~~TWISTED BY WETZEL'S~~streetside bakery. Unless we specify otherwise, we will use the term "Franchised Business" to refer to your Bakery or Concession Truck or Trailer. Your Franchised Business will sell hand-rolled fresh-baked soft pretzels to the public through a retail outlet (a Bakery) or through a self-contained mobile truck or trailer in which you produce a limited menu of hand-rolled fresh-baked soft pretzels (a Concession Truck or Trailer).

~~A TWISTED BY WETZEL'S Bakery is a quick service food establishment with limited indoor seating (and outdoor seating, in certain locations) from which you will sell approved menu items offered by WETZEL'S PRETZELS Bakeries as well as approved menu items not offered by WETZEL'S PRETZELS Bakeries.~~

You may be required to offer products for sale on a delivery and take-out basis. You may not engage in delivery and/or off-premises sales of products or services to customers, either directly or through third parties, except as expressly permitted by us in writing. We have the right to prescribe all rules relating to delivery of products to customers ("Delivery"), including the boundaries of delivery areas, any related marketing materials, and the manner in which Delivery orders are placed. We may require you to provide Delivery services. We may also require you to participate in Delivery programs, either through or in partnership with third parties, us or independently. We can change the delivery area or make other adjustments to a franchisee's Delivery services for any reason, and we can revoke a franchisee's right to provide Delivery at any time.

If you operate a WETZEL'S PRETZELS Bakery within a mall, then with your lessor's consent, you may also sign an addendum allowing you to operate a Remote Mobile Unit within your Protected Area.

The market for a WETZEL'S PRETZELS Bakery will consist of shoppers in shopping malls or other busy pedestrian magnets with anticipated high foot traffic. The market for WETZEL'S PRETZELS Bakery may also include streetside locations in Power Centers, Shopping Centers or Strip Centers, typically anchored by retailers such as Target, Walmart, Lowe's, Kohls, Ross, TJ Maxx, Old Navy, regional grocers, movie theaters and accompanied by other quick service restaurants and businesses. Many of these off-mall locations are typically not driven by on-site pedestrian foot traffic, but by vehicular traffic. The market for quick service restaurants and bakeries is highly competitive and fragmented. In addition to the competitors described above for a WETZEL'S PRETZELS Bakery, including the off-mall or streetside locations, will compete with national, regional and local competition including company owned and franchised chains as well as independently owned restaurants. -Your business will be largely dependent upon foot traffic generated by other retail outlets in the place where your Bakery is located. If you operate a Concession Truck or Trailer, your Concession Truck or Trailer will operate within a

specified area (referred to as a Mobile Area or a Protected Area). Your Concession Truck or Trailer will be largely dependent upon foot traffic generated near your Concession Truck or Trailer. Your primary competitors will be members of other national, regional or local competition including company owned and franchised chains that specialize in soft pretzels. Some competition is also presented by frozen soft pretzel dough sold in supermarkets.

~~A TWISTED BY WETZELS Bakery may be located in Power Centers, Shopping Centers or Strip Centers, typically anchored by retailers such as Target, Walmart, Lowe's, Kohls, Ross, TJ Maxx, Old Navy, regional grocers, movie theaters and accompanied by other quick service restaurants and businesses. A TWISTED BY WETZELS Bakery may also be located on/near a college or university campus. Many of these off-mall locations are typically not driven by on-site pedestrian foot traffic, but by vehicular traffic. The market for quick service restaurants and bakeries is highly competitive and fragmented. In addition to the competitors described above for a WETZEL'S PRETZELS Bakery, TWISTED BY WETZELS Bakeries will compete with national, regional and local competition including company owned and franchised chains as well as independently owned restaurants.~~

Your Bakery may be impacted by many factors including the local economic and market conditions, your experience and restaurant knowledge, the geographic location of your business, your market competition, the sales level you reach and your ability to retain customers.

Affiliates of franchisor may provide administrative, legal, IT and accounting services to franchisor.

You must comply with all federal, state, and local laws that regulate commerce in general, and the food service industry in particular.– In addition to laws and regulations that apply to businesses and restaurant operations generally, your franchised business is subject to: (i) federal, state, and local health codes regarding health, sanitation, and food safety; and (ii) menu labeling and nutrition laws.

ITEM 2: BUSINESS EXPERIENCE

References to titles and positions for the persons listed in this Item 2 may be assigned to MTY, MTY Canada, MTY USA, or any one or more affiliated companies.

Chief Executive Officer: Eric Lefebvre

Mr. Lefebvre was promoted and became the Chief Executive Officer of MTY effective November 2018. Prior to that, Mr. Lefebvre was the Chief Financial Officer of MTY since June 2012, and was Vice President of Finance of MTY from November 2009 until June 2012.

Chief Financial Officer: Renee St-Onge

Ms. St-Onge was promoted to Chief Financial Officer of MTY effective November 2018. Prior to that, Ms. St-Onge was with MTY as Controller since 2012. ~~Chairman of the Board and Chief Executive Officer: Eric Lefebvre~~

~~Mr. Lefebvre was promoted and became the Chief Executive Officer of MTY effective November 2018. Prior to that, Mr. Lefebvre was the Chief Financial Officer of MTY since June 2012, and was Vice~~

~~President of Finance of MTY from November 2009 until June 2012.~~

~~Director, Chief Financial Officer: Renee St Onge~~

~~Ms. St Onge was promoted to Chief Financial Officer of MTY effective November 2018. Prior to that, Ms. St Onge was with MTY as Controller since 2012.~~

~~**Director, Chief Operating Officer: Jeff Smit**~~

~~Mr. Smit has been the Chief Operating Officer of Kahala Brands since June 2009 and has been a Director of MTY USA since November 2018. Prior to that, Mr. Smit was the Blimpie Brand President from November 2007 until December 2010 and the Sr. Vice President of Operations for Cold Stone Creamery from February 2005 to December 2007.~~

~~**Chief Legal Officer: Jenny Moody**~~

~~Ms. Moody has been with the Kahala Brands' Legal department since June 2010. In August 2012 she was named Corporate Counsel, in September 2013 International Counsel, in September 2016 Deputy General Counsel, and in November 2019 General Counsel. In August 2023, Ms. Moody assumed her current role.~~

~~**Franchise Sales**~~

~~**John Wuycheck, Senior Vice President of Development: John Wuycheck**~~

~~Mr. Wuycheck has served as Kahala Brands' Senior Vice President of Development within the MTY USA organizations since September 2014.~~

~~**Jon Fischer, Head of Development – Wetzel's Pretzels: Jon Fischer**~~

~~Jon Mr. Fischer serves as our Head of Development at Wetzel's Pretzels as of March 2023. Previously, Mr. Fischer served as the Wetzel's Pretzels' Chief Development Officer from October 2019. In his role, Mr. Fischer is responsible for Wetzel's Pretzels franchise development, including real estate development for franchised outlets. Prior to joining Wetzel's Pretzels that, Mr. Fischer held a variety of Vice-President positions, including in real estate and development, at Papa Murphy's International from August 2014 to October 2019. In those roles, Mr. Fischer was responsible for overseeing real estate initiatives for over 1,300 franchised outlets, including leading market planning and construction projects.~~

~~**Adam Lueras, Sr. Director of Franchise Sales: Adam Lueras**~~

~~Adam Mr. Lueras became the Director of Franchise Sales for Wetzel's Pretzels effective March 2020 and was promoted to Sr. Director of Franchise Sales in February 2023. Mr. Lueras previously served as a Franchise Development Director with Jackson Hewitt Tax Service in Jersey City, New Jersey from March 2019 through November 2019. Prior to that Mr. Lueras served as a Franchise Development Director with Wyndham Hotel Group in Parsippany, New Jersey from March 2016 through July 2018. Prior to that, Mr. Lueras served as a National Sales Manager with Avalara Software in Seattle, Washington from February 2014 through March 2016.~~

~~Ross Duggal, Director of Franchise Sales – Non-Traditional: Ross Duggal~~

~~Ross~~ Mr. Duggal became the Director of Franchise Sales – Non-Traditional for Wetzel’s Pretzels effective July 2022. Mr. Duggal previously served as the Senior Director of Business Development for OLM Foods located in Sioux Falls, ~~South Dakota~~ from June 2020 through July 2022. Prior to that, Mr. Duggal served as the Director of Business Development for Chester’s International in Birmingham, ~~Alabama~~ from March 2015 through May 2020.

~~Diana Krankl, Sr. Franchise Sales Manager: Diana Krankl~~

~~Diana~~ Ms. Krankl has held her current role since March of 2024, and prior to that was the Franchise Sales Manager for Wetzel’s Pretzels effective September 2021. Ms. Krankl previously owned and operated D’s Superblends, a food truck business in Los Angeles, California from July 2016 through March 2020, where Ms. Krankl’s responsibilities included training, customer service, human resources, quality control, event booking, maintaining and strengthening partner relationships, marketing, bookkeeping, inventory management, design development as well as menu and recipe development.

~~Jay Goldstein, Vice President of Franchise Development: Jay Goldstein~~

Mr. Goldstein has held his current role since May of 2009. Prior to this, he served as Senior Director of Operations, then Senior Director of Development for Kahala Franchising and has worked with the Cold Stone Creamery brand since October 2005.

~~Shemar Pucel, Senior Director of Franchise Sales: Shemar Pucel~~

~~Shemar~~ Ms. Pucel joined the company in November 2020 as Director of Franchise Sales and was promoted to Senior Director of Franchise Sales in February 2022. From October 2018 to August 2020, Ms. Pucel was a Director of Development for sweetFrog Premium Frozen Yogurt & Samurai Sam’s. From October 2015 to October 2018, Ms. Pucel was with SFF, LLC (formerly SweetFrog Enterprises, LLC) where she first served as Manager of Franchise Marketing and Development and was promoted to Director of Franchise Marketing and Development in August 2016.

~~Doug Merenda, Director of Franchise Development: Doug Merenda~~

Mr. Merenda ~~has held his current role of Director of Franchise Development since joined Kahala Brands’ sales team in~~ October 2015 ~~as Director of Franchise Development~~ and was a franchise broker for Kahala Franchising from April 2015 through October 2015.

~~Ramin (Ray) Zandi, Vice President of Business Development – USA: Ramin (Ray) Zandi~~

Mr. Zandi is the Vice President of Business Development – USA, a position he has held since February 2009.

~~Vice President of Franchise Development: Peter Tsafoulias~~

Mr. Tsafoulias is the Vice President of Franchise Development, a position he has held since March of 2018. Prior to that, he served as the Director of Franchising of IRG from January 2008 until March 2018.

Traci Zandi, Franchise Development Manager: Traci Zandi

Ms. Zandi has assisted our Development team in awarding franchise units since October 2016. She also served as Office Manager and Executive Assistant for Extreme Pita from April 2011 until October 2016.

Franchise Development Manager of Franchise Development: Marilyn Bower

Ms. Bower joined Kahala Brands as a Franchise Development Manager in February 2025. Previously, she held similar roles at Gold Spectrum and SunMed from 2022 through 2024. Prior to that, Ms. Bower was a Customer Service Representative with Farmers Insurance Agency in Bradenton, Florida from 2020 through 2022.

ITEM 3: LITIGATION

LITIGATION INVOLVING FRANCHISOR, PREDECESSORS, AND AFFILIATES

Concluded Arbitration and Litigation Involving The Extreme Pita Franchising USA, Inc. predecessor in interest to MTY Franchising USA, Inc.

Purav Enterprises, L.L.C., Balwant Bahia, and Paramjit Samra v. The Extreme Pita Franchising USA, Inc., EP Development, Inc., and Feisal Ramjee ; (Superior Court of the State of Washington for King County, Case No. 15-2-15120-7.)

On June 22, 2015, Purav Enterprises, L.L.C., Balwant Bahia, and Paramjit Samra (collectively “Plaintiffs”), filed a complaint against The Extreme Pita Franchising USA, Inc., EP Development, Inc. and Feisal Ramjee (collectively “Defendants”). Plaintiffs alleged (i) violations under the Franchise Investment Protection Act in the State of Washington (“FIPA”); (ii) misrepresentation by the Area Developer of the financial performance of the franchise, omissions of mandatory and material information and inherently misleading information that were material factors in the Plaintiff’s purchase of the franchise; and (iii) the Area Developer was not a registered broker in the State of Washington. Plaintiffs sought: (i) rescission of the franchise agreement, the corresponding personal guarantee and related agreements; (ii) treble damages under FIPA; and (iii) costs and attorney’s fees. The parties entered into a settlement agreement on March 11, 2016, in which Defendants paid Plaintiffs the sum of \$20,000. The matter was dismissed on March 16, 2016.

Concluded Arbitration and Litigation Involving Kahala Franchising, L.L.C.

KOHO, Inc. v. Kahala Franchising, L.L.C.; Superior Court of the State of California for the County of Los Angeles; Case No.: BC572565.

On or about February 17, 2015, Koho, Inc. (“Koho”) filed a Complaint against Kahala Franchising, L.L.C.

(“Kahala”) alleging: (i) breach of contract; (ii) unjust enrichment; and (iii) declaratory relief. Koho sought: (i) no less than \$540,000 in special and general damages; (ii) litigation costs; (iii) prejudgment interest; (iv) reasonable attorney’s fees; and (v) declaratory relief. On or about May 5, 2015, Kahala filed a Cross-Complaint against Koho; Heeyong Kyle Chung; and Hannah Kim; alleging: (i) breach of contract; (ii) unjust enrichment; (iii) disgorgement and restitution; (iv) fraud-deceit and concealment; (v) negligent misrepresentation; (vi) conversion; (vii) negligence; and (viii) declaratory relief. Kahala sought: (i) breach of contract damages in amount according to proof; (ii) disgorgement and restitution on Unjust Enrichment cause of action; (iii) judicial determination that Kahala is permitted and entitled to set off amounts owed to it by Koho with funds in its possession which would otherwise have been due Koho; (iv) costs; (v) attorneys’ fees; (vi) punitive damages; and (vii) prejudgment interest; (viii) any other relief the Court deems just and proper. On or about June 15, 2015, Koho filed a Notice of Hearing on Demurrer and Demurrer to Kahala’s Cross-Complaint; Memorandum of Points and Authorities; Declaration of Daniel D. Hoffman and Exhibits in Support Thereof. Koho filed its Notice of Motion and Motion to Strike Certain Portions of Kahala’s Cross Complaint; Memorandum of Points and Authorities on June 17, 2015. On October 16, 2015, the Court overruled Koho’s Demurrer to Kahala’s Cross Complaint in its entirety and denied their motion to strike Kahala’s punitive damages claims; the Court sustained the Demurrer as to Hannah Kim. Mediation was held on May 3, 2016, which failed to yield a settlement between the two parties. On May 5, 2016, Kahala dismissed the claims against Koho and Kyle Chung because they satisfied the debts owed to Kahala, and, therefore, the claims were moot. Hannah Kim was subsequently awarded attorney’s fees on June 15, 2016, in the amount of \$10,233. A bench trial commenced on June 15, 2016, and ended on June 16, 2016. Upon the conclusion of Koho’s case, Kahala presented its case-in-chief and moved for judgment pursuant to Code of Civil Procedure section 631.8. The Court granted Kahala’s Judgment as Koho failed to establish the requisite elements of “breach” and “damages” on the three causes of action asserted in the Complaint. On July 18, 2016, the Court awarded Kahala attorneys’ fees in the amount of \$205,000. On September 22, 2016, Koho filed a Notice of Filing of Notice of Appeal and requested that Kahala participate in a mediation to resolve the outstanding award to Kahala. Koho failed to post an appeal bond. On February 13, 2017, Kahala commenced its self-help pursuant to Section 8(i) and (j) of the ARA and began withholding 100% of the Area Representative fees to which Koho would have otherwise been entitled. On June 19, 2017, the parties entered into a settlement agreement whereby Kahala repurchased Koho’s Area Developer territory for the sum of \$75,000 and forgave the remaining damages owed in the amount of \$130,000.

Texas Nrgize #1, Inc. v. Kahala Franchising, L.L.C.; and Kahala Holdings, L.L.C.; 67th Judicial District Court, Tarrant County, Texas; Civil Action No.: 067-272652-14 subsequently removed to United States District Court for the Northern District of Texas; Case No.: 4:14-cv-544-Y.

On or about June 18, 2014, Texas Nrgize #1, Inc., an Nrgize franchisee (“Plaintiff”), filed a Petition and Request for Disclosure against Kahala Franchise Corp and Kahala Holdings, L.L.C. (collectively “Defendants”) alleging (i) violations of the Texas Business Opportunities Act, Tex. Bus. & Comm. Code §§ 51.001 and the Texas Deceptive Trade Practices Consumer Protection Act, Tex. Bus. & Comm. Code §17.46, and (ii) Breach of Contract and Warranties. Plaintiff sought: (i) economic damages in excess of \$200,000, plus treble damages and pre- and post-judgment interest at the maximum rates allowed by law; (ii) attorneys’ fees and costs; and (iii) such other relief to which the Plaintiff may be justly entitled. On July 16, 2014, Defendants filed a Notice of Removal to the United States District Court for the Northern District of Texas. On July 24, 2014, the judge executed the Order Granting the Unopposed Motion to

Substitute Parties and Changing Case Style. Kahala Franchising, L.L.C. (“Defendant”) was substituted in as a defendant instead of Kahala Franchise Corp. On July 28, 2014, Defendant filed a Motion to Transfer Pursuant to 28 U.S.C. §1404(A) and Brief in Support. This motion sought an order to transfer the litigation to the United States District Court for the District of Arizona pursuant to the parties’ forum selection clause contained in the franchise agreement. On August 1, 2014, Defendant filed its Answer, Counterclaim and Third Party Claim. The Counterclaim was against Plaintiff and the Third Party Claim was filed against Duane W. Martin, Argentina Saldivar, and Margena Wood (“Third Party Defendants”). Defendant alleged: (i) Breach of Franchise Agreement against Plaintiff, and (ii) Breach of Guaranty against Third Party Defendants. Defendant sought: (i) judgment against Plaintiff and the Third Party Defendants in an amount to be proven at trial; (ii) attorneys’ fees; (iii) costs pursuant to A.R.S. §§12-341 and 12-341.01 and the parties’ contractual agreements; and (iv) any other relief the Court deemed fit. Plaintiff filed its Response to Defendant’s Motion to Transfer Pursuant to 28 U.S. C. §1404 (A) and Brief in Support on August 18, 2014, then filed its Answer to Defendant’s Counterclaim on August 22, 2014. On August 28, 2014, Defendant filed its Reply in Support of Motion to Transfer Pursuant to 28 U.S. C. § 1404(A) and Brief in Support. On September 24, 2014, the United States District Court for the Northern District of Texas Court requested that each party submit a supplemental brief to benefit the Court in resolving the Defendant’s Motion to Transfer. Mediation was held on September 29, 2014, but the parties failed to come to an agreement. On October 17, 2014, Third Party Defendants filed their Answer and Counterclaim. Third Party Defendants alleged: (i) violations of the Texas Business Opportunities Act, Tex. Bus. & Comm. Code §§ 51.001 and the Texas Deceptive Trade Practices Consumer Protection Act, Tex. Bus. & Comm. Code §17.46, and (ii) breach of contract and warranties. Third Party Defendants sought: (i) economic damages in excess of \$200,000, plus treble damages under the Code and pre- and-post judgment interest at the maximum rates allowed by law; (ii) attorney’s fees; (iii) costs; and (iv) any other general or special relief that the Court deemed fit. On October 24, 2014, Defendant filed its Supplemental Briefing In Support of Its Motion to Transfer Pursuant to 28 U.S.C. §1404(A). On November 10, 2014, Defendant filed its Answer to the Third Party Counterclaims. On November 13, 2014, Defendant filed its Notice of Dismissal Without Prejudice as to Third Party Defendant Argentina Saldivar only. On November 14, 2014, Plaintiff filed its Response to Defendant’s Supplemental Briefing In Support of Their Motion to Transfer Pursuant to 28 U.S.C. §1404(A). On November 26, 2014, Defendant filed its Reply to Plaintiff’s Response to Defendant’s Supplemental Briefing in Support of Its Motion to Transfer Pursuant to 28 U.S.C. §1404(A). On February 24, 2015, the Court granted Defendant’s Motion to Transfer the case to the United States District Court of the District of Arizona; Phoenix Division; Case No.: CV15-0337 PHX DGC. In April 2015, Plaintiff moved to compel arbitration which was ultimately denied by the Court. The parties participated in a mediation in August 2015, which was unsuccessful. In December 2015, the parties executed a settlement agreement in which Defendant paid Plaintiff the sum of \$35,000. The parties filed a Stipulation to Dismiss With Prejudice on December 18, 2015.

~~Concluded Arbitration and Litigation Involving Cold Stone Creamery, Inc.~~

~~Kenneth J. Kirwin v. Cold Stone Creamery/Kahala Corp.; Commonwealth of Massachusetts Plymouth Superior Court, Civil Action No. 13-01126A subsequently removed to the United States District Court of Massachusetts; Case No.: 1:14-cv-11691.~~

~~On or about October 21, 2013, Kenneth J. Kirwin (“Plaintiff”) filed a Complaint In Equity and Demand For Jury Trial against Kahala Corp, inadvertently named as Cold Stone Creamery/Kahala Corp (“Defendant”). The Complaint alleged: (i) promissory estoppel; breach of contract; breach of implied~~

covenant of good faith and fair dealing; (ii) misrepresentation; fraud and deceit violation of M.G.L. Chap. 93A, §11; (iii) unjust enrichment; (iv) misrepresentation and deceit in violation of M.G.L. Chap. 93A, §11; and (v) intentional infliction of emotional distress. Plaintiff sought: (i) judgment against Defendant in an amount the Court deemed appropriate; (ii) interest; (iii) costs of the action; (iv) compensatory damages; (v) punitive damages; (vi) attorneys' fees; and (vii) court costs. On April 7, 2014, Defendant filed its Notice of Removal seeking removal to the United States District Court for the District of Massachusetts. On April 16, 2014, Defendant filed its Motion to Dismiss or Transfer, which Plaintiff opposed in its filing of the April 16, 2014 Opposition to Kahala Corporation's Motion to Dismiss. On May 5, 2014, Defendant filed its Reply to Plaintiff's Opposition to Motion to Dismiss. On May 16, 2014, Defendants filed a Petition to Compel Arbitration against Plaintiff in the United States District Court for the District of Arizona; Case No.: 2:14-cv-01059-NVW. Defendants sought a court order to compel Plaintiff to arbitrate before the American Arbitration Association in Phoenix, Arizona per the language of the franchise agreements. On June 2, 2014, Plaintiff executed a Declaration With Consent to Relief Requested agreeing to arbitrate before the American Arbitration Association in Phoenix, Arizona. On June 3, 2014, Defendants filed a Notice of Voluntary Dismissal against Plaintiff as he had agreed to arbitrate all claims. Mediation occurred on July 15, 2014, and the parties arrived at a settlement in which Defendants would pay Plaintiff \$37,500 to settle all disputes. The Settlement Order of Dismissal was filed on July 17, 2014, in the United States District Court District of Massachusetts.

Gregory Fowler, and Doubri Enterprises, L.L.C. v. Cold Stone Creamery, Inc.; State of Rhode Island Kent Superior Court; Case No.: KC-13-0986; subsequently removed to United States District Court for the District of Rhode Island; Case No.: CA 1:13-cv-00662-S-PAS; subsequently removed to United States District Court for the District of Arizona; Case No.: 2:13-02414-PHX-PGR.

On or about September 13, 2013, Gregory Fowler and Doubri Enterprises, LLC (collectively "Plaintiffs") filed a Complaint against Cold Stone Creamery, Inc. ("Defendant"). Plaintiffs alleged: (i) breach of sublease; (ii) breach of franchise agreement; (iii) breach of good faith and fair dealing; (iv) tortious interference with contractual relationships; (v) fraud; (vi) defamation of business character; and (vii) negligent infliction of emotional distress. Plaintiffs sought: (i) punitive damages; (ii) attorneys' fees; (iii) interest; and (iv) costs. On September 17, 2013, Defendant filed a Notice of Removal, removing the lawsuit to the United States District Court for the District of Rhode Island. On October 9, 2013, Defendant filed a Motion to Dismiss the Complaint, or alternatively, to transfer the lawsuit to the United States District Court for the District of Arizona. The Motion to transfer was granted on November 25, 2013, and the matter was transferred to the Arizona court. On December 9, 2013, Defendant filed its Answer to the Complaint. On March 5, 2014, the Court entered a scheduling order establishing dates for completion of discovery and pre-trial motions and setting the matter down for trial on October 28, 2014. The parties participated in mediation and ultimately entered into a settlement agreement whereby Defendant paid Plaintiffs \$250,000.

Concluded Arbitration, and Litigation Involving SFF, L.L.C., successor in interest to SweetFrog Enterprises, L.L.C.

Sun Yop Cho v. Imagination Enterprises, Inc., American Arbitration Association, Case No. 16-114-Y-00250-13.

~~On May 15, 2013, Sun Yop Cho (“Claimant”), a sweetFrog licensee, filed an arbitration action against Imagination Enterprises, Inc., predecessor to SweetFrog Enterprises, LLC (“Respondent”). Claimant asserted that: (i) Respondent breached the license agreement by violating the territorial exclusivity provision in the license agreement; (ii) Respondent violated the Virginia Retail Franchising Act; and (iii) Respondent breached an alleged oral promise to partner with Claimant in developing a sweetFrog shop in Leesburg, Virginia. Claimant sought: (i) damages in the amount of \$900,000; (ii) attorneys’ fees; (iii) reformation of the license agreement; and (iv) injunctive relief. Respondent vehemently disputed Claimant’s claims. On December 13, 2013, Claimant and Respondent entered into an agreement pursuant to which: (i) the parties settled their disputes and jointly dismissed the arbitration proceeding with prejudice; and (ii) Respondent repurchased Claimant’s License Agreement and acquired the assets of his sweetFrog shop for a total price of \$504,162.63.~~

~~Sweet Frog Stony Brook, Inc. and Sweet Frog Babylon, Inc. v. SweetFrog Enterprises, LLC; SFF, LLC and Ki Young Cha a/k/a Derek Cha; United States District Court, Eastern District of New York; Case No. 2:14-cv-02356-JS-WDW.~~

~~On April 11, 2014, Sweet Frog Stony Brook, Inc. and Sweet Frog Babylon, Inc., (collectively “Plaintiffs”), two sweetFrog franchisees, filed a lawsuit against SweetFrog Enterprises, LLC, SFF, LLC (collectively “Franchisor”), and Ki Young Cha a/k/a Derek Cha (collectively with Franchisor, “Defendants”). Plaintiffs alleged that Defendants: (i) violated the New York Franchise Sales Act; (ii) violated the New York General Business Law § 680, *et seq.* (“NYFSA”) by making unauthorized and fraudulent pre-sale financial performance representations; and (iii) failed to register the franchise offering with the New York Attorney General prior to entering into franchise agreements with Plaintiffs. Plaintiffs demanded: (i) damages in excess of \$685,000; (ii) rescission of their franchise agreements; and (iii) recovery of their attorneys’ fees. Defendants disputed Plaintiffs’ claims, but agreed to mediate the dispute. Prior to the deadline to respond to the complaint, on July 29, 2014, the parties entered into an agreement pursuant to which: (i) Plaintiffs would attempt to sell their franchised shops and transfer their franchise agreements to any third party(ies) approved by Franchisor before November 1, 2014; and (ii) if Plaintiffs were unable to identify a suitable buyer for their franchised shops by November 1, 2014, the parties agreed to mutual termination of the franchise agreements and that Franchisor would purchase the equipment from each franchised shop at a price of \$50,000. The case was dismissed with prejudice on August 6, 2014.~~

~~Tri Star Consulting Group, Inc. and Sweet Frog Hauppauge, Inc. v. SweetFrog Enterprises, LLC, SFF, LLC, Ki Young Cha a/k/a Derek Cha; United States District Court, Eastern District of New York; Case No. 2:14-cv-02228-ADS-AKT.~~ On April 9, 2014, Tri Star Consulting Group, Inc., a licensee and area developer of SweetFrog Enterprises, LLC (“Plaintiff Tri Star”), and Sweet Frog Hauppauge, Inc., a licensee of SweetFrog Enterprises, LLC (“Plaintiff Hauppauge”); (collectively “Plaintiffs”); filed a lawsuit against SweetFrog Enterprises, LLC, (“Defendant SweetFrog”), SFF, LLC (“Defendant SFF”), and Ki Young Cha a/k/a Derek Cha (collectively “Defendants”). Plaintiff Tri Star alleged Defendant SweetFrog breached its license/area development agreement with Plaintiff Tri Star by: (i) terminating the license/area development agreement for nonpayment of royalty fees; (ii) licensing to Defendant SFF the right to sell franchises in New York City, Plaintiff Tri Star’s development territory; and (iii) failing to pay fees allegedly owed to Plaintiff Tri Star related to the operation of franchised sweetFrog locations within

~~Plaintiff Tri Star's development territory. Plaintiff Tri Star sought: (i) damages in excess of \$75,000; (ii) a declaration that it was not in default of the license/area development agreement; (iii) a declaration that Defendant SweetFrog was obligated to pay fees to Plaintiff Tri Star based on revenues of all franchised sweetFrog locations in New York City; (iv) an order enjoining Defendant SFF from selling franchises in New York City; and (v) recovery of its attorneys' fees. Prior to the deadline to respond to the complaint, on September 9, 2014, Plaintiff Tri Star and Defendants entered into an agreement pursuant to which (1) the parties agreed to mutual termination of Plaintiff Tri Star's license/area development agreement; (2) Defendant SweetFrog agreed to pay Plaintiff Tri Star \$19,830.58; (3) Defendant SFF agreed to pay Plaintiff Tri Star an ongoing commission equal to 2% of the net sales of all franchised sweetFrog locations in New York City through November 2031; and (4) Plaintiff Tri Star agreed not to operate any competitive business in New York City for so long as Defendant SFF was obligated to make commission payments to Plaintiff Tri Star.~~

~~Plaintiff Hauppauge asserted that Defendants: (i) violated the New York Franchise Sales Act, (ii) violated the New York General Business Law § 680, et seq. ("NYFSA"); (iii) committed fraudulent and negligent representations by making unauthorized and fraudulent pre-sale financial performance representations; and (iv) failed to register the franchise offering with the New York Attorney General prior to entering into franchise agreements with Plaintiffs. Plaintiff Hauppauge sought: (i) damages in excess of \$330,000; (ii) rescission of its license agreement, and (iii) recovery of its attorneys' fees. Defendants disputed Plaintiffs' claims but agreed to mediate the dispute. Prior to the deadline to respond to the complaint, on September 9, 2014, Plaintiff Hauppauge, on the one hand, and Defendants on the other hand, entered into an agreement pursuant to which: (i) the parties agreed to mutual termination of Plaintiff Hauppauge's license agreement; and (ii) Defendant SweetFrog agreed to pay Plaintiff Hauppauge \$75,000. The case was dismissed with prejudice on September 20, 2014.~~

Urquieta Sweet Frog, L.L.C. and Ana Urquieta v. SweetFrog Enterprises, L.L.C. d/b/a SFF, L.L.C., American Arbitration Association; Case No. 01 14 0001 8086.

On December 23, 2014, Urquieta Sweet Frog, L.L.C. and Ana Urquieta, a former sweetFrog franchisee and its owner (collectively "Plaintiffs"), filed a Demand for Arbitration against SweetFrog Enterprises, L.L.C. ("Defendant"). Plaintiffs alleged: (i) Defendant engaged in fraud; (ii) unfair practices; and (iii) deceptive actions. On February 2, 2015, Defendant timely filed an Answer and Counterclaim and denied all allegations, and further asserted a counterclaim against Plaintiffs for unpaid royalties. This matter was settled in December of 2015. Under the settlement, Defendant agreed to pay Plaintiffs \$300,000 and the parties executed mutual releases.

SFF, L.L.C. v. Carmel Village Yogurt Company L.L.C.; City of Richmond, Virginia Circuit Court; Case No. CL16-3927.

On August 29, 2016, SFF, L.L.C. ("Plaintiff") filed a lawsuit against three sweetFrog franchisee entities, Carmel Village Yogurt Company L.L.C. ("Defendant Carmel YC"), Huntersville Yogurt Company, L.L.C. ("Defendant Huntersville YC"), and Mooresville Yogurt Co, L.L.C. ("Defendant Mooresville YC"), and their main member, Steve Anto ("Defendant Anto"); (all named Defendants collectively referred to as, "Anto Defendants"). Plaintiff alleged: (i) Defendant Carmel YC breached its franchise agreement through its unauthorized closure of its franchised shop; and (ii) as a result of the breach,

Plaintiff had the contractual right to terminate Defendant Carmel YC's franchise agreement and cross terminate the franchise agreements of Defendant Huntersville YC and Defendant Mooresville YC. Plaintiff sought: (i) declaratory judgment that the three franchise agreements had terminated; (ii) specific performance of the Anto Defendants' post-termination obligations; (iii) damages for past due fees; (iv) lost future royalties in excess of \$116,000; and (v) recovery of its attorneys' fees. In response to Plaintiff's complaint, Anto Defendants denied Plaintiff's claims and asserted counterclaims against Plaintiff and alleged: (i) Defendant Carmel YC's franchise agreement was unenforceable and, alternatively, that Plaintiff was in breach of Defendant Carmel YC's franchise agreement due to Plaintiff's allowance of another franchisee to open a shop within three miles of Defendant Carmel YC's shop. Anto Defendants sought: (i) a declaratory judgment that they were not in default of their franchise agreements; (ii) damages of not less than \$425,000; and (iii) recovery of their attorneys' fees. Plaintiff denied Anto Defendants' claims and filed a demurrer and pleas in bar seeking to have those claims dismissed. Prior to the court hearing and ruling on Plaintiff's motion, the parties entered into an agreement pursuant to which: (i) the parties acknowledged the valid termination of Defendant Carmel YC's franchise agreement; (ii) Defendant Carmel YC transferred the assets of its business to Plaintiff and Plaintiff paid Defendant Carmel YC \$25,000; (iii) Plaintiff reinstated Defendant Huntersville YC's and Defendant Mooresville YC's terminated franchise agreements; and (iv) Plaintiff granted Defendant Anto the right to develop a new sweetFrog shop at a mutually acceptable location on or before November 8, 2018. The case was dismissed with prejudice on December 15, 2016.

Concluded Arbitration and Litigation Involving Fresh Enterprises, L.L.C., successor in interest to BF Acquisition, L.L.C.

Fresh Enterprises, L.L.C. v. Ledang Investment Group, L.L.C., Vincent Tienn Le, Ho Tien Le and Hue Thi Dang Superior Court of the State of California, County of Santa Clara, Case No. 1-13-CV-257219.

On July 2, 2013, Fresh Enterprises, L.L.C., as successor-in-interest to Baja Fresh Westlake Village, Inc. ("Plaintiff"), filed a complaint against Ledang Investment Group, L.L.C.; Vincent Tien Le, Ho Tien Le and Hue Thi Dang (collectively "Defendants Ledang" or "Cross Claimants Ledang") for: (i) implied indemnity; (ii) equitable indemnity; (iii) express indemnity; (iv) breach of contract; (v) declaratory relief seeking unspecified damages; (vi) indemnification; (viii) a judgment of unlawful detainer; and (ix) declaration that Defendants Ledang were obligated to reimburse Plaintiff for various expenses. On January 6, 2014, Cross Claimants Ledang filed a Cross-Complaint against Plaintiff, Baja Fresh Westlake Village, L.L.C., Triune Corporation and National Franchise Sales, Inc. (collectively "Counter Defendants") for: (i) breach of contract; (ii) breach of covenant of good faith and fair dealing; (iii) negligent misrepresentation; and (iv) intentional misrepresentation. On February 19, 2014, Counter Defendants filed a Motion to Compel Arbitration, which was granted. The disputes between the parties were then arbitrated before the American Arbitration Association (Case Number 72-20-1400-0126). On February 2, 2015, the Arbitrator issued an award in favor of Cross Claimants Ledang in the amount of \$660,620.84. The parties entered into a Settlement and Release Agreement on July 20, 2015, under which Counter Defendants paid the Cross Claimants Ledang the sum of \$585,000 and the matter was dismissed with prejudice.

Concluded Arbitration and Litigation Involving Famous Dave's of America, Inc.

Desert Ribs, L.L.C., Famous Gracie, L.L.C., Famous Freddie, L.L.C., Famous George, L.L.C. and Famous Charlie, L.L.C. v. Famous Dave's of America, Inc., American Arbitration Association, Minneapolis, Minnesota, Case No. 01 16 0000 8549.

On March 14, 2016, the franchisees for the Famous Dave's® Restaurants in Chandler, Peoria, Mesa and Gilbert, Arizona ("Claimants") filed a Demand for Arbitration against Famous Dave's alleging that Famous Dave's (1) violated the Minnesota Franchise Act ("MFA"), (2) breached the implied covenant of good faith and fair dealing under the Famous Dave's® Franchise Agreements with Claimants (the "Franchise Agreements"), and (3) breached certain express provisions of the Franchise Agreements. Claimants sought damages of \$2,984,098, and a permanent injunction prohibiting Famous Dave's from engaging in discriminatory conduct in violation of the MFA. On July 20, 2016, the arbitrators ruled in partial favor of the pre-hearing motion filed by Famous Dave's by dismissing Claimants' MFA claims against Famous Dave's. Upon the dismissal of the MFA claims, Claimants voluntarily dismissed their remaining claims against Famous Dave's and entered into a confidential settlement agreement and mutual release (the "Settlement Agreement"), dated August 22, 2016, with Famous Dave's. The Settlement Agreement included the following material terms: (i) the territorial rights granted to Claimants in the Franchise Agreements were modified; (ii) the managing member of Claimants (the "Consultant") entered into a consulting agreement with Famous Dave's that provided for the design, development and build-out of a counter-service/line-service prototype barbecue restaurant concept (the "Prototype") and the payment of a consulting fee of \$410,000 to the Consultant in installments over a three-year period; and (iii) Claimants entered into a right of first offer agreement with Famous Dave's granting to a Claimant the first right to enter into an area development agreement with Famous Dave's for the development of seven Prototype restaurants in a reserved territory in Arizona.

Tacoma BBQ, Inc. et. al. v. Famous Dave's of America, Inc., FORUM, American Arbitration Association; Case No. FA1705001729911.

~~On or about April 10, 2017, former franchisees of the Famous Dave's® Restaurants in Midvale, Utah; Layton, Utah; Jordan, Utah; Tukwila, Washington; Puyallup, Washington; Tacoma, Washington; Silverdale, Washington; and Everett, Washington ("Claimants") filed a Demand for Arbitration against Famous Dave's disputing Famous Dave's assertion that the Claimants were in default under their Franchise Agreements and disputing Famous Dave's performance under the Franchise Agreements. On or about June 7, 2017, Famous Dave's filed its Answer and Counterclaim denying the Claimants' claims. The parties elected to enter into a confidential settlement agreement and mutual release of all claims (the "Settlement Agreement") dated December 6, 2017, which included the following material terms: (i) Famous Dave's consented to the sale of the Claimants' restaurants to CD Holding Company, LLC and, accordingly, terminated all of the applicable Franchise Agreements; (ii) the Claimants paid to Famous Dave's a settlement amount of \$350,000; and (iii) the Claimants and Famous Dave's executed a mutual release of all claims.~~

Famous Dave's of America, Inc. v. Allan Gantes; John Gantes; M Mart 1, L.L.C.; Kurt Schneider; Shoreline FD Investors, L.L.C.; SR El Centro FD, Inc. SR Long Beach FD, Inc.; SR Palmdale FD, Inc.; SR Restaurant Holdings Group, Inc.; SR Simi Valley FD, Inc.; SR Tracey FD, Inc.; -et al., Superior Court

of the State of California, County of Los Angeles, Central Division, Case No. BC589329. , filed July 24, 2015.

On July 24, 2015, Famous Dave's of America, Inc.'s filed a commenced this lawsuit against Allan Gantes; John Gantes; M Mart 1, L.L.C.; Kurt Schneider; Shoreline FD Investors, L.L.C.; SR El Centro FD, Inc.; SR Long Beach FD, Inc.; SR Palmdale FD, Inc.; SR Restaurant Holdings Group, Inc.; SR Simi Valley FD, Inc.; SR Tracey FD, Inc., (collectively referred to herein as "Defendants") (SR El Centro FD, Inc.; SR Long Beach FD, Inc.; SR Palmdale FD, Inc.; SR Restaurant Holdings Group, Inc.; SR Simi Valley FD, Inc.; SR Tracey FD, Inc. will herein be referred to as the "SR Defendants"), the former franchisees for the Famous Dave's® Restaurants in El Centro, Long Beach, Palmdale, Simi Valley, and Tracy, California, and others (collectively referred to herein as "Restaurants Defendants") based in part on the continued operation of the Restaurants as Famous Dave's® Restaurants using Famous Dave's Marks and Restaurant System after the termination of their Franchise Agreements by Famous Dave's for failure to cure breaches of the Franchise Agreement, including the failure to pay the Royalty and Marketing Fund Fees due under the Franchise Agreements, within the prescribed cure period after receipt of written notice, in violation of the post-termination obligations of the Franchise Agreements. Famous Dave's alleged Lanham Act violations, including federal trademark infringement, federal trademark dilution, federal unfair competition and false advertising, and federal trade dress dilution; trademark infringement, trademark dilution, unfair competition and false advertising under California law; common law trademark infringement; breach of the Franchise Agreements; breach of the implied covenant of good faith and fair dealing; and intentional interference with contract. Famous Dave's sought injunctive relief to enjoin Defendants from continuing to use the Marks and Restaurant System and enforcing compliance with the post-termination obligations of the Franchise Agreements, and also sought damages in an amount that was to be determined at trial, reasonable attorneys' fees, interest and costs of suit. On March 11, 2016, the SR Defendants filed its First Amended Cross Complaint against Famous Dave's. The SR Defendants alleged that (i) Famous Dave's breached its obligations cited in the Franchise Agreements by failing to provide certain marketing support and access to customer contact data, vendors, internet reporting and support; (ii) Famous Dave's failed to provide operations and preferred practices training to the SR Defendants designated representative (iii) breach of the covenant of good faith and fair dealing; and (iv) breach of fiduciary duty. The SR Defendants sought: (i) compensatory damages in an amount not less than twenty million dollars; (ii) punitive damages; (iii) costs; (iv) attorney's fees. -On September 7, 2016, Famous Dave's filed its Answer to the first amended cross complaint vehemently denying the allegations alleged by the SR Defendants, -On September 29, 2018, the parties agreed to enter into a confidential settlement agreement and a mutual release of claims (the "El Centro Settlement Agreement"), which contained the following material terms: (i) SR Defendants received \$75,000 towards the payment of their attorney's fees contingent on the de-imaging of the Restaurants and the sale of its Major Assets (as defined in the Franchise Agreement) relating to the El Centro restaurant to Gantes; Famous Dave's paid \$75,000 to SR Restaurant Holdings Group, Inc. as reimbursement for a portion of the attorneys' and other professional fees it allegedly incurred; (ii) Allan Gantes paid to SR Restaurant Holdings Group, Inc. \$7,500 upon the closing of the sale of the Major Assets; (iii) Defendants the SR Defendants agreed to de-identify the Restaurants in Long Beach, California and Tracy, California; (iv) notices (sent via email and mailer) were provided to certain the "Pig Club" customers of the Long Beach, California and Tracy, California Restaurants to opt into notices from Q restaurants; and (v) Famous Dave's consented to the sale of the Major Assets owned by SR El Centro FD, Inc. to an entity wholly owned by Gantes or an affiliate subject to Famous Dave's review of the purchase agreement which review would not be withheld or unreasonably delayed, and satisfaction of all conditions to the Assignment stated in the Franchise Agreement. Upon completion of the sale the aforementioned \$75,000 would be paid to the SR Defendants; (vi) the SR

~~Defendants no longer could hold themselves out as Famous Dave's franchisees and (vii) all franchise agreements that were the subject of the lawsuit were terminated. of certain Restaurant assets by SR El Centro FD, Inc. to Shoreline FD Investors, LLC, John Gantes, and Allan Gantes (or an affiliate), so long as certain designated criteria were met. All of the Famous Dave's Franchise Agreements between the parties were terminated. The Request for Dismissal with prejudice was entered on November 26, 2018. As a result, the matter was dismissed by the Superior Court of the State of California, County of Los Angeles, Central Division on November 26, 2018.~~

~~On January 26, 2018, Famous Dave's commenced an arbitration action pursuant to FORUM Arbitration Rules against FDWNY, Inc. and Timothy Cloe, seeking past due fees, attorneys' fees, and costs. The parties agreed to settle the matter in exchange for the defendants' payment of a settlement amount in excess of \$165,000 to Famous Dave's.~~

~~SR El Centro, Inc., et al. v. Famous Dave's of America, Inc., Superior Court of the State of California, County of Los Angeles, Case No. NC060189, filed July 28, 2015.~~

~~The franchisees for the Famous Dave's® Restaurants in El Centro, Long Beach, Palmdale, Simi Valley, and Tracy, California ("Plaintiffs") filed a complaint against Famous Dave's in the South Judicial District of the Superior Court of the County of Los Angeles. On March 10, 2016, Plaintiffs re-filed this Complaint as a First Amended Cross Complaint in matter described above [Famous Dave's of America, Inc. v. SR El Centro, Inc., et al., Superior Court of the State of California, County of Los Angeles, Central Division, Case No. BC589329] alleging that Famous Dave's breached the Franchise Agreements for these Restaurants by failing to provide certain marketing support and access to customer contact data, vendors, internet reporting and support to Plaintiffs, and failing to provide operations and preferred practices training to Plaintiffs' designated representative. Plaintiffs further alleged that such conduct by Famous Dave's was a breach of the covenant of good faith and fair dealing. Plaintiffs also alleged that Famous Dave's aided and abetted John and Allan Gantes in breach of their fiduciary duty to Plaintiffs. Plaintiffs sought compensatory damages in an amount not less than \$20 million, punitive damages, costs and attorneys' fees. On September 29, 2018, the parties agreed to settle the matter in the El Centro Settlement Agreement described above. As a result, the matter was dismissed by the Superior Court of the State of California, County of Los Angeles, Central Division on November 26, 2018.~~

Concluded Arbitration and Litigation Involving VI BrandCo, L.L.C.

~~In re: Restaurants Acquisition I, L.L.C. (Giuliano vs. W. Craig Barber et. al. United States Bankruptcy Court for the District of Delaware on December 2, 2015 (Case No. 15-12406 (KG))).~~

On December 1, 2017, the Chapter 7 trustee in the Restaurants Acquisition I, L.L.C. ("RAI") bankruptcy proceeding filed suit in the United States Bankruptcy Court against our Chief Executive Officer W. Craig Barber, our Chief Concept Officer – Family Restaurant Division Robert Langford and companies owned jointly by them alleging avoidance, fraudulent transfer, breach of contract and breach of fiduciary duty in connection with their executive roles with RAI and as members of Dynamic Management Company, LLC related to the RAI's ownership and operation of Black-Eyed Pea and Dixie House restaurants. On March 6, 2019, Barber and Langford each settled with the Chapter 7 trustee by each agreeing to pay to the trustee and estate separate payments totaling \$150,000 each over a three-year period.

Concluded Arbitration and Litigation Involving Wetzel's Pretzels, L.L.C.

Pretzelsdallas1, Inc. v. Wetzel's Pretzels, L.L.C.; (Los Angeles, California); AAA Case No.01-19-0002-9326).

On or about July 19, 2017, we entered into a franchise agreement with Pretzelsdallas1, Inc. (then known as Triple Scoops, Inc.). On or about September 11, 2019, Pretzelsdallas1, Inc., (“Claimant/Counter Respondent”) a franchisee, filed a demand for arbitration against Wetzel’s Pretzels, L.L.C. (“Respondent/Counter Claimant”) with the American Arbitration Association in which it alleged claims for (i) rescission and restitution for intentional misrepresentation, (ii) rescission and restitution for negligent misrepresentation and (iii) violation of the California Corporations Code §31201. Claimant/Counter Respondent sought \$368,837 in damages. On or about February 26, 2020, Respondent/Counter Claimant filed an answer and counterclaim against Claimant/Counter Respondent. Respondent/Counter Claimant alleged: (i) breach of contract- franchise agreement; (ii) breach of contract – sublease agreement; **and** (iii) breach of guaranty. Respondent/Counter Claimant sought: **(i)** judgment on its claims for payments on the franchise agreement in the amount of \$133,600; (ii) judgment on its claims for payments on the sublease agreement in the amount of \$14,8520; judgment in its favor on its claims for payments on the guaranty in the amount of \$148,450; (iv) interest on the sums; (v) attorney’s fees; and (vi) any other relief the court deems fit. On September 24, 2021, the parties entered into a settlement agreement, in which a mutual release of all claims was agreed to, and Respondent/Counter Claimant paid Claimant/Counter Respondent the sum of \$125,000. The matter was subsequently dismissed with prejudice.

Concluded Arbitration and Litigation Involving Papa Murphy’s International, L.L.C.

DTD Pizza LLC, Brian Watson, Alton Spears, LMP Enterprises LLC, Pizza Enterprises LLC, Alan and Denise Barnett, DOB Enterprises, Inc., Douglas and Lesia Billing, Rob & Bud's Pizza, Robert J. Dickerson Trust UA, Rob Dickerson, 4LM Enterprises, Inc., Jana and Randell Liles, Ben and Kim Mayfield, SEAMS Holdings LLC, Scott and Erica Shelby, Robert Hoersting, PM Savannah LLC, James and Mona King, Hans King, Pizza For 4 Kings Corp, Alamo Quality Pizza I, LLC., Quality Pizza III, LLC., Gerardo Torres, George Knost, Arkel Food Services, LLC., Reece Alexander Overcash, III, Angelo S. Chantilis, Jr., Double AA Partners, LLC., Jeffrey L Comish, John Stalker, and Papa's of Tennessee, LLC. v. Papa Murphy’s International LLC, Papa Murphy’s Company Stores, Inc., PMI Holdings Inc., Papa Murphy’s Intermediate Inc., Papa Murphy’s Holdings, Inc., Lee Equity Partners LLC, John D. Barr, Ken Calwell, Thomas H. Lee, Yoo Jin Kim, Benjamin Hochberg, John D. Schafer, Achi Yaffe, Janet Pirus, Victoria Blackwell, Gail Lawson, Dan Harmon, Scott Mullen, Jayson Tipp, Kevin King, Stephen Maeker, Steve Millard, Steve Figiola; Washington Superior Court, Clark County, Case No. 14-2-00904-0.

and

Mitch and Kristen Brink, Brink Holdings Inc., Angela Buchannan, Tim Forester, Z-Axis, Inc., Heather and Gary Nychyk, Bar N Pizza, LLC, John DeMattia, DeMattia LLC, a Texas Limited Liability Company, Harry and Terry Olson, Hot Pizza Inc., Steven Pyatt, Craig Braun, David Mraz, JIM LLC, Philip and Maria Ahn Wilson, Papa South, LLC, Steven and Holly Mead, Thomas Lance, PMG Tampa, LLC, Ilya and Chantal Rubin, Pie in the Sky LLC, Joanna and Glenn Patcha, Alchemy Foods LLC, Ian Hasinoff and Susan Lorimer, Eddrachillis LLC, Cole Kilen, Eye on the Pie LLC, Ann and Harvey Callegan, Just for Fun, LLC, Eugene and Joy Hill, Conn, Edward Turnbull, Turnbull Restaurant Group LP, Turnbull Restaurant Group GP, Conn, LLC, Loralie and Trey Bennett, Pizza Revolution of Fort Walton Beach LLC, Pizza Revolution of Panama City LLC, Pizza Revolution at Tyndall LLC, Steven Terry, Matthew and

Cindy Terry, Alice and Douglas Worthington, Thomas Stephenson, Make Dough Enterprises Inc., Jared Richardson, Russell Crader, and Red Rust, LLC, v. Papa Murphy's International LLC, Papa Murphy's Company Stores, Inc., PMI Holdings Inc., Papa Murphy's Intermediate Inc., Murphy's Holdings, Inc., Lee Equity Partners LLC, John D. Barr, Ken Calwell, Thomas H. Lee, , Yoo Jin Kim, Benjamin Hochberg, John D. Schafer, Achi Yaffe, Janet Pirus, Victoria Blackwell, Gail Lawson, Dan Harmon, Scott Mullen, Jayson Tipp, Kevin King, Stephen Maeker, Steve Millard, Steve Figiola; Washington Superior Court, Clark County, Case No. 14-2-01743-3.

These two related actions were commenced in April 2014 and June 2014, respectively, by separate groups of current and former franchisees against us, certain members of our board of managers and executive team, and others in Washington Superior Court (Clark County), alleging misrepresentations involving financial performance representations in ITEM 19 of ~~our~~the franchise disclosure document the franchisees' local marketing obligations, among other things, and brought claims for violation of the Washington Franchise Investment Protection Act ("WFIPA"), fraud, negligent misrepresentation and breach of contract. These two actions were consolidated in September 2014 under Case Number 14-2-00904-0.

Each of the plaintiff groups ~~have~~—entered into settlements with Papa Murphy's in which they dismissed all of their claims against defendants with prejudice and the action was dismissed in June 2020. The settlements are as follows: (1) one plaintiff group dismissed its claims against Papa Murphy's for no consideration; (2) two plaintiff groups agreed to pay amounts ranging from \$5,000 to \$8,000 to Papa Murphy's and remained in the system; (3) Papa Murphy's agreed to pay one plaintiff group's advertising costs for one year, agreed to allow the franchisee to develop an additional franchise, and agreed to return the franchisee's initial development fee of \$10,000; (4) another plaintiff group agreed to remain in the system in exchange for Papa Murphy's paying 3.8% of the franchisees' sales towards local advertising for a period of two years and extending the franchise agreement's term for an additional ten years; (5) Papa Murphy's settled with fifteen different plaintiff groups and paid amounts ranging from \$10,000 per group to \$4 million per group; (6) Papa Murphy's agreed to purchase one plaintiff group's nine Papa Murphy's stores at an agreed upon value of the stores' assets plus \$500,000; and (7) Papa Murphy's agreed to purchase seven plaintiff groups' Papa Murphy's stores at an agreed upon value of the stores' assets.

Rob & Bud's Pizza, L.L.C. v. Papa Murphy's International, Inc. and Papa Murphy's International, L.L.C.; United States District Court for the Western District of Washington, Case No. 5:15-cv-05090-TLB.

In spring 2015, Papa Murphy's sent a notice of default to plaintiff for alleged defaults under the plaintiff's franchise agreements. In response, on April 17, 2015, the plaintiff brought an action seeking a declaratory judgment and injunction preventing Papa Murphy's from terminating the franchises. The plaintiff subsequently added claims in the case alleging that Papa Murphy's tortiously interfered with the plaintiff's employees and negligence in how Papa Murphy's handled the plaintiff's customer database, and sought compensatory damages, punitive damages and costs in an unspecified amount. The plaintiff was also a plaintiff in the LMP case described above. The case ~~has been~~—dismissed with prejudice as part of a settlement with plaintiff in this case and the LMP case under which Papa Murphy's purchased plaintiff's nine Papa Murphy's stores at an agreed upon value of the stores' assets plus \$500,000.

**PUBLIC AGENCY ACTIONS AGAINST
MTY USA, AFFILIATES AND/OR THEIR PREDECESSORS**

Concluded State Administrative Actions Involving SFF, L.L.C., successor in interest to SweetFrog Enterprises, L.L.C.

In the Matter of SweetFrog Enterprises, L.L.C. f.k.a. Imagination Enterprises, Inc., d/b/a Sweet Frog, Administrative Proceeding Before the Securities Commissioner of Maryland, Case No. 2012-0055.

As a result of an inquiry into the franchise related activities of SweetFrog Enterprises, L.L.C., (“SFE”) the Maryland Securities Commissioner (“Commissioner”) concluded that grounds existed to allege that SFE violated the registration and disclosure provisions of the Maryland Franchise Law in relation to the offer and sale of certain license agreements. SFE acknowledged that those license agreements constituted franchises as defined under the Maryland Franchise Law. SFE represented that it entered into license agreements with eight Maryland licensees during the time it was not registered to offer and sell franchises in Maryland. On August 29, 2012, the Commissioner and SFE agreed to enter into a consent order whereby SFE, without admitting or denying any violations of the law, agreed to: (i) immediately and permanently cease from the offer and sale of franchises in violation of the Maryland Franchise Law; (ii) file and diligently pursue an application for an initial franchise registration in Maryland relating to the license agreements it offered and sold to Maryland licensees; and (iii) to offer to rescind the license agreements of all Maryland licensees to whom it sold unregistered franchises. We are not aware of any licensees that accepted the rescission and have made a good faith effort to obtain that information.

Concluded State Administrative Actions Involving Predecessor Blimpie Associates, Ltd.

In May 1992, Blimpie Associates, Ltd. (“Blimpie”) and Joseph Dornbush (formerly the President of Blimpie) (collectively “Respondents”) responded to a claim by the New York Department of Law that it had sold franchises during a period of time when Blimpie’s prospectus had not been updated by amendment. Without the admission of any wrongdoing, Respondents consented to the entry of an order in which Respondents agreed: (i) to entry of a judgment enjoining them from further violations of the New York Franchise Sales Act; and (ii) to pay the sum of \$18,000 to the State of New York as an additional allowance. Respondents paid the \$18,000 in May 1992 and executed the consent judgment on August 25, 1992.

Concluded State Administrative Actions Involving Maui Wowi Franchising, Inc., predecessor in interest to Kahala Franchising, L.L.C.

In the Matter of Maui Wowi Franchising, Inc., Before the Securities Commissioner of Maryland, Case No. 2005-0651.

On November 11, 2005, Maui Wowi Franchising, Inc., the predecessor franchisor of the Maui Wowi brand (“MWF”), entered into a Consent Order with the Securities Commissioner of Maryland (“Commissioner”) resulting from MWF inadvertently entering into four franchise agreements with Maryland residents after its registration in Maryland expired on June 9, 2004 (“Maryland Franchisees”). The Consent Order required MWF to cease and desist from the offer and sale of unregistered franchises in Maryland; to diligently pursue the completion of its then pending application; to register its Offering Circular in Maryland; to develop and implement new franchise law compliance procedures to ensure

future compliance with the registration and disclosure provisions of Maryland Franchise Law; and to enroll an officer and a franchise compliance person in a franchise law compliance training program. Upon notification by the Commissioner, MWF sent to the Maryland Franchisees the registered Offering Circular, a copy of the Consent Order, and a letter notifying the Maryland Franchisees that they could rescind their franchise agreements. At this time, MWF is in full compliance with the Consent Order.

In the Matter of Maui Wowi Franchising, Inc., Before the Securities Commissioner of Maryland, Case No. 2007-0194.

On September 12, 2007, “MWF” entered into a Consent Order with the Maryland Commissioner resulting from MWF inadvertently entering into two franchise agreements with two Maryland residents (“Second Maryland Franchisees”) without delivering to them the appropriate Offering Circular. MWF was registered in the State of Maryland at the time of the offer and sale with an Offering Circular containing certain specific information required only by Maryland law. At the same time, MWF used a second form of Offering Circular in other states that did not contain all of the information required by Maryland law. Prior to the execution of the franchise agreements with the Second Maryland Franchisees, MWF accidentally delivered to them the Offering Circular that did not contain the Maryland-specific information. We subsequently reported these mistakes to the Commissioner. The Consent Order required MWF to cease and desist from the offer and sale of franchises in Maryland in violation of the Maryland Franchise Law; to diligently pursue the completion of its then pending application to register its Offering Circular in Maryland; to implement additional compliance measures to ensure future compliance with the Maryland Franchise Law; to employ an approved franchise law compliance training program or trainer to monitor MWF’s franchise activities in Maryland for two years; and to reimburse the Maryland Attorney General for its investigation and resolution costs in the total amount of \$2,500. Additionally, MWF was required to provide to the Second Maryland Franchisees the registered Offering Circular, a copy of the Consent Order, and a letter notifying the Second Maryland Franchisees that they have a right to rescind their franchise agreements. The Commissioner and MWF subsequently entered into an Amended Consent Order in which MWF elected to withdraw from the State of Maryland instead of employing a compliance monitor, with the agreement to employ a monitor if MWF was to re-register in the State of Maryland. MWF fully complied with the Amended Consent Order, and subsequently employed a compliance monitor and was granted registration in the State of Maryland.

Concluded State Administrative Actions, Arbitration, and Litigation Involving BF Acquisition Holdings, L.L.C. and/or its predecessors

State of Maryland Determination; Case Number 2012-0073.

In February 2012, the State of Maryland alleged that during the period January 1, 2009 to November 26, 2009, Triune, LLC (“Triune”): (i) did not retain signed acknowledgements of receipt reflecting the dates that its Franchise Disclosure Document was delivered to certain Maryland residents and non-residents; (ii) sold franchises to certain Maryland residents and non-residents without providing them with a copy of a 2009 Franchise Disclosure Document; (iii) sold franchises to certain Maryland residents and non-residents without providing them with a copy of a 2009 Franchise Disclosure Document that contained its 2008 financial statements with a going concern note from its auditors resulting from the unfavorable financial condition of its parent company; and (iv) sold franchises to certain Maryland residents and non-

residents without including, or abiding with, a deferral condition in their Franchise Agreements that was imposed upon it by the State of Maryland, all as required by the Maryland Franchise Registration and Disclosure Law (the “Maryland Law”) and in violation of the Maryland Law. Without admitting or denying the allegations, in September 2012, Triune voluntarily entered into a Consent Order with the Office of the Attorney General of Maryland and agreed to: (i) not violate the Maryland Law in the future; (ii) pay the Office of the Attorney General the sum of \$50,000 as a civil penalty; (iii) retain copies of all acknowledgments of receipt confirming dates that prospective Maryland franchisees received any Maryland Franchise Disclosure Documents; (iv) comply with the disclosure and antifraud provisions of the Maryland Franchise Law and the record keeping and escrow requirements of the Code of Maryland Regulations; and (v) send a copy of the Consent Order to certain Maryland franchisees.

State of Virginia Determination; Case Number SEC-2012-00027.

In February 2012, the Division of Securities and Retail Franchising of the State Corporation Commission (the "Commission") alleged that during 2009 Triune, LLC (“Triune”): (i) offered or sold franchises in Virginia in 2009 that were not registered under the Virginia Retail Franchising Act (the “Virginia Act”); (ii) offered or sold franchises in Virginia without disclosing that it was not registered to do so; (iii) failed to provide material information regarding the parent company’s unfavorable financial condition and the potential impact that it could have on Triune as stated in a going concern note in its 2008 financial statements from its auditors; and (iv) failed to provide a prospective franchisee with a copy of its Franchise Disclosure Document as required by rule or order of the Commission at least 14 calendar days before the prospective franchisee signed a binding agreement or made any payment to it in connection with the sale or offer to sell a franchise in Virginia. Without admitting or denying the allegations, on November 26, 2012, Triune voluntarily entered into a Settlement Order with the Commission and agreed: (i) to not violate the Virginia Act in the future; (ii) to pay Virginia the sum of \$25,000 as a penalty and the sum of \$5,000 to defray the Commission’s costs of investigation; (iii) to offer certain Virginia franchisees a refund of their initial franchise fees; and (iv) to send a copy of the Settlement Order to certain Virginia franchisees.

Lawsuits Filed by Franchisor Kahala Franchising, L.L.C. Against Franchisees During Fiscal Year December 1, 2023~~2~~ through November 30, 2024~~3~~

Suit for Breach of Contract

Kahala Franchising, L.L.C. v. All About Food, Inc. and Chu Yup Lee a/k/a Michale Lee; In the Circuit Court of the Nineteenth Judicial Circuit Lake County, Illinois; Case No.: 2024LA00000001.

Suit for Forcible Entry and Detainer

Cold Stone Creamery Leasing Company, Inc. v. JRF, Inc.; Iowa District Court for Dallas County; Case No.: SCSC050015.-

~~*Kahala Franchising, L.L.C. v. Hunter Hammond Enterprises, L.L.C. and Keith Hammond; In The Superior Court Of Harris County State Of Georgia; Civil Action File No.: 23-CV-379.*~~

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

ITEM 4: BANKRUPTCY

No bankruptcy is required to be disclosed in this franchise disclosure document.

ITEM 5: INITIAL FEES

Initial Franchise Fee – Bakeries

When you sign a franchise agreement for a Bakery, you will pay us the initial franchise fee in cash or other form of payment that will make the funds immediately available to us (such as wire transfer or cashier's check). The initial franchise fee for a WETZEL'S PRETZELS Bakery is \$40,000.

~~The initial franchise fee for a TWISTED BY WETZEL'S is \$40,000.~~

The initial franchise fee is generally uniform to all franchisees, except that Wetzel's Pretzels may waive or reduce the initial franchise fee for appropriate business reasons, in our sole discretion, including for franchisees who operate their franchises in non-traditional locations such as convenience stores, travel plazas or Walmart locations. For example, Wetzel's Pretzels is testing the viability of Bakeries operating from colleges, military bases, universities and airports, where the franchise fee and agreement terms may vary. We may change or withdraw these programs at any time. In the past, Wetzel's Pretzels has offered franchises at lower and varying initial fees and may continue to do so in the future. Typically, for franchise bakeries in non-traditional locations, the initial franchise fee has been \$20,000 to \$25,000, depending on the type of non-traditional format.

Veteran's and Active-Duty Military Discount. If you provide acceptable documentation that you have received an honorable discharge from the U.S. Army, U.S. Navy, U.S. Marine Corps., U.S. Air Force or U.S. Coast Guard or if you are currently serving in any of the U.S. armed forces, and if you meet our program requirements, we offer a discount of 25% off of the initial franchise fee.

First Responder's Discount. If you are currently employed as a police officer, fire fighter or emergency medical technician/paramedic or was employed in that role and honorably discharged within the previous five years, and if you meet our program requirements and provide acceptable documentation, we offer a discount of 25% off of the initial franchise fee.

Existing Franchisee Discount. If you are a current franchisee of ours, are in good standing with us and meet our program requirements, we offer a discount of 25% off the initial franchise fee.

Minority and Women's Ownership Discount. For eligible women and minority owners, we offer a discount of 25% off the initial franchisee fee. To qualify for the discount, you must meet our then-current criteria, which currently include: being a U.S. Citizen; owning not less than 51% of the franchise-entity; holding 100% of the voting interest in the franchise-entity, and actively managing the day-to-day business of the franchise (see Item 15 for requirements on management).

The above discounts apply to certain purchases, as described above, and cannot be combined. If a discount applies, only one will applied to the initial franchise fee, even if you qualify for more than one discount (Veteran's and Active-Duty Military Discount, First Responder's Discount, Existing Franchisee Discount and Minority and Women's Ownership Discount).

Initial Franchise Fee – Concession Truck or Trailer

If you will operate your franchise from a Concession Truck or Trailer, then the initial franchise fee is \$7,500 to be paid in cash or other form of payment that will make the funds immediately available to us (such as wire transfer or cashier's check). Currently, we do not offer discounts for subsequent Concession Trucks or Trailers. The initial franchise fee is generally uniform to all franchisees who will operate their franchises from Concession Trucks or Trailers, except that Wetzel's Pretzels may waive or reduce the initial franchise fee for appropriate business reasons, in our sole discretion.

If you wish to add an additional Concession Truck or Trailer to be operated within the Mobile Area assigned to you (see Item 12 for more information about Mobile Areas), which will require our consent, you will pay an additional Concession Truck or Trailer Fee of \$5,000 per each additional Concession Truck or Trailer to be operated within the Mobile Area; there are no additional discounts on this fee.

Lease Review Fee (Bakeries Only)

When you sign a franchise agreement for a Bakery, you will pay us a fee ranging between \$3,500 and \$7,000 for the review of your lease; the fee will depend on the complexity of the lease and will be determined in our sole discretion. In the event that your lease is thereafter renewed or materially amended, you will pay us a fee of \$5,000 for reviewing the renewal or amendment of your lease. The lease review fees (for an initial lease, renewal or amendment) must be paid to us prior to your execution of the same with the landlord. The review of your lease may be performed by us or a third-party vendor we hire. There is no lease review fee for a Concession Truck or Trailer. The review of your lease is not a guaranty that your Bakery will be successful at that location. The lease review is performed solely for the purpose of ensuring that your lease meets our minimum requirements for a lease for a Bakery. [A copy of the Lease Review and/or Negotiation Agreement and Release is attached to the Franchise Agreement at Attachment 11.](#)

Pre-Opening Purchases (Bakeries and Concession Trucks or Trailers)

Before opening your Franchised Business, you will purchase items such as grand opening banners and balloons, pan liners, name tags and job application forms from us. For WETZEL'S PRETZELS Bakeries or Concessions Trucks or Trailers, the total cost of all such items is unlikely to exceed ~~\$1,500.~~ ~~For TWISTED BY WETZEL'S Bakeries, the total cost of all such items is unlikely to exceed \$5,000.~~

Remote Mobile Unit Fee (Bakeries Only)

If you and your landlord agree that you may operate a Remote Mobile Unit within the shopping mall or shopping center where your Bakery is located, we will grant you a license to operate the Remote Mobile Unit under a Remote Mobile Unit Addendum, Attachment 4 to the Franchise Agreement. The Remote Mobile Unit Fee, payable when you sign the Addendum, is \$5,000. This fee is not refundable, and is not necessarily uniform in all cases, as we may negotiate the amount of the fee in certain instances in our discretion. You may not operate a Remote Mobile Unit in connection with a Concession Truck or Trailer.

Deposit on Sublease (Bakeries Only)

Upon rare occasion, we must lease real property to secure a desirable location for a Bakery and sublease it to our franchisee because the landlord is reluctant to rent to the franchisee, with which the landlord is not familiar. Our policy is to obtain a fully refundable deposit equal to two (2) months' rent when a franchisee leases from us. The amount is not uniform and the average amount of two (2) months' rent is \$8,000-25,000, but may vary depending on location. In some cases, we may also require you to obtain a letter of credit to secure your sublease, in an amount, on terms, and on a form we prescribe, from a bank acceptable to us. We will not lease real property to secure a location for a Concession Truck or Trailer.

ITEM 6: OTHER FEES

FEE ¹	AMOUNT	WHEN DUE	REMARKS
Royalties	7% of Adjusted Gross Revenue, except for TWISTED-BY WETZEL'S Bakeries "streetside" Bakeries will have a <u>royalty rate of 5% of Adjusted Gross Revenue for TWISTED-BY WETZEL'S Bakeries.</u>	On Wednesday (or any other weekday designated by us) of each week	See note 2.
Advertising Fund Contributions	For TWISTED-BY WETZEL'S, 1% to 5% of Adjusted Gross Revenue, as determined by us For all franchisees, 1% of Adjusted Gross Revenue <u>except for "streetside" Bakeries will contribute 3% of Adjusted Gross Revenue</u>	On Wednesday (or any other weekday designated by us) of each week	See note 2

Local Marketing Obligation for TWISTED BY WETZEL'S Only	You must spend at least 5% of Adjusted Gross Revenue on Local Marketing, less the then-required Advertising Fund Contribution	Quarterly; each quarter you must submit evidence of your Local Marketing expenditures	For example, if we require an Advertising Fund Contribution of 2% of Adjusted Gross Revenue, you will be required to spend 3% of Adjusted Gross Revenue on Local Marketing. Amounts for Local Marketing are paid to third parties.
Secret Shopper Fee	\$50 per shop	Monthly On invoice	Reimburses us for cost of service
Repeat Inspection Fee	\$500	On invoice	Only assessed if previous inspection revealed material default
Bi-Annual Convention Registration	\$1,500 plus incidental costs to attend	Before convention	We will debit your account for this fee whether or not you attend.
Ongoing Training Fees and Initial Training for New Managers	Cost plus 20%	When class begins	
Audit	All expenses of audit if underpayment exceeds 3% or if audit was undertaken because you did not submit annual financial statements in a timely manner	On invoice	See note 3. We may audit your records at your place of business or require you to send copies of specified records to us at your own expense.
Relocation Fee	\$7,500	Before relocation	Not applicable for Concession Trucks or Trailers

<p>Renewal Fee</p>	<p>For a renewal term between five and ten years, the renewal fee will be fifty percent (50%) of (a) our then-current initial franchise fee for a single Bakery (without any applicable discount) or (b) our then-current remote mobile fee for a Remote Mobile Unit, as applicable. For a Bakery or Remote Mobile Unit with a renewal term of less than five years, but at least one year, we will pro-rate the renewal fee by twenty percent (20%) each year. For example, for a three-year renewal term, you will pay sixty percent (60%) of the renewal fee.</p> <p>For a Concession Truck or Trailer: \$3,750</p>	<p>On signing new franchise agreement, or an amendment in the case of a one-year extension</p>	<p>For each and all Franchised Businesses, including Remote Mobile Units. You will be required to remit to us a monthly fee of \$500 per month until such time as you have entered into a new lease (or sublease) or a renewal of your lease (or sublease).</p>
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Transfer Fee	<p>For a Bakery: \$40,000 during the first twelve (12) months, \$20,000 from then on.</p> <p>For non-traditional location (including, but not limited to a convenience store): \$20,000 during the first twelve (12) months, \$10,000 from then on.</p> <p>For a Concession Truck or Trailer: \$3,750</p>	With notice of intention to transfer	Will be partially refunded if Transfer is denied
Remote Mobile Unit Transfer Fee	½ of current Remote Mobile Unit Fee	Before Transfer completes	Not applicable for Concession Trucks or Trailers
Interest on Late Payments	Lower of 18% per year or highest rate allowed by law	As accrued	Compensation for loss of use of money
Base Rent	Monthly rent	Per your Sublease Agreement, if applicable, usually the first of each month	Upon occasion, we must lease real property to secure a desirable location and sublease it to our franchisee because the landlord is reluctant to rent to the franchisee. The amount of your rent is not uniform and generally it is a pass through of the rent we owe under the master lease, though we may mark-up the rent to account for our risks.
Sublease Fee	The initial Sublease Fee will be \$200 monthly or as agreed by Parties, in addition to the Base Rent.	As incurred	The Sublease Fee compensates us for administrative expenses. We may increase the Sublease Fee, from time to time, upon written notice to you, but not by more than \$100 per month in a 12-month period.

Late Fee for Financial Statements	\$100 per week, per store	On invoice	For failure to submit year-end Financial Statements according to the timeline communicated
Lease Review Fee	\$3,500 to \$7,000, depending on complexity of lease, as determined by us	Due upon <u>execution of a Franchise Agreement or upon lease</u> landlord-execution of new lease <u>review if reviewed thereafter.</u>	We must review the terms of an initial lease, a renewal of a lease or a material amendment to a lease. Fee is incurred only if lease is finalized. In the event of a store sale or transfer, fee is responsibility of the buyer. <u>The fee is also payable to us if we or a third-party we hire represents you in connection with negotiating an extension or renewal of your lease.</u>
Lease Negotiation Fee	\$3,500 to \$7,000, depending on complexity of lease, as determined by us	As incurred	The fee is payable to us if we or a third-party we hire represents you in connection with negotiating an extension or renewal of your lease.
Site Evaluation Fee for TWISTED BY WETZEL'S Only	\$750 after the first evaluation trip	As incurred	The Site Evaluation Fee is paid to us. This fee is not refundable. See note 4
Supplier Fee	You must reimburse us for our costs and expenses in inspecting a proposed supplier. We estimate that our costs and expenses are unlikely to exceed \$500.	As incurred	
Private Offering Fee	\$5,000	As incurred	
Technology Fees	Currently, we charge approximately \$200 <u>\$300</u> , but we may increase this fee as necessary	The technology fee may be charged monthly, or as incurred, in our discretion.	See note 5

Additional Concession Truck or Trailer Fee	\$5,000 per each additional Concession Truck or Trailer	As incurred	The Additional Concession Truck or Trailer Fee is paid to us if we agree to you operating an additional Concession Truck or Trailer in the Mobile Area assigned to you
Document Administration Fee	\$500 (Note 6)	As incurred	Applicable if an amendment must be prepared, including for an affiliate transfer.

1. Unless otherwise noted, none of these fees are refundable. We impose and collect all fees described in the table. Unless otherwise noted, all fees are imposed on all Franchised Businesses (both Bakeries and Concession Trucks or Trailers). Generally, these fees are uniformly imposed however, we may negotiate a different fee in certain instances in our discretion. For example, we have on occasion agreed to accept reduced transfer fees, renewal fees and have granted partial royalty relief in exceptional cases. All may be debited from your bank account under the Authorization Agreement for Prearranged Payment attached to the franchise agreement. We do not impose or collect any fees in whole or in part for a third party.

2. “Adjusted Gross Revenue” means the total amount of income of any type or nature generated by you and your Related Parties, directly or indirectly, from, by or on account of the operation of the Franchised Business, including but not limited to for all goods (including gift cards) sold and services rendered from the Approved Location or in connection with the Trade Name or Marks, in whatever form and from whatever source (including revenues from special or promotional programs, delivery services and fees, other revenues associated with delivering and/or selling products or services off-premises or any other revenue-generating activity), including but not limited to cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. However, the definition of Adjusted Gross Revenue does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities, proceeds from insurance with respect to your property damage or liability, proceeds from civil forfeiture, condemnation or seizure by governmental entities or the amount of any returns, discounts, credits, allowances, or adjustments, within an accounting period. Without limiting the foregoing, fees, charges, payments or other amounts remitted to or collected by delivery services, providers, platforms or aggregators shall not be deducted from Adjusted Gross Revenue.

3. Also, if the underpayment exceeds 3% of the money owed, we may require that from then on your annual financial statements be audited and certified at your own

expense. Audit costs are not refundable.

4. We (or a designee) may conduct on-site evaluations of any proposed site for a ~~TWISTED BY WETZEL'S~~ Bakery. The first trip that we make to conduct site evaluations will be made without charge to you. For each additional trip that we make to your Territory to perform one or more site evaluations we will charge a site evaluation fee of \$750.

5. We currently require you to pay certain technology fees to us directly or to approved suppliers. Technology fees are intended to be used to cover the costs of operation, maintenance and upgrade of the point-of-sale ("POS") system used throughout the System as well as for the development, implementation, maintenance, support (including technological support), update and/or upgrade of certain web-based or mobile applications, which may include without limitation online ordering system(s), training applications, and loyalty applications. The technology fees may be used to develop, implement, use, maintain, support, update and/or upgrade other technologies within the System, including web-based and/or mobile applications, which may include online ordering system(s), training applications, and loyalty applications. This may include, but are not limited to, amounts paid to us or due to third-party delivery service platforms and aggregators. It may also be used to develop, implement, maintain, support, update and/or upgrade website(s) or webpage(s) for the System. We may, from time to time, and upon written notice to you, increase technology fees, either due to increased costs for existing technologies or due the introduction of new technologies for use in the System. Portions of the technology fee may be paid to us, our affiliates or to third parties. We may charge, collect for a third-party or require you to remit to a third-party, amounts used to develop and use technologies within the System. This may include amounts paid to third-party delivery service platforms and aggregators. Portions of the technology fees may be calculated, allocated, and/or charged based on a per unit basis, per transaction basis or other methodology determined by us in the exercise of our reasonable business judgment.

6. The Document Administration Fee in the amount of \$500 will be charged to you if an amendment to your franchise documents must be prepared.

ITEM 7: ESTIMATED INITIAL INVESTMENT

The following chart describes the estimated initial investment for a single WETZEL'S PRETZELS Bakery.

YOUR ESTIMATED INITIAL INVESTMENT WETZEL'S PRETZELS® BAKERY					
TYPE OF EXPENDITURE¹	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			

Initial Franchise Fee ²	\$20,000	\$40,000	Single payment	At franchise agreement signing	Us
Lease Review Fee ³	\$3,500	\$7,000	Single payment	Upon demand	Us or Suppliers
Business Premises ⁴	\$5,000	\$25,000	Two payments	At lease signing	Lessor
Leasehold Improvements ⁵	\$50,000	\$400,000	As arranged	Before opening	Contractor
Food Preparation Equipment ⁶	\$49 <u>53</u> ,000	\$89 <u>95</u> ,000	As incurred	Before opening	Suppliers
Utility Deposits, Licenses, Permits ⁷	\$500 <u>1,000</u>	\$5 <u>15</u> ,000	As incurred	Before opening	Equipment Lessors & Utilities
Insurance	\$500	\$2,500	As incurred	Before opening	Insurance carriers
Signs & Menu Boards	\$5,000	\$4 <u>17</u> ,000	Single payment	Before opening	Suppliers
Digital Display Boards ⁸	\$5,000	\$7,500	Single payment	Before Opening	Suppliers
POS System	\$500	\$900 <u>1,000</u>	Single payment	Before opening	Suppliers
Initial Inventory & Smallwares	\$5,500	\$4 <u>12</u> ,000	Single payment	Before opening	Suppliers
Training Fee for Additional Trainee ⁹	\$0	\$750	Single payment	Before training begins	Us
Training Expenses	\$1,000	\$2,500 <u>4,000</u>	As arranged	At training	Hotel, Restaurants
Grand Opening Advertising ¹³	\$500	\$2,500	Single payment	At opening	Suppliers
Office Equipment & Supplies	\$500	\$2,500	As incurred	Before opening	Suppliers
Professional Fees ¹⁰	\$1,000	\$3,400 <u>200</u>	As incurred	Before opening	Attorney & Accountant
Architect Engineers & Const. Manager	\$6,000	\$20 <u>22</u> ,000	As incurred	Before opening	Architect Engineers & Const. Manager
Additional Funds - first 90 days ¹¹	\$25,000	\$55,500	As incurred	Varies	Employees, others

TOTAL ¹²	<u>\$178,500</u> <u>183,000</u>	<u>\$689,750</u> <u>712,450</u>			
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1. Except for the “additional funds” category described in note 10, below, this table shows expenses of a WETZEL’S PRETZELS Bakery through opening day. None of the expenses shown in this table are refundable, except for insurance, utility and security deposits, which may be partially refundable. Neither the franchisor nor any affiliate finances part of the initial investment. Also, we do not offer direct or indirect financing. We will not guarantee your note, lease, or obligation.
2. If you qualify, a discount may be applied to the initial franchise fee for a single WETZEL’S PRETZELS Bakery to be operated in a traditional or non-traditional location. See Item 5 for more information. Unless expressly stated in Item 5, no discount will be applied to the initial franchise fee. The standard initial franchise fee is \$40,000 for a traditional WETZEL’S PRETZELS bakery in a mall, outlet center, or street location. For a second or subsequent WETZEL’S PRETZELS Bakery in the same center, the fee is \$22,500. Some non-traditional locations may have lower initial franchisee fees. Bakeries located inside roadside plazas or inside retail outlets have an initial franchise fee of \$25,000. Bakeries for other non-traditional locations such as convenience stores and military bases have an initial fee of \$20,000. The initial franchise fee must be paid as a lump sum by wire transfer within 5 business days of signing the Franchise Agreement and is fully earned by us when paid and is non-refundable.
3. You must pay us a fee for the review of your lease. The fee will depend on the complexity of the lease.
4. Figures are based on assumption that premises will be rented and that lessor will require an initial payment of one (1) month’s rent and, in some cases, a security deposit of one (1) month’s rent. The premises will probably be located in a mall or shopping center; and the typical size will range from 600 to 800 square feet, with 15 to 20 linear feet of frontage. If your WETZEL’S PRETZELS Bakery is larger than this, some of your costs may be higher than shown in the “High” column.
5. Leasehold improvements may vary substantially based on the layout and geographic location of your Bakery, local building codes and labor requirements. This estimate is for an inline location within a mall that is constructed without using union labor. The estimated low amount is for a location that was previously built out for food use and improvements are limited to cosmetic changes rather than structural ones. For a kiosk in a mall, the estimated high amount is likelier to be closer to \$300,000. For a Bakery located within a store location (i.e., a Bakery located within a Walmart), the estimated high amount for leasehold improvements is likelier to be closer to \$250,000 to ~~\$300~~350,000 but may vary widely based on the physical characteristics and government jurisdiction requirements of the location. Additionally, the estimated high amount for other non-traditional locations, such as a location inside a convenience store is likelier to be closer to \$50,000-\$100,000 depending on the layout of store. Where a Bakery is included in the plans of a new convenience store being built from the ground up, the high amount for leasehold improvements is

likelier to be closer to \$50,000, [depending on configuration and what incremental equipment is needed](#). While we do not require you to use union labor, the use of union labor may be required by the landlord. The use of union labor will typically increase your costs. This estimate does not take into any tenant's improvements or other forms of contribution by your landlord.

6. This category includes such items as food preparation equipment and janitorial equipment.
7. This category includes sales tax deposits or bonds, construction permit, sewer hookup charges, and utility deposits.
8. You will also incur monthly fees from suppliers for ongoing software and support, which is currently approximately \$30.00 per month, and subject to inflationary increases at supplier discretion.
9. The fee for training the first four people is included in the initial franchisee fee. An additional training fee is assessed for each additional trainee. Your Designated Manager must attend the initial training program. Attendance by others is optional.
10. This figure includes the cost of setting up your books and attorney review of the franchise agreement.
11. This category includes 90 days' wages for 3 full-time and 6 part-time employees, opening cash, rent ranging from \$4,000 to \$12,500 per month for three months, technology fees and other miscellaneous expenses incurred during the first 90 days of the operations of the WETZEL'S PRETZELS Bakery. We relied on our own experience and review by our construction coordinator in estimating this figure. You should review these figures carefully in light of local conditions and the economy, consulting a business advisor if necessary.
- [12.](#) This total amount is based upon on our historical experience in developing corporate and affiliated stores, information that franchisees have provided to us within the last fiscal year as well as on information obtained from architects and contractors. Your costs may vary based on a number of factors including but not limited to the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales of the establishment and your skills at operating a business. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area. [For some convenience store locations, the total amount may be less than the aggregate minimum total above, such as those that only require incremental equipment and décor. We estimate total amount for C-store locations without considerable leasehold improvement work to be \\$70,000 to \\$150,000 and Travel Plazas to be \\$150,000 to \\$300,000, but costs may vary based on condition of space, location, etc.](#)
- [13.](#) [If you operate a streetside Bakery, you must spend at least three thousand dollars \(\\$3,000\) on a grand opening advertising program. Your grand opening advertising program must be conducted in accordance with the general guidelines in the Manual](#)

[for an initial advertising program.](#)

Unless stated otherwise above, the fees described in this Item 7 must be paid in a lump sum, are fully-earned when paid and are not refundable.

The following chart describes the estimated initial investment for a single WETZEL'S PRETZELS Remote Mobile Unit.

YOUR ESTIMATED INITIAL INVESTMENT REMOTE MOBILE UNIT					
TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Remote Mobile Unit Fee ¹	\$5,000	\$5,000	Single Payments	At signing of Retail unit Addendum	Us
Remote Mobile Unit Construction ²	\$38,000	\$113,500	As incurred	Varies	Cart Manufacturers, Lessor, Utilities
Remote Mobile Unit Equipment	\$18 19,000	\$25 26,000			
TOTAL³	\$61 62,000	\$143 144,500			

1. If you and your landlord agree that you will operate a Remote Mobile Unit in the same shopping center or mall where your Bakery is located and we grant you a license to do so, you will pay us a remote mobile unit fee of \$5,000. The remote mobile unit fee must be paid as a lump sum by wire transfer and is fully earned by us when paid and is non-refundable.
2. If you and your landlord agree that you will operate a Remote Mobile Unit in the same shopping center or mall where your Bakery is located and we grant you a license to do so, you will incur costs of between \$38,000 and \$113,500 for manufacture and installation of the Remote Mobile Unit and for deposits required by utilities and the landlord. A remote mobile unit for indoor use typically costs between \$38,000 and \$63,500 to construct. A remote mobile unit for outdoor use typically costs between \$38,000 and \$113,500 to construct.
3. This total amount is based upon on our historical experience in developing corporate and affiliated remote mobile unit, information that franchisees have provided to us within the last fiscal year as well as on information obtained from architects and contractors. Your costs may vary based on a number of factors including but not limited to the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales of the establishment and your skills at operating a business. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific

costs in your area.

Unless stated otherwise above, the fees described in this Item 7 must be paid in a lump sum, are fully-earned when paid and are not refundable.

The following chart describes the estimated initial investment for a single TWISTED BY WETZEL'S.

YOUR ESTIMATED INITIAL INVESTMENT TWISTED BY WETZEL'S BAKERY					
TYPE OF EXPENDITURE¹	AMOUNT		METHOD OF PAYMENT	WHEN- DUE	TO WHOM- PAYMENT IS- TO BE MADE
	LOW	HIGH			
Initial Franchise Fee	\$30,000	\$40,000	Single-payment	At franchise agreement-signing	Us
Lease Review Fee	\$3,500	\$7,000	Single-payment	Upon-demand	Us or Suppliers
Business-Premises	\$5,000	\$20,000	Two-payments	At lease signing	Lessor
Leasehold-Improvements ²	\$400,000	\$515,000	As arranged	Before-opening	Contractor
Food Preparation Equipment ³	\$90,000	\$110,000	As incurred	Before-opening	Suppliers
Tables, Counters, Chairs and Waste Receptacles	\$2,500	\$5,000	Single-payment	Before-opening	Suppliers
Utility Deposits, Licenses, Permits	\$500	\$8,000	As incurred	Before-opening	Equipment Lessors & Utilities
Insurance	\$500	\$2,500	As incurred	Before-opening	Insurance carriers
Signs & Menu Boards	\$5,000	\$20,000	Single-payment	Before-opening	Suppliers
Digital Display Boards	\$5,000	\$7,500	Single-payment	Before-Opening	Suppliers
POS System	\$500	\$900	Single-payment	Before-opening	Suppliers
Initial Inventory & Smallwares	\$7,500	\$15,000	Single-payment	Before-opening	Suppliers

Training Fee for Additional Trainee	\$0	\$750	Single-payment	Before-training begins	Us
Training Expenses	\$1,000	\$2,000	As arranged	At training	Hotel, Restaurants
Grand Opening Advertising ⁴	\$3,000	\$7,500	Single-payment	At opening	Suppliers
Office Equipment & Supplies	\$500	\$2,500	As incurred	Before-opening	Suppliers
Professional Fees	\$1,000	\$3,100	As incurred	Before-opening	Attorney & Accountant
Architect-Engineers & Const. Manager	\$10,000	\$18,000	As incurred	Before-opening	Architect-Engineers & Const. Manager
Additional Funds—first 90 days	\$20,000	\$53,500	As incurred	Varies	Employees, others
TOTAL ⁵	\$585,500	\$838,250			

1. — This table shows the additional expenses that you may incur in connection with a ~~TWISTED BY WETZEL'S Bakery~~. Unless an expense item references a specific note below, please refer to the notes provided to the table above for a ~~WETZEL'S PRETZELS Bakery~~. Please note that only certain locations may be approved us for a ~~TWISTED BY WETZEL'S Bakery~~ based on, but not limited to, factors such as location, size of space, geography, demographics, etc.
2. — The premises for a ~~TWISTED BY WETZEL'S Bakery~~ may include in-store seating and may be located in Power Centers, Shopping Centers or Strip Centers, typically anchored by retailers such as Target, Walmart, Lowe's, Kohls, Ross, TJ Maxx, Old Navy, regional grocers, movie theaters and accompanied by other quick service restaurants and businesses. Typical locations are likely strip shopping centers, lifestyle centers, business centers, regional centers, centers bordering college and universities, or downtown areas. The Landlord may provide some leasehold improvements, but if not, they will be at your expense. These estimates are based on constructing a 1,200 to 1,600 square foot with decoration for a ~~TWISTED BY WETZEL'S Bakery~~. This amount is based upon a national average for labor costs and does not include extensive renovations. Construction costs also vary considerably depending on whether the building is a completed structure immediately adaptable to installation of necessary fixtures and equipment or whether it is a location where construction is in progress; fair market values in your area; size, condition, and location of the premises; labor costs (union versus non-union); and equipment requirements. There is a wide range of probable locations that a ~~TWISTED BY WETZEL'S Bakery~~ could be in, and therefore, a wide range for the approximate size of the property and building.

3. ~~TWISTED BY WETZEL'S Bakeries feature menu items not offered by WETZEL'S PRETZELS Bakeries. Accordingly, you will need to purchase additional food preparation equipment, which may include a soft serve ice cream machine and convection oven. This is in addition to the food preparation equipment shown in the table above for a WETZEL'S PRETZELS Bakery. The amount will vary depending on the size of the project and whether or not extra or customized equipment is purchased. As an example, an equipment list may include lid/cup dispenser, napkin dispenser, heat lamp, plate dispenser, soap dispenser, paper towel dispenser, box holder, lid holder, condiments box, utensil box, soda cooler, soda fountain, ice machine, coffee machine, soup unit, sneeze guard, work table, refrigerators, sinks, cupboard, cabinet, doors, grease trap, freezer, dishwasher, shelves, hooks, digital menu board, radios, amplifiers, and speakers.~~

4. ~~For a TWISTED BY WETZEL'S Bakery, we will require you to spend additional monies toward Grand Opening Advertising. This expense is not required for WETZEL'S PRETZELS® Bakeries.~~

5. ~~This total amount is based upon on our historical experience in developing corporate and affiliated TWISTED BY WETZEL'S Bakeries, information that franchisees have provided to us within the last fiscal year as well as on information obtained from architects and contractors. Your costs may vary based on a number of factors including but not limited to the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales of the establishment and your skills at operating a business. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area.~~

~~Unless stated otherwise above, the fees described in this Item 7 must be paid in a lump sum, are fully earned when paid and are not refundable.~~

The following chart describes the estimated initial investment for a single WETZEL'S PRETZELS Concession Truck or Trailer.

YOUR ESTIMATED INITIAL INVESTMENT WETZEL'S PRETZELS CONCESSION TRUCK OR TRAILER					
TYPE OF EXPENDITURE¹	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Franchise Fee	\$5,625	\$7,500	Single payment	At franchise agreement signing	Us
Concession Truck or Trailer	\$60,000	\$98,000	As incurred	As require by supplier	Suppliers
Vehicle Improvements ²	\$86,000	\$144,000	As incurred	As require by supplier	Suppliers

Insurance	\$ 2,000 <u>500</u>	\$4,500	As incurred	Before opening	Insurance carriers
Storage space / Commissary	\$0	\$2,550	As incurred	Before opening	Lessor
POS System	\$500	\$900 <u>1,000</u>	Single payment	Before opening	Suppliers
Initial Inventory & Smallwares	\$4,000	\$9,000	Single payment	Before opening	Suppliers
Training Fee for Additional Trainee ³	\$0	\$750	Single payment	Before training begins	Us
Training Expenses	\$1,000	\$20 <u>24,000</u>	As arranged	At training	Hotel, Restaurants
Grand Opening Advertising	\$500	\$2,500	Single payment	At opening	Suppliers
Professional Fees ⁴	\$1,000	\$3,100	As incurred	Before opening	Attorney & Accountant
State Vehicle Registration	\$1,000	\$18 <u>20,000</u>	As incurred	Before opening	Governmental agencies
Additional Funds - first 90 days ⁵	\$10,000	\$20 <u>21,000</u>	As incurred	Varies	Employees, others
TOTAL ⁶	\$173,625 <u>172,125</u>	\$317,800 <u>900</u>			

1. Except for the “additional funds” category described in note 6, below, this table shows expenses of a Concession Truck or Trailer through opening day. None of the expenses shown in this table are refundable, except for insurance, which may be partially refundable.
2. The low estimate represents the cost of vehicle improvements for a used (but in good shape) Concession Truck or Trailer with reasonable wear and tear. The high estimate represents the cost of vehicle improvements for a new Concession Truck or Trailer. This category also includes cost and installation of equipment (expected to range between \$25,000 on the low side and \$45,000 on the high side). Equipment may include refrigerators, ovens and other similar equipment. You may purchase only approved equipment only from approved suppliers. This figure also represents an estimate of the vehicle wrap that must be placed on your Concession Truck or Trailer (\$4,000 on the low side and \$6,000 on the high side). You must not place any non-Wetzel’s Pretzels signage on or in your Concession Truck or Trailer. Costs are based on historical estimates with food truck fabricators that we have experience with, new fabricators could have higher costs.
3. The fee for training the first four people is included in the initial franchisee fee. An additional training fee is assessed for each additional trainee. Your Designated Manager must attend the initial training program. Attendance by others is optional.

4. This figure includes the cost of setting up your books and attorney review of the franchise agreement.
5. This category includes 90 days' wages for 3 full-time and 6 part-time employees, opening cash, storage space or commissary rent ranging from \$0 to ~~\$850~~1,000 per month, and other miscellaneous expenses incurred during the first 90 days of the franchised business' operations. We relied on our own experience and review by consultants in estimating this figure. You should review these figures carefully in light of local conditions and the economy, consulting a business advisor if necessary.
6. Your costs may vary based on a number of factors including but not limited to the condition of the Concession Truck and Trailer, whether the Concession Truck or Trailer is used or new, the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales of the Concession Truck or Trailer and your skills at operating a business. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area.

Unless stated otherwise above, the fees described in this Item 7 must be paid in a lump sum, are fully-earned when paid and are not refundable.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

For WETZEL'S PRETZEL Bakeries only, competition for tenant space is keen in the malls and shopping centers where our Bakeries are located. You must retain our designated broker to negotiate the lease and you must promptly sign it when it is presented to you. The designated broker will be an experienced commercial real estate broker who specializes in regional enclosed mall leasing and is familiar with our standards. No later than 18 months prior to lease expiration, you must retain our designated broker to represent you in negotiating a renewal lease.

For all Franchised Businesses, you must obtain our prior written approval of the proposed lease and must use your best efforts to add the lease provisions listed in Attachment 6 to the franchise agreement to the lease.

For all Franchised Businesses, if you do not present to us a renewal lease that is acceptable to you, us and your landlord at least 12 months before lease expiration, we have the right, at our sole option, to assume lease negotiations for the site. If this occurs, you must sign the renewal lease that we negotiate for you within 30 days after we present it to you. Failure to observe these requirements is a material event of default. **By suggesting a particular site for the premises of a Bakery, we do not guarantee that the Bakery operating at that location will be successful. By negotiating or approving the lease, we do not guarantee that all its provisions will benefit you.**

Upon occasion, we lease real property and sublease it to our franchisee if that is the only way to secure a desirable location for a Bakery. We require a refundable deposit from a subleasing franchisee, but ask the franchisee to make rent payments directly to the

landlord. A copy of our form of Sublease Agreement for a Bakery is attached to this disclosure document as Exhibit G. In some cases, we may also require you to obtain a letter of credit to secure your sublease, in an amount, on terms, and on a form we prescribe, from a bank acceptable to us. This is not applicable to Concession Trucks or Trailers.

For Bakeries only, you must employ a qualified construction manager whom we have approved to oversee the buildout of your business premises. We may require you to employ a construction manager whom we have designated as the only supplier of construction management services.

If you operate a Concession Truck or Trailer, you must obtain the Concession Truck or Trailer from one of our approved suppliers. Your Concession Truck or Trailer must be constructed in accordance with our then-current designs, standards and specifications.

We supply to our franchisees miscellaneous items for both Bakeries and Concession Trucks or Trailers that meet our specifications, such as grand opening banners and balloons, pan liners, name tags and job application forms. As a practical matter, you will probably wish to purchase these items from us because they are not readily available elsewhere and the cost is low.

We have designated only one supplier of our proprietary pretzel dough mix which you are required to use exclusively in your Franchised Business. We are an approved supplier, but not the sole approved supplier, of required toppings and condiments. For your Franchised Business, you may purchase proprietary food items, of which a growing number are being developed, from our designated supplier only. At present, we are the sole approved supplier of hats, shirts, uniforms, cups, paper goods, and other items bearing the Marks. Although you may seek approval from us of other suppliers for these items, you will probably find that quantity production enables us to offer the best prices for many of these items.

You must buy one or two electronic cash registers from our designated supplier. Bakeries generally require two electronic cash registers while Concession Trucks or Trailers generally would need one electronic cash register. You must also buy an electronic receipt printer and a modem that meet our specifications.

We will give you, during the initial training program, a written list of names and addresses of suppliers of goods and services that currently meet our standards and specifications. In advising you of suppliers which meet our standards and specifications, **we expressly disclaim any warranties or representations as to the condition of the goods or services, including, but not limited to, expressed or implied warranties as to merchantability or fitness for any intended purpose.** You agree to look solely to the manufacturer of goods or the supplier of services for the remedy for any defect in the goods or services.

We cannot guarantee that any designated supplier will offer or continue any particular pricing, warranty or other terms of sale. Also, we cannot guarantee a continuing supply from any designated supplier. We are not under any obligation to you with respect to the terms negotiated or the terms of any supplier. We cannot guarantee that designated suppliers will offer or continue to offer you any trade credit terms as that is solely up to the supplier and their credit standards.

We evaluate and approve suppliers upon the basis of their ability to meet quality specifications and to replicate the products and services provided by currently approved suppliers. If you wish to use or sell any product not previously certified by us to meet our specifications or which is sold by a supplier not previously approved by us, you must give written notice to us of this fact and, upon our request, give us product specifications, sample products, and/or information about the supplier. We will communicate to you either our approval or our reasons for withholding our approval within a maximum of 14 days. Silence may not be construed as consent. If we do not approve the supplier within 14 days, the supplier is deemed disapproved. As a condition of approving a supplier or product, we will require you to reimburse us for any expenses we reasonably incur in inspecting the supplier's premises, checking the supplier's credentials, or testing the supplier's product. The cost is unlikely to exceed \$500. As a condition of approving a supplier of any product that bears the Trade Name or Marks, we may require that the supplier sign our License Agreement. We may withdraw our approval of a supplier or a product if either or both no longer meet our standards or specifications. If this occurs, we will notify you in writing.

We may receive payments, discounts, or other advantages from approved suppliers based on the suppliers' sales to our franchisees. Aside from our proprietary products which you must buy from us or our designated supplier, you will not be required to purchase from any such suppliers. Instead, you may buy from another approved supplier or may obtain approval of another supplier whose products meet our specifications.

There are no suppliers to our franchisees in which any of our officers own an interest.

For the year ending November 30, 2024,³ MTY USA and its subsidiaries, as of such date, derived revenues from the sales of products, services, and vendor allowances in the amount of ~~\$51,714,322~~^{43,895,158}, which was approximately 78.5% of MTY USA's total consolidated recognized revenue in the amount of ~~\$597,538,000~~^{580,280,000}.

Various suppliers and vendors of MTY USA and its subsidiaries contribute marketing and other revenues to MTY USA and/or its subsidiaries based upon system-wide purchases from those suppliers and vendors. During our last fiscal year, MTY USA and its subsidiaries on a consolidated basis earned a total of ~~\$30,372,764~~^{32,499,276} of the ~~\$51,714,322~~^{43,895,158} from such vendors. -Additional other revenues (for example, revenue from miscellaneous fees and expenses from franchisees) in the amount of ~~\$5,680,438~~^{5,749,317} were also received by MTY USA and its subsidiaries during the last fiscal year.

We estimate that your payments for purchases from us, from designated or approved suppliers or which must conform to our specifications will represent about 50% of your start-up costs and 95% of your ongoing costs.

We negotiate purchase arrangements with suppliers, including price terms, on behalf of franchisees and company-owned Bakeries. These include commodity forward contracts or system-wide quantity discounts.

There are currently no purchasing or distribution cooperatives. We do not provide

benefits based on your use of approved sources.

You may be required to utilize our approved mobile application (“App”) and online food ordering service (including any third-party delivery order integration) and may not be allowed to use any other store-specific App or online ordering service. You may also be required to utilize third-party delivery services, through a provider of your choice, unless we require you to use a specific third-party(ies) and provided that if required and/or if you choose to participate in such third-party delivery services, you may be required to utilize a point-of-sale integration directed by us.

You must maintain one or more insurance policies that we specify. You must maintain the insurance coverages and amounts that we specify. We must be named as an additional insured on all of your policies. The coverage amounts that we specify are the minimum amounts that we require. We do not represent that these amounts are adequate. You should consult with your insurance advisors to determine that you have obtained all required coverages as well as any additional types of coverage or higher limits that they recommend.

ITEM 9: FRANCHISEE’S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	7.3.1 of Franchise Agreement; 7.2 of the Concession Truck or Trailer Amendment	8, 11
b. Pre-opening purchases/leases	7.3.1, 7.3.2 of Franchise Agreement, 7.2 and 7.3 of the Concession Truck or Trailer Amendment	5, 8

c. Site development and other pre-opening requirements	7.3.1, 7.3.2 of Franchise Agreement; 7.2 and 7.3 of the Concession Truck or Trailer Amendment	11
d. Initial and ongoing training	5.2, 5.5, 6.8, 7.2 of Franchise Agreement	11
e. Opening	7.3.3 of Franchise Agreement	8, 11
f. Fees	Article 6 of Franchise Agreement, Remote Mobile Unit	5, 6, 7, 11
	Addendum § 3.3; Article of 5 Multi-Unit Development Agreement; Article 6 of the Concession Truck or Trailer Amendment	
g. Compliance with standards and policies/operating manual	7.3.4, 7.9.1 of Franchise Agreement	11
h. Trademarks and proprietary information	7.1., 8.1 of Franchise Agreement	13, 14
i. Restrictions on products/services offered	5.4, 7.3.5, 7.3.10 of the Franchise Agreement	16
j. Warranty and customer service requirements	5.4, 7.3.6, 7.3.9, 7.5 of Franchise Agreement	Not Applicable
k. Territorial development and sales quotas	Article 2 of Multi-Unit Development Agreement	12
l. Ongoing product/service purchases	7.3.5, 7.3.8, 7.3.10 of Franchise Agreement	8

m. Maintenance, appearance and remodeling requirements	5.1, 5.3, 7.1.2, 7.3.4, 7.3.8 of Franchise Agreement, Remote Mobile Unit Addendum § 3.5; 7.4 of the Concession Truck or Trailer Amendment	17
n. Insurance	7.8 of Franchise Agreement, Remote Mobile Unit Addendum § 3.6; 7.7 of the Concession Truck or Trailer Amendment	8
o. Advertising	7.1.3, 7.6 of Franchise Agreement; 7.5 of the Concession Truck or Trailer Amendment	11
p. Indemnification	8.5 of Franchise Agreement;	Not Applicable
q. Owner's participation/management/staffing	7.5 of Franchise Agreement	15
r. Records and reports	7.7 of Franchise Agreement	11
s. Inspections and audits	6.6, 6.7, 7.3.7, 7.7 of Franchise Agreement	6
t. Transfer	Article 9 of Franchise Agreement; Article 9 of the Concession Truck or Trailer Amendment	17

u. Renewal	4.5.2 of Franchise Agreement; 4.7 of the Concession Truck or Trailer Amendment	17
v. Post-termination obligations	10.3 of Franchise Agreement; Article 10 of the Concession Truck or Trailer Amendment	17
w. Non-competition covenants	8.6 of Franchise Agreement, Attachment 7; 8.2 of the Concession Truck or Trailer	17
x. Dispute resolution	11.7 - 11.11 of Franchise Agreement;	17

ITEM 10: FINANCING

We do not offer direct or indirect financing. We will 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 Obligations

Before you open your Franchised Business, we will:

Buildout and Decor

For a Bakery, we will give you a construction manual to guide you in constructing tenant improvements to, furnishing, and equipping your Bakery. For a Concession Truck or Trailer, we will give you a construction manual that will indicate the layout, specifications and construction design requirements for your Concession Truck or Trailer. (Franchise Agreement § 5.1).

Initial Training

We will conduct an initial training program in the operation of the Franchised Business under our System (Franchise Agreement § 5.2).

Manual

We will lend you or make available to you on our intranet a Manual containing explicit instructions for use of the Marks, specifications for goods that will be used in or sold by the Franchised Business, sample business forms, information on marketing, management, and administrative methods developed by us for use in the Franchised Business, names of approved suppliers, and other information (Franchise Agreement § 5.3).

Approved or Designated Suppliers

We will give you, in the Manual or otherwise in writing, a list of names and addresses of approved or designated suppliers of specified goods and services that you may or must, respectively, use or sell in your Franchised Business (Franchise Agreement § 5.4). Site Selection (For WETZEL'S PRETZELS Bakeries).

For a WETZEL'S PRETZELS Bakery, you must have an approved site before we sign a franchise agreement with you. Usually, a prospective franchisee comes to us because we have identified a site and seek a franchisee to develop the location. We expect each prospective franchisee to independently evaluate the merits of any site before entering into a franchise agreement. On the rare occasions when a prospective franchisee proposes a site to us, it usually controls the site, either as owner of the real property or through a business relationship with the landlord, and has decided it wants to put a WETZEL'S PRETZELS Bakery at that location. We have no formal procedure for evaluating a site that a prospective franchisee presents to us.

Competition for tenant space is keen in the malls and shopping centers where our Bakeries are located. You must permit us to negotiate the lease and you must promptly sign it when it is presented to you. We do not refund the franchise fee if you do not sign a lease. You must have our prior written approval of any lease you sign and must use your best efforts to add the lease provisions listed in Attachment 6 to the Franchise Agreement to the lease. No later than 18 months before lease expiration, you must permit us to represent you in negotiating a renewal lease. You must sign the lease that we negotiate for you within thirty (30) days after we present it to you. Failure to sign a lease within the period allowed by the Franchise Agreement is an event of default and, if not cured within 30 days after notice of default, is grounds for our terminating the agreement.

Site Selection (For TWISTED BY WETZEL'S Bakeries)

~~Unless you own or have a lease for premises to be used for the operation of a TWISTED BY WETZEL'S Bakery at the time of signing of the Franchise Agreement, we will assign you a~~

~~development territory at the time of signing of the Franchise Agreement as we determine appropriate for your TWISTED BY WETZEL'S Bakery, in our sole discretion. You must retain our designated broker or if one is not designated, a broker of your choice to assist you with identifying sites for your TWISTED BY WETZEL'S Bakery within the development territory. You must select the site for the TWISTED BY WETZEL'S Bakery subject to our consent within the development territory we assign to you. You must obtain our approval for an acceptable site within six (6) months of executing the Franchise Agreement. Once we have approved the site, we will fix a permanent Territory for the operation of your TWISTED BY WETZEL'S Bakery. You may not relocate your TWISTED BY WETZEL'S Bakery without our prior consent.~~

~~Before leasing or purchasing the site for your TWISTED BY WETZEL'S Bakery, you must submit to us in the form we specify, a description of the site together with other evidence that confirms your favorable prospects for obtaining the site. You must submit the information and materials for the proposed site to us no later than ninety (90) days of executing the Franchise Agreement. We will have forty five (45) days after we receive this information and materials to evaluate the proposed site. If the proposed site is not approved by us in writing within forty five (45) days of our receipt of all required information, the proposed site is disapproved. If approved, you must lease or purchase at your expense, the site for the Franchised Business within seventy-five (75) days after our approval, but no later than six (6) months of executing the Franchise Agreement. You must submit for review any sale or lease contract no later than fifteen (15) days before you sign it. You must furnish to us a copy of the signed lease no later than ten (10) days after it has been fully executed.~~

~~We will consult with you on our current site selection guidelines and provide other site selection counseling as we deem advisable. Currently, site approval will consider the following factors among other factors: potential customer base, lease costs, competition, population density and composition, visibility, and proximity to other restaurants.~~

~~Once we have received all necessary information about your proposed site(s) as described above, we or a designee may in our sole discretion, conduct an on-site evaluation for one proposed site for your first two TWISTED BY WETZEL'S Bakeries. The first trip that we make to conduct site evaluations will be made without charge to you. For each additional trip that we make to perform one or more site evaluations we will charge a site evaluation fee of \$750. If we or our designee conduct this initial on-site evaluation and we determine in our sole discretion that a further on-site evaluation is still necessary or if you reasonably request further on-site evaluations, we or our designee may in our sole discretion, conduct an additional on-site evaluation. For each additional on-site evaluation that we or our designee conducts, you will pay a \$750 site evaluation fee and reimburse us or our designee for expenses incurred, including the cost of travel, lodging, meals and wages.~~

~~We will provide you with sample architectural drawings, specifications for adaption by you and a detailed construction plan. We will review and approve your architectural drawings, prior to their submission to the local government for the purpose of layout and design compliance only. If we do not disapprove of your architectural drawings within thirty (30) days of our receipt, your architectural drawings are deemed approved. Our review and approval is not a guarantee that your architectural drawings comply with any codes, laws or regulations including for example, zoning codes and the Americans with Disabilities Act or that they are competently drafted. You are responsible for such compliance.~~

~~Although we will consult with you on your site and your site is subject to our evaluation, you have the ultimate responsibility in choosing, obtaining and developing the site for your TWISTED BY WETZEL'S Bakery. Our consultation is not a promise or guarantee that the TWISTED BY WETZEL'S Bakery operated at your site will be successful. Our review and approval of the site is limited to verification that the site is within the Territory and that it meets our requirements. We recommend that you seek the advice of your own independent advisors in determining if the site meets our standards and your standards.~~

Site Selection (Concession Trucks or Trailers)

We do not provide any site selection guidelines for Concession Trucks or Trailers.

Time Before Opening (for Bakeries Only)

We estimate that the length of time between signing of the Franchise Agreement and opening of the WETZEL'S PRETZELS Bakery will be about six (6) ~~to nine (9) months, when you remain diligent in making timely payments to vendors and responding promptly throughout the process.~~ We estimate that the length of time between signing of the Franchise Agreement and opening ~~of the streetside location may take TWISTED BY WETZEL'S Bakery will be about nine (9) to~~ eighteen (18) months. Length may be increased above these estimated ranges depending on permit timing of local governmental jurisdictions.

For a WETZEL'S PRETZELS Bakery, you must employ a construction manager whom we have approved within ten (10) days after we sign the Franchise Agreement. You must submit all construction plans and designs to us for our prior written approval within thirty (30) days after we sign the Franchise Agreement.

~~For a TWISTED BY WETZEL'S Bakery, you must employ a construction manager whom we have approved within ten (10) days after you have signed a lease for the location for your TWISTED BY WETZEL'S Bakery. For a TWISTED BY WETZEL'S Bakery, you must submit all construction plans and designs to us for our prior written approval within thirty (30) days after you sign a lease for the location for your TWISTED BY WETZEL'S Bakery.~~

Factors that may affect the length of time before you are ready to open your Bakery include obtaining government permits and construction delays. Additional time may be needed to complete construction or remodeling as it may be affected by adverse weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Franchised Business including decorating, purchasing and installing fixtures, equipment and signs and to complete preparation for operating the Franchised Business including purchasing inventory and supplies.

Based on real estate availability, format and permitting times, we anticipate that a franchisee will open a WETZEL'S PRETZELS Bakery between ~~three-six (36)~~ and nine (9) months after signing the Franchise Agreement. The Franchise Agreement requires you to open a WETZEL'S PRETZELS Bakery and begin business no later than nine (9) months after signing the Franchise Agreement, unless you obtain a written extension of this time period from us.

Based on real estate availability, format and permitting times, we anticipate that a franchisee will open a ~~TWISTED BY WETZEL'S~~ streetside Bakery between nine (9) and eighteen (18) months after signing the Franchise Agreement. The Franchise Agreement requires you to open

a ~~TWISTED BY WETZEL'S~~ Bakery and begin business no later than the lesser of eighteen (18) months after signing the Franchise Agreement or six (6) months from our approval of the site for the Bakery, unless you obtain a written extension of this time period from us.

If Franchisor and you cannot agree on a site, you do not obtain a site within the time period required, or if you fail to open within the time period required, we may terminate the Franchise Agreement.

In order to help you keep to the above timeframe to open your Bakery, you will be required to place equipment orders with suppliers not more than ten (10) days of the date the layout is approved for your Bakery. Suppliers may require deposits to be paid when placing equipment orders. If required by suppliers, you must pay these deposits when required by the suppliers.

Time Before Opening (for Concession Trucks and Trailers)

We estimate that the length of time between signing of the Franchise Agreement and opening of the WETZEL'S PRETZELS Concession Truck or Trailer will be about three (3) to six (6) months, but timing may vary due to truck availability, permitting and fabrication. You must obtain the Concession Truck or Trailer from one of our approved suppliers. You will be required to open your Concession Truck or Trailer for business by the earlier of (i) within six (6) months from the signing of your Franchise Agreement; or (ii) within thirty (30) days of the date you receive the built-out Concession Truck or Trailer. Factors that may affect the length of time before you are ready to open your Concession Truck or Trailer include obtaining government permits and construction delays.

Remote Mobile Unit Addendum (for Bakeries only)

You do not need our approval of the site of a Remote Mobile Unit operated under a Remote Mobile Unit addendum as long as the location is within your Bakery's Protected Area.

Post-Opening Obligations

During your operation of your Franchised Business, we will:

Continuing Education

We will offer continuing education programs at the Bi-Annual Convention (Franchise Agreement § 5.5).

Consultation

We will use our best efforts to make our personnel available to you for consultation throughout the term of the franchise in a timely manner for no additional charge except reimbursement of direct costs (Franchise Agreement § 5.6).

Advertising Fund

We will administer the advertising fund (Franchise Agreement § 5.7).

Proprietary Products Availability

We will use our best efforts to ensure that we or a designated supplier will at all times have a supply of Proprietary Products for sale to you (Franchise Agreement § 5.8).

Advertising Services

We will administer an advertising fund, which will be accounted for separately on the general ledger.

The purpose of the fund is to pool our advertising money and that of each of our franchisees so as to achieve greater benefits for all in promoting the Trade Name and Marks. Franchisees must contribute to the advertising fund at the following rates: ~~(a) TWISTED BY WETZEL'S Bakeries must contribute to the advertising fund at a uniform rate ranging between 1% and 5%, as we determine in our sole discretion; and (b) all other~~ franchisees must contribute to the advertising fund at a rate of ~~1~~3% of Adjusted Gross Revenue. Company-owned Bakeries presently contribute to the respective fund in the same percentage of their Adjusted Gross Revenues as described above, although we are not obligated to continue to do so.

The advertising fund may be used to pay for market research (whether we or a third-party perform the market research), creative development and production of advertising materials (whether we or a third-party develop and/or produce the advertising materials) and develop and/or produce initiatives (whether we or a third-party develop and/or produce such initiatives). Salaries of our employees who are primarily tasked with performing advertising, marketing and/or promotional activities for franchisees, the advertising fund and/or the System as a whole may be charged to the advertising fund. In addition, the fund may be used to pay for point-of-purchase materials or public relations projects. Further, up to twenty percent (20%) of fund money will be paid to us as compensation for our administration of the advertising fund (Franchise Agreement § 5.7.1).

If requested in writing by a franchisee, we will distribute to that franchisee, once a year, an advertising fund report which will set out the total amounts of money collected and spent by the applicable fund during the past year and list, by general category, the manner in which the money was spent. The books of each advertising fund will be audited as part of the general annual audit of our books. We will give you a copy of our audited financial statements once a year upon request once the statements have been released by the auditor (Franchise Agreement § 5.7.1).

We reserve the unqualified right to determine, in our sole discretion, how advertising fund money may be spent. The only condition is that the money must be used in a manner that is reasonably related to the general promotion of the applicable Trade Name and Marks, which may include reimbursement to us, our affiliates or parent for salaries, benefits, overhead and other administrative expenses incurred in connection with administering the applicable advertising fund (Franchise Agreement § 5.7.2). Reimbursement of our expenses, if charged to the fund, would be in addition to the administration fee described above.

The advertising program will primarily use point-of-purchase materials. In addition, we may make use of event marketing, radio, and free-standing inserts (Franchise Agreement § 5.7.1). In our fiscal year ending November 30, 2024~~3~~, 72.16% of the expenditures of the advertising fund were for production and media placement and 27.924% were for overhead and administration. ~~There was one TWISTED BY WETZEL'S Bakery during our fiscal year ending November 30,~~

~~20243.~~

We ~~currently~~ may use an outside advertising agency to supplement the efforts of our marketing personnel. Each applicable advertising fund may be used to pay for the services of an outside advertising agency as well as the salaries of our personnel while they are conducting advertising fund business, which may include but is not limited to conducting market research, public relations, developing advertising materials or conducting other advertising activities.

On Wednesday of each week (or any other weekday we specify) during the Term of the Franchise Agreement, you will pay the advertising fund contribution (~~between 1% and 5% of the Adjusted Gross Revenues received by you in the immediately preceding week for TWISTED BY WETZEL'S Bakeries or 1%~~ 1% of the Adjusted Gross Revenues received by you in the immediately preceding week for all other franchisees unless 3% for a streetside location). For calculation purposes, each week ends at close of business on Sunday. In addition to contributions to the Fund we strongly recommend that you spend not less than 2% of your monthly Gross Sales on local advertising.

If all advertising fund contributions are not spent in the year in which they are collected, they will be retained in the applicable advertising fund for use in a following year. There is no requirement that we spend any minimum amount of the advertising fund money in your geographic region.

We will not use any of the advertising fund contributions to pay for advertising that principally solicits sale of franchises.

We do not have an advertising council composed of franchisee representatives to advise us on advertising policies. You do not have to participate in a regional advertising cooperative.

~~For all franchisees other than those operating a TWISTED BY WETZEL'S Bakery, you must spend at least five hundred dollars (\$500) on a grand opening advertising program. If you operate a TWISTED BY WETZEL'S streetside Bakery, you must spend at least three thousand dollars (\$3,000) on a grand opening advertising program. Your grand opening advertising program must be conducted in accordance with the general guidelines in the Manual for an initial advertising program.~~

~~Unless you operate a TWISTED BY WETZEL'S Bakery, we will not require to spend a specified amount of local advertising on a continuing basis. However, if you operate a TWISTED BY WETZEL'S Bakery, we may require you to spend a total of 5% of your Adjusted Gross Revenue, on a quarterly basis toward, (a) Local Marketing activities and (b) your advertising fund contribution. Quarters are calculated on a calendar year basis. In no event will your combined expenditure for Local Marketing activities and advertising fund contributions exceed 5% of your Adjusted Gross Revenues for that quarter.~~

You agree to submit to us copies of all advertising materials that you propose to use at least two weeks before the first time they are broadcast or published. We will review the materials within a reasonable time and will promptly notify you whether we approve or reject them. We may not withhold our approval unreasonably. For purposes of this paragraph, advertising materials that differ from previously approved materials only in such variables as date or price will be considered to be previously approved. Even if we have approved specified materials, we may later withdraw

our approval if we reasonably believe it necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising, including but not limited to any misrepresentation in the advertising material.

If you are required to spend funds toward Local Marketing activities, costs and expenditures you may incur for any of the following do not count towards your required Local Marketing expenditures, unless we agree in writing otherwise: (i) salaries and expenses of your employees, including salaries or expenses for attendance at advertising meetings or activities; (ii) in-store materials consisting of fixtures or equipment; (iii) expenditures relating to the use of Social Media Platforms and/or the development and/or use of Social Media Materials; and (iv) seminar and educational costs and expenses of your employees.

You are prohibited from engaging in wholesale, computer, or mail-order marketing.

Point of Sale System

You must buy electronic cash registers with touch screen technology (“POS Register”) from our designated supplier (usually one or two), plus an electronic receipt printer and modem that meet our specifications. For a WETZEL’S PRETZELS Bakery or Concession Truck or Trailer, the current price ranges from ~~\$3,000~~ less than \$500 for a one-register system to less than \$61,000 for a two-register system after substantial vendor discounts. ~~For a TWISTED BY WETZEL’S Bakery, the current price ranges from \$3,000 for a one-register system to \$10,000 for a two-register system.~~ You will also participate in our loyalty program, for which you must acquire a scanner for each POS Register, currently \$400 to \$500 each. During the Term of the Franchise Agreement, we may require you to change the POS system or any component thereof, upon our written notice to you, at your sole cost and expense. There are no restrictions on our right to change the POS system or any component thereof and no limit on the cost of a new or upgrade to the POS system or component thereof.

Although we do not currently require that you license and use web-based data storage and retrieval systems, we may require that you do so in the future. We may designate a supplier of web-based data storage and retrieval systems. If we do, you will be required to retain the services of our designated web-based data storage and retrieval systems. Typically, monthly fees charged by data storage and retrieval system vendors range between \$85 and \$125. To ensure data security, you are required to have a high-speed internet service that does not open a browser application. Through the POS system, we will have online access to your sales data on which a variety of sales reports may be based and upon which your royalty and advertising fund contributions will be calculated. You may obtain copies of these reports upon request from us. There is no contractual limitation upon our right to access this data.

You must upgrade, update and/or replace the hardware, including the POS system, at your own expense whenever we inform you that it is necessary. There is no limit in the contract on the frequency at which you may be required to upgrade, update and/or replace the hardware or on the annual cost of doing so. However, it is not our practice to require frequent upgrades, updates and/or replacements.

There are no optional or mandatory maintenance, updating, upgrading or support contracts. Support and repairs may be obtained at hourly rates from the system's vendor.

Manual

Attached to this disclosure document as Exhibit H is the Table of Contents for our Manual. The Table of Contents will state the number of pages devoted to each subject contained in the Manual. The Manual is in digital format, and overall content is equivalent of 239 pages.

Training Program

TRAINING PROGRAM - WETZEL'S PRETZELS BAKERIES AND CONCESSION TRUCKS OR TRAILERS			
SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Owner's Workshop	6	8	A training location* or via videoconference
Operations/Recipes	6	12	A training location* or via videoconference
Product Knowledge	4	4	A training location* or via videoconference
Customer Service	4	5	A training location* or via videoconference
POS System	4	8	A training location* or via videoconference
Personnel/Scheduling	4	0	A training location* or via videoconference
Suppliers/Specifications	4	1	A training location* or via videoconference
Marketing/Promotions	4	2	A training location* or via videoconference
Start-up Procedures	4	0	A training location* or via videoconference
TOTAL	40	40	

SUPPLEMENTAL TRAINING PROGRAM—TWISTED BY WETZEL'S BAKERIES

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Operations/Recipes	2	8	A training location* or via videoconference
Product Knowledge	0	6	A training location* or via videoconference
TOTAL	2	14	A training location* or via videoconference

Currently, we provide our classroom training at our corporate training center in Pasadena, California. On the job training is provided at one of our four training locations (which are company-owned Bakeries) located in Southern California, Denver, Colorado, Orlando, Florida or Las Vegas, Nevada. We will attempt to provide training at a location that is convenient for you to travel to, but cannot guarantee that training will be provided at location closest to your residence. We may develop, add, remove or otherwise change training locations, as we determine. In rare cases where classroom training is not practical or possible to be provided in person, we may provide classroom training by videoconference, at our sole discretion, through a software platform such as Zoom, Teams or other similar platforms selected by us at our discretion.

The training program will be conducted as often as needed to ensure that each franchise owner completes the course as close to the store opening as possible. Additional training may be administered later at your Franchised Business. Training material will primarily consist of a training manual and the Manual.

The training program will be supervised by someone such as Eric Weigel, who has multiple years of experience in operational training.

~~Your Designated Manager (defined in the Franchise Agreement as you in your role as general manager of a Franchised Business or a person whom you have appointed as general manager) must attend and successfully complete the training program to our satisfaction before you may open a Franchised Business. You may send as many as three members of your management to training at no additional charge in addition to you. If you send more than three people to training, we will assess a training fee of \$750 for each additional person. You must pay your own incidental expenses, such as travel, lodging and parking, and those of your employees in connection with training. If the employment of a Designated Manager is terminated, you must employ a new Designated Manager within 30 days who must successfully complete the initial training program (Franchise Agreement §§ 5.2, 6.8 and 7.2).~~

We will offer continuing education programs at the Bi-Annual Convention. Your attendance at the Bi-Annual Convention is important and mandatory. Because planning and funding the Convention requires a substantial advance financial commitment on our part, we have the right to debit your bank account for a registration fee of \$1,000500. Failure to attend is a breach of the Franchise Agreement (Franchise Agreement §§ 5.5 and 6.9).

We will not pay any compensation to trainees for work performed during any training

program.

ITEM 12: TERRITORY

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

For WETZEL'S PRETZELS Bakeries Only

Each WETZEL'S PRETZELS Bakery is granted for a specific location that is described in the Franchise Agreement (the "Approved Location").

You may not engage in or solicit sales except for over-the-counter retail sales at the Approved Location and, if you have signed a Remote Mobile Unit addendum, from a Remote Mobile Unit within your Protected Area. You are not granted the right to engage in wholesale, computer, or mail-order marketing.

We will grant you a Protected Area consisting of the smaller of the area within a one-half mile radius of the Approved Location or the shopping center or mall where the Bakery is operated. We agree not to authorize any other company- or franchisee-owned WETZEL'S PRETZELS Bakery to operate within the Protected Area.

For TWISTED BY WETZEL'S Bakeries Only

~~Each TWISTED BY WETZEL'S Bakery is granted for a specific location that is described in the Franchise Agreement (the "Approved Location"). You may not engage in or solicit sales except for over the counter retail sales at the Approved Location. You are not granted the right to engage in wholesale, computer, or mail order marketing.~~

~~We will grant you a Protected Area consisting of a radius surrounding your Approved Location in our sole discretion. Typically, the Protected Area will be either (i) one (1) mile in an urban location (i.e. an area with a population of 200,000 people or more within three (3) miles), (ii) two (2) miles in a suburban location (i.e. an area with a population of 100,000 to 200,000 people within three (3) miles), (iii) three (3) miles in a light suburban location (i.e. an area with a population of 50,000 to 100,000 people within three (3) miles), or (iv) five (5) miles in a rural or second city location (i.e. an area with a population of 50,000 to 100,000 people within three (3) miles). The Protected Area granted to you will exclude TWISTED BY WETZEL'S Bakeries then in existence or whose plans for development have been approved by us, all of which will be disclosed to you prior to signing the Franchise Agreement. Additionally, we may reduce the scope of your Protected Area by up to one (1) mile in the direction of a major barrier or boundary, such as a major river.~~

~~We agree not to authorize any other company or franchisee-owned TWISTED BY WETZEL'S Bakery to operate within the Protected Area.~~

~~Unless you own or have a lease for premises to be used for the operation of a TWISTED BY WETZEL'S Bakery at the time of signing of the Franchise Agreement, we will assign you a development territory at the time of signing of the Franchise Agreement as we determine~~

~~appropriate for your TWISTED BY WETZEL'S Bakery, in our sole discretion. The development territory is not exclusive and does not give you any rights whatsoever to the development territory. The purpose of the development territory to help guide you as to where you may search for a specific location for your TWISTED BY WETZEL'S Bakery. We will not consider any sites outside of the development territory for the location of your TWISTED BY WETZEL'S Bakery.~~

For WETZEL'S PRETZELS® Bakeries and TWISTED BY WETZEL'S™ Bakeries Only

The "Protected Area" granted to you does not include sites in hotels, motels, airports, railroads, train stations, other modes of mass transportation, sports arenas, casinos, theme parks, movie theaters, college and university campuses, healthcare facilities, malls, regional malls, outlet malls, guest lodging facilities, day care facilities of any type, government facilities, as well as the premises of any third-party retailer (including supermarkets, grocery stores and convenience stores) or any other location or venue to which access to the general public is restricted such as military installations, higher security headquarters or corporations, which are located within its borders.

We reserve for ourselves and our affiliates all rights in the Trade Name, Marks and System that are not expressly granted to you in the Franchise Agreement including the right to sell Proprietary Products within the Protected Area through any means of distribution other than over-the-counter retail sales at a Bakery. "Proprietary Product" is defined in the Franchise Agreement as "any product that has been manufactured in accordance with our secret recipes or specifications or that has been packaged or labeled with the Marks." We expressly retain the rights to engage in grocery or club store sales or licensing, wholesale, computer, and mail-order sales within the Protected Area. Further, we and/or affiliates may sell Proprietary Products and enfranchise others to sell Proprietary Products sold under any trade name, trademark or service mark (including the Trade Name and Marks) to retail stores restaurants and concession trucks or trailers located anywhere, including but not limited to the Protected Area.

Your Protected Area does not give you any exclusivity with respect to customers located in the Protected Area or elsewhere. We have the right to prescribe all matters relating to Delivery services, including the boundaries of your delivery area (which may not be the same area as the Protected Area) and the manner and form of distribution of any marketing, promotional or delivery materials. We can revoke your right to provide Delivery services at any time, including as a result of your inability to provide Delivery services in accordance with our then-current standards. Similarly, we can make adjustments to your provision of Delivery services (including the size of your delivery area) for any reason, including changing market conditions, population changes, and other relevant conditions.

We and/or our affiliates may develop, implement and participate in a co-branding program regardless of where the co-branded program is located. The co-branded program may include franchised and/or company-owned businesses. The co-branded program may use Trade Name, Marks and System as well as any other trade name, trademark, or service mark.

You may relocate the Bakery within the Protected Area only with our prior written consent, conditioned upon the following:

- (a) You and your Related Parties are in good standing under the Franchise Agreement,

any other agreement between us or our Related Party and you, and the Manual.

(b) You and any Related Parties that have signed the Franchise Agreement have signed a new franchise agreement in the currently effective form not less than 180 days before the expiration of the Franchise Agreement or 30 days after you receive the new franchise agreement from us, whichever is later.

(c) You have agreed that you will employ a construction manager whom we have approved in writing at least 45 days before the renewal term begins.

(d) You have agreed that you will, at your own expense, remodel, modernize and redecorate the Bakery premises and replace and modernize the fixtures, equipment, and signs used in the Bakery to meet the standards of appearance and function applicable to new Bakeries at that time; you will begin remodeling, modernizing and/or redecorating the Bakery within the earlier of three (3) months of date of your renewal franchise agreement or the date such remodeling, modernizing and/or redecorating is required under your lease.

(e) You have renewed or have the right to renew the lease for the Approved Location according to section 7.3.1 of the Franchise Agreement.

(f) You and any Related Parties that are guarantors to the Franchise Agreement have signed a special release of claims, in the form of Attachment 2 to the Franchise Agreement, with respect to past dealings with us and our Related Parties.

(g) You have paid the renewal fee described in the Franchise Agreement.

You may not solicit or accept orders outside your Protected Area, because your franchise is strictly limited to the right to engage in over-the-counter retail sales. You will have no right of first refusal to acquire an additional franchise outside your own Protected Area. However, for WETZEL'S PRETZELS franchisees, we may, at our sole discretion, offer you an exclusive one-year option to enter into a franchise for a Bakery in a specific mall or shopping center, if and when, within the option period, a site becomes available. Options may not be available for all locations and to all franchisees and our criteria in offering them may vary at different locations and times. We ~~do~~ may not grant such options to ~~TWISTED BY WETZEL'S~~ streetside locations franchisees.

Except as expressly stated, neither we nor any affiliate competes with or intends to compete with franchisees through a competitive retail business or under another trade name or marks. Neither we nor our affiliates are restricted from establishing other franchises or company-owned outlets or other channels of distribution selling or leasing similar products or services under a different mark either inside or outside your Protected Area.

You are not required to meet any quota or conditions to maintain your rights in your Protected Area.

There are no circumstances under which we would be permitted to modify your territorial rights under the Franchise Agreement while the agreement remains in effect.

For Concession Trucks or Trailers

Each Concession Truck or Trailer is granted a “Mobile Area,” also referred to as a Protected Area. If you are granted a Concession Truck or Trailer franchise, you will operate your franchise from the Concession Truck or Trailer only. You will not engage in or solicit sales other than from the Concession Truck or Trailer, which may be parked anywhere within the Mobile Area. You are not granted the right to engage in wholesale, computer, or mail-order marketing. Mobile Areas exclude any geographic area that is within one-half (1/2) of a mile of any Bakery, [whether open yet or not](#).

We agree not to authorize any other company- or franchisee-owned WETZEL’S PRETZELS Concession Truck or Trailer to operate within the Mobile Area.

We may authorize any other company- or franchisee-owned WETZEL’S PRETZELS Bakery to operate within the Mobile Area.

The “Mobile Area” does not include sites in hotels, motels, airports, railroads, train stations, other modes of mass transportation, sports arenas, casinos, theme parks, movie theaters, college and university campuses, healthcare facilities, guest lodging facilities, day care facilities of any type, government facilities, as well as the premises of any third-party retailer (including supermarkets, grocery stores and convenience stores) or any other location or venue to which access to the general public is restricted such as military installations, higher security headquarters or corporations, which are located within its borders.

We typically assign franchisees a mobile area with a population of approximately 500,000-2,000,000 people. Mobile areas may also be described using geographic boundaries, such as zip codes, a city, county, a portion of a county, specific streets or highways. We will assign you a Mobile Area with a size, location and a population number as we determine appropriate for your Franchised Business, in our sole discretion, and there is no guarantee that your Mobile Area will contain a population of at least 500,000 people. We may assign you a Territory with a population that is significantly fewer than 500,000 people. Because population figures generally fluctuate throughout time, we do not guaranty that during the entire term of your Franchise Agreement, the Mobile Area will be comprised of a population of at least 500,000 people.

We reserve for ourselves and our affiliates all rights in the Trade Name, Marks and System that are not expressly granted to you in the Franchise Agreement including the right to sell Proprietary Products within the Mobile Area through any means of distribution other than over-the-counter retail sales at a WETZEL’S PRETZELS Concession Truck or Trailer. We expressly retain the rights to engage in grocery or club store sales or licensing, wholesale, computer, and mail-order sales within the Mobile Area. Further, we and/or affiliates may sell Proprietary Products and enfranchise others to sell Proprietary Products sold under any trade name, trademark or service mark (including the Trade Name and Marks) to retail stores, restaurants, and concession trucks or trailers located anywhere, including but not limited to the Mobile Area.

We and/or our affiliates may develop, implement and participate in a co-branding program regardless of where the co-branded program is located. The co-branded program may include franchised and/or company-owned businesses. The co-branded program may use Trade Name, Marks and System as well as any other trade name, trademark, or service mark.

You may operate the WETZEL’S PRETZELS Concession Truck or Trailer within the Mobile Area at sites that we approve. You will not be permitted to relocate the WETZEL’S PRETZELS Concession Truck or Trailer outside of the Mobile Area.

You may not solicit or accept orders outside your Mobile Area, because your franchise is strictly limited to the right to engage in sales from the Concession Truck or Trailer, which must be operated within the Mobile Area. You will have no right of first refusal to acquire an additional franchise outside your own Mobile Area.

Except as expressly stated, neither we nor any affiliate competes with or intends to compete with WETZEL’S PRETZELS franchisees through a competitive retail business, concession trucks or trailers or under another trade name or marks. Neither we nor our affiliates are restricted from establishing other franchises or company-owned outlets or other channels of distribution selling or leasing similar products or services under a different mark either inside or outside your Mobile Area.

You are not required to meet any quota or conditions to maintain your rights in your Mobile Area.

There are no circumstances under which we would be permitted to modify your territorial rights under the Franchise Agreement while the agreement remains in effect.

ITEM 13: TRADEMARKS

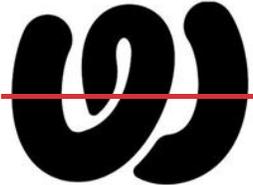
Under the Franchise Agreement, we grant you the right to use our principal identifying mark, WETZEL’S PRETZELS. ~~For franchisees that will operate a TWISTED BY WETZEL’S Bakery, we will also grant you the right to use the trademark TWISTED BY WETZEL’S.~~ We also claim rights in the names for the various types of pretzels used on our menu boards. These claims are based upon federal registration of the Marks and upon first use in interstate commerce.

The following trademarks have been registered with the United States Patent and Trademark Office on the Principal Register:

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE
WETZEL’S PRETZELS	2627228	October 1, 2002
WETZEL’S PRETZELS	3530326	November 11, 2008
TWISTED BY WETZEL’S	7190524	October 10, 2023
	<u>7540958</u>	<u>October 22, 2024</u>

All affidavits required to maintain these registrations have been filed.

We ~~currentingcurrently~~ do not have any applications pending have applied to register the following Mark for registration with the United States Patent and Trademark Office on the Principal Register.

TRADEMARK	APPLICATION NUMBER	FILING DATE
	98106758	July 28, 2023

~~AS OF THE DATE OF THIS DISCLOSURE DOCUMENT, WE DO NOT HAVE A REGISTERED TRADEMARK FOR THE STYLIZED “W” MARK (SERIAL NUMBER 98106758). THEREFORE, THE STYLIZED “W” MARK (SERIAL NUMBER 98106758) DOES NOT HAVE MANY LEGAL BENEFITS AND RIGHTS AS FEDERALLY REGISTERED TRADEMARKS. IF OUR RIGHT TO USE THE STYLIZED “W” MARK (SERIAL NUMBER 98106758) IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSES.~~

There is no currently effective determination of the Patent Office, the trademark administrator of this State or any court, nor any pending interference, opposition or cancellation proceeding, nor any pending material litigation involving the Marks described above.

No agreements limit our rights to use or license the use of its Marks or Trade Name.

You may use the Trade Name and Marks only in the operation of a Franchised Business in accordance with the System. Your use of the Trade Name and Marks must conform to the guidelines for their use in the Manual. You may not use any other trade name or marks in connection with a Franchised Business. You may not use the Trade Name as part of your legally registered corporate name, limited partnership name, or limited liability company name. If you misuse the Marks or the System or engage in conduct which reflects materially and unfavorably upon the goodwill associated with them or if you use in a Franchised Business any names, marks, systems, logotypes or symbols that we have not authorized you to use, we have the right to terminate your franchise immediately upon written notice.

You agree to notify us immediately in writing if you become aware of any unauthorized use of our Trade Name, Marks, or System or of use of marks that are confusingly similar to the Marks or of claims of rights to use the Marks by a person or company that is not a member of the WETZEL’S PRETZELS Network, you must promptly notify us. You must promptly notify us in writing of any claim, demand, or suit against you or against your principals based upon or arising in connection with your use of the Trade Name, Marks, or System. In any action or proceeding arising from or in connection with a claim, demand, or suit involving the Marks or System, you agree that we may select legal counsel and has the right to control the proceedings.

We must indemnify and hold you harmless from all expenses and liabilities of any kind arising from or in any way connected to any third-party claim that your operation of a Franchised Business infringes its intellectual property rights or misappropriates its trade secrets. If you are made a party to a legal proceeding in connection with a claim of this type, we will hire counsel to

protect our interests and will defend you at our own expense. You will be bound by any settlement we negotiate, but we will reimburse you for your cost of compliance with the settlement agreement.

We have invested substantial time, energy, and money in the promotion and protection of our Trade Name and Marks as they exist on the Start Date. We have no present intention of altering them. However, we may change our Trade Name and Marks and the specifications for each when we believe that these changes will benefit the WETZEL'S PRETZELS Network. You must promptly conform, at your own expense, to any such changes. You will not have any rights against us if we require you and the other members of the WETZEL'S PRETZELS Network to modify or discontinue use of the Trade Name or other Mark because of a legal proceeding, settlement of a dispute, or any other reason.

We are not aware of any superior prior rights or infringing uses of our Trade Name or Marks that could materially affect your use of the principal Marks.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no patent or copyright registrations, nor any pending patent applications that are material to the franchise. We claim common law copyrights for our advertising materials and Manual.

We consider much of the information contained in the Manual to be confidential your Related Parties to sign confidentiality agreements in regard to its contents as well as in regard to specified trade secrets subject to explicit non-disclosure provisions in the Franchise Agreement. We also maintain that our recipes and food preparation processes are valuable trade secrets and expect you to protect their secrecy.

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

The Franchised Business must be open and operating for business for a minimum number of days per week and hours per day, as described in greater detail in the Manual. Generally, Wetzel's Pretzels® Bakeries are open and operating not less than fifty-six (56) hours per week (eight (8) hours each per day) or as otherwise required by the Franchisee's landlord. Wetzel's Pretzels Concession Trucks or Trailers are open and operating not less than sixteen (16) hours per week (four (4) hours for four (4) days per week) and not less than forty (40) weeks per year. [For seasonal markets where there may be consistent times of freezing temperatures or extreme sustained heat above 100 degrees Fahrenheit, you are required to notify you franchise business manager if or when you are temporarily closing for the season and receive approval from WETZEL'S PRETZELS.](#)

You are required to either personally supervise your Franchised Business or employ a Designated Manager to supervise the Franchised Business on a day-to-day basis. The Designated Manager must successfully complete our initial training program and be certified by us as a manager before starting work. There is no requirement that your Designated Manager have an equity interest in the Franchised Business. Your Designated Manager must be fluent in the English language. There are no limitations on whom you may hire as a Designated Manager. Your managers must sign a Nondisclosure and Noncompetition Agreement in the form of Attachment 7 to the Franchise Agreement.

You or the person you have employed as your Designated Manager must devote all his or her productive time and effort to the on-premises management and operation of the Franchised Business, in the minimum amount of 40 hours per week. The Designated Manager or another employee who has successfully completed our initial training program must be present at the Franchised Business whenever the Franchised Business is open for business. If we, in our sole discretion, determine that a Designated Manager is not properly performing his duties, we will advise you and you must immediately take steps to correct the situation. You must keep us informed as to the identity of your Designated Manager. Upon the termination of employment of a Designated Manager, you must appoint a successor within 30 days. Any successor Designated Manager must successfully complete our training program before starting work in the Franchised Business.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all the products and services and only the products and services that we have authorized you to provide. The Franchise Agreement does not limit our right to change the goods and services you are authorized to offer. ~~TWISTED BY WETZEL'S Bakeries are authorized to offer products and services not offered at WETZEL'S PRETZELS Bakeries.~~

If we advise you that a product or service must be obtained from a designated supplier, you must use the supplier we designate. If we advise you that a product or service may be obtained only from an approved supplier, you must obtain our prior written approval of any supplier that we have not already approved in writing.

You are not granted the right to engage in wholesale, Internet, or mail-order sales. You may engage only in over-the-counter sales at the Approved Location, unless we permit you to engage in Delivery or Catering services.

You may not engage in Delivery or Catering and/or off-premises sales of products or services to customers except as expressly permitted by us in writing. We may require you to provide Delivery services. We may also require you to participate in Delivery or Catering programs, either through or in partnership with third parties, us or independently. If we require you to participate in Delivery or Catering programs, either through or in partnership with third parties, us or independently, you must immediately take all steps deemed necessary by us to participate in these Delivery or Catering programs and commence participation.

If we allow or require Delivery or Catering services, we have the right to prescribe rules as we deem appropriate, including the boundaries of your delivery area (which may not be the same area as the Protected Area) and the manner and form of distribution of marketing, promotional or Delivery or Catering materials. We can revoke your right to provide Delivery at any time, including as a result of your inability to provide Delivery or Catering in accordance with our then-current standards. Similarly, we can make adjustments to your provision of Delivery or Catering services (including the size of your delivery area) for any reason, including changing market conditions, population changes, and other relevant conditions.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTION OF FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	4.5.1	<p>The term for a WETZEL'S PRETZELS Bakery is the earlier of: (a) ten years from the Start Date; or (b) the expiration of the term of the lease or sublease, as applicable, excluding any extensions or renewal options of such lease or sublease.</p> <p>The term for a Remote Mobile Unit is the shorter of WETZEL'S PRETZELS Bakery lease or temporary space lease.</p> <p>The term for a TWISTED BY WETZEL'S Bakery is ten years from opening.</p> <p>The term for a Concession Truck or Trailer is five years.</p>
b. Renewal or extension of the term	4.5.2	<p>For a WETZEL'S PRETZELS Bakery, if you meet conditions described in 17c, you may extend the term of your franchise for a renewal term of ten (10) years.</p> <p>Remote Mobile Unit renewal is tied to renewal of lease for WETZEL'S PRETZELS Bakery.</p> <p>For a TWISTED BY WETZEL'S Bakery, if you meet conditions described in 17c, you may extend the term of your franchise for a renewal term of five (5) years.</p> <p>For a Concession Truck or Trailer, the renewal term is five (5) years.</p>

c. Requirements for franchisee to renew or extend	4.5.2	<p>We use the term “renewal” to refer to extending our franchise relationship at the end of your initial term (and any other renewal or extension of the initial term).</p> <p>Upon renewal, you will be required to sign a new franchise agreement that may have materially different terms and conditions. Other conditions include: be in good standing, give timely notice, remodel the Bakery or the Concession Truck or Trailer, as applicable, remodel the equipment, renew lease or sublease, as applicable, agree to employ a general contractor and/or designated construction manager, complete supplemental training, if required by us, and pay fee and sign release. If you sublease your premises from us, we are not obligated to renew our master lease at the expiration of the current or any subsequent term, and if we elect not to do so, it will be your responsibility to obtain a new direct lease with the landlord in order to renew your franchise.</p>
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	10.2.1	We can terminate only upon uncured or non-curable material event of default.
g. “Cause” defined – curable defaults	10.2.2(a)-(d) and (q)	You have 5 days after notice to cure non-payment defaults and 30 days to cure other curable defaults. Curable defaults include those specified in any (sub)lease or any other agreement between you and us and are also defaults which must be cured within the time specified in those agreements.

h. “Cause” defined –non-curable defaults	10.2.2(e)-(q)	Non-curable defaults include failure to successfully complete initial training, misuse of marks, misrepresentation in securing franchise, abandonment, repeated defaults, unapproved transfer, insolvency, conviction of criminal conduct, competition with Franchise Network, and non-curable defaults specified in any (sub)lease or any other agreement between you and us.
i. Franchisee’s obligations on termination/ non-renewal	10.3	Complete de-identification, payment of amounts due, honoring option to purchase, assigning phone numbers, and more.
j. Assignment of contract by franchisor	9.7	May assign to company that we reasonably believe can perform obligations and that promises in writing to perform obligations.
k. “Transfer” by franchisee – defined	3.16	Includes lien or transfer of agreement or sale of assets or ownership change.
l. Franchisor approval of transfer by franchisee	9.4	We have the right to approve all Transfers but will not unreasonably withhold approval. Remote Mobile Unit must transfer with Bakery if landlord agrees.

<p>Conditions for franchisor approval of transfer</p>	<p>9.2 – 9.4</p>	<p>Except as describe below, you may not transfer your Franchise Agreement except with our written consent.</p> <p>You may transfer the Franchise Agreement to an entity of which you directly own 100% interest for convenience of ownership. If the new franchisee is a business entity, all holders of a 10% or greater interest in the new franchisee must sign a guaranty. You must reimburse us for all costs and expenses that we incur in connection with such a transfer, including attorneys' fees.</p> <p>With our written consent, you may transfer the Franchise Agreement to a new franchisee provided that the new franchisee qualifies, the transfer fee is paid, the purchase agreement approved, training is completed, a release signed, and the new franchisee signs current agreement.</p> <p>Before shares of a Franchisee which is a business entity may be offered by private offering, you must provide us with copies of all offering materials; indemnify us, our affiliates, officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each in connection with the offering; and pay us a non-refundable fee to reimburse us for our costs and expenses associated with reviewing the offering materials.</p>
<p>n. Franchisor's right of first refusal to acquire franchisee's business</p>	<p>9.3</p>	<p>We have the right to match any offer to buy your business, exercisable within thirty (30) days of receiving the required written notice.</p>
<p>o. Franchisor's option to purchase franchisee's business</p>	<p>10.3(f)</p>	<p>We have an option but not the obligation to buy any of the assets of your business upon termination.</p>
<p>p. Death or disability of franchisee</p>	<p>9.6</p>	<p>Heirs must qualify within sixty (60) days of your death or have an additional one hundred twenty (120) days from the</p>

		disapproval of the transfer or the end of the sixty (60) day period, whichever is first, to find and notify us of a proposed transfer to a qualified transferee.
q. Non-competition covenants during the term of the franchise	8.6, Attachment 8	Unless we otherwise consent, you can not engage in “Competitive Activities” defined as owning, operating, lending to, advising, being employed by, or having any financial interest in (i) any bakery, concession truck or trailer or business that specializes in preparation, production or sale, at retail or wholesale, of any food product or any other featured menu item which is now or in the future an Authorized Wetzel’s Pretzels Product, other than a Bakery or Concession Truck or Trailer operated pursuant to a validly subsisting franchise agreement with us. “Competitive Activities” does not include the direct or indirect ownership solely as an investment, of securities of any entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, the entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of the entity.
r. Non-competition covenants after the franchise is terminated or expires	8.6, Attachment 8	If your Franchised Business is a Bakery, then, except with our express written consent, you may not have any involvement in any Competitive Activities, as defined above, for twenty-four (24) months within the Protected Area, within five (5) miles of the Protected Area, within the protected area of any other Wetzel’s Pretzels Bakery or within five (5) miles of the protected area of any other Wetzel’s Pretzels Bakery.
s. Modification of the agreement	11.4	Modification of agreement only by written agreement of parties; Manual may change from time to time.

t. Integration/merger clause	11.6	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	11.7, 11.8	Mediation and/or arbitration will be conducted under the rules of the AAA in Los Angeles County, California <u>Franchised Business state</u> .
v. Choice of forum	Not applicable	<u>Any disputes not resolved through negotiation and mediation must be arbitrated under the American Arbitration Association's Commercial Arbitration Rules in the county where the Franchised Business is located. However, the Franchisor retains the right to pursue legal action in any federal or state court for specific claims, including monetary obligations, injunctive relief, and protection of trademarks.</u> None, except in arbitration clause.
w. Choice of law	11.2	Federal law governs arbitration and trademark rights. Otherwise, the law of your State.

Note: Please see “Specific State Disclosures,” immediately following Item 23 of this disclosure document, for important information concerning your rights under certain laws of various states, including your rights regarding choice of law, choice of forum, termination and renewal.

ITEM 18: PUBLIC FIGURES

We do not use any public figure in our trade name or symbol. We do not use the endorsement of any public figure to promote the sale of franchises.

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.

Other than this Item 19, we do not make any financial performance 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 immediately to the franchisor’s management by contacting Jon Fischer, Wetzel’s Pretzels, LLC, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, telephone (626) 432-6900, the Federal Trade Commission and the appropriate state regulatory agencies.

As used in this Item 19, the term “Adjusted Gross Revenue” has the definition given to it in Note 2 to Item 6 of this FDD. If the term “Sales” is used in this Item 19, it means “Adjusted Gross Revenue” and has the same definition given to it in Note 2.

The information presented in this Item 19 pertains to WETZEL’S PRETZELS Bakeries as well as WETZEL’S PRETZELS Concession Trucks or Trailers. ~~We do not provide any information that pertains to TWISTED BY WETZEL’S Bakeries.~~

The information presented in this Item 19 also excludes sales information from (a) affiliate-owned WETZEL’S PRETZELS Bakeries, (b) WETZEL’S PRETZELS Bakeries that were not open at the start of fiscal 2024~~3~~ or that were not continuously operating under the same franchise owner throughout the 2024~~3~~ fiscal year, or that did not record at least 27 weeks of sales, and (c) WETZEL’S PRETZELS Bakeries that submitted late, incomplete, or illegible financial information, experienced hardware or software technical issues that inhibited proper reporting, or submitted such information in an unacceptable format.

	All Franchised WETZEL’S PRETZELS Bakeries	WETZEL’S PRETZELS Bakeries in Entertainment Center locations	WETZEL’S PRETZELS Bakeries in Outlet Malls	WETZEL’S PRETZELS Bakeries in Regional Malls	WETZEL’S PRETZELS Bakeries in NTO/Transit Locations	WETZEL’S PRETZELS Bakeries in Walmart Store Locations	WETZEL’S PRETZELS Concession Trucks or Trailers
Sample Size	<u>269</u> 243	<u>81</u> 0	<u>383</u> 2	<u>154</u> 159	<u>23</u> 16	<u>25</u> 18	<u>21</u> 8
Average Adj. Gross Revenues	<u>826,381</u> 871,649	<u>1,004,656</u> 1,004,096	<u>998,259</u> 1,066,886	<u>935,417</u> 915,662	<u>530,472</u> 642,629	<u>566,694</u> 541,165	<u>281,094</u> 252,011
% of WETZEL’S PRETZELS Bakeries at or Above Average	<u>41%</u> 39%	<u>38%</u> 50%	<u>37%</u> 38%	<u>40%</u> 40%	<u>26%</u> 31%	<u>40%</u> 56%	<u>48%</u> 50%
# of WETZEL’S PRETZELS Bakeries at or Above Average	<u>109</u> 95	<u>35</u> 	<u>14</u> 12	<u>62</u> 64	<u>65</u> 	<u>10</u> 10	<u>10</u>
Highest Adj. Gross Revenues	<u>2,600,723</u> 2,550,874	<u>2,191,978</u> 1,892,471	<u>2,600,723</u> 2,459,967	<u>2,580,957</u> 2,550,874	<u>1,954,400</u> 1,866,388	<u>1,207,182</u> 1,039,705	<u>595,422</u> 376,187
Median Adj. Gross Revenues	<u>727,125</u> 787,619	<u>667,304</u> 885,112	<u>885,201</u> 885,107	<u>846,531</u> 820,994	<u>340,992</u> 423,863	<u>526,537</u> 551,601	<u>251,134</u> 260,888
Lowest Adj. Gross Revenues	<u>34,754</u> 80,835	<u>300,634</u> 359,710	<u>251,797</u> 226,411	<u>200,421</u> 279,069	<u>34,754</u> 80,835	<u>248,023</u> 207,492	<u>97,097</u> 126,694

Average # of weeks with sales in FY 20243 (out of 52 weeks)	<u>50.951.3</u>	<u>46.047.2</u>	<u>52.051.9</u>	<u>51.851.8</u>	<u>50.351.4</u>	<u>52.051.6</u>	<u>44.243.3</u>
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Notes to Table 1:

1. The chart above reflects the Adjusted Gross Revenues for WETZEL'S PRETZELS Bakeries. The chart does not reflect net income or profits and does not include costs or expenses that you will incur in operating your WETZEL'S PRETZELS Bakery.

For those franchisees who operate a Remote Mobile Unit in connection with their WETZEL'S PRETZELS Bakery, the total Adjusted Gross Revenue from the operation of the Remote Mobile Unit and the WETZEL'S PRETZELS Bakery is reported together because it is not possible to separate out the Adjusted Gross Revenue from sales made at the WETZEL'S PRETZELS Bakery from those made at a Remote Mobile Unit. As previously stated, all food items are prepared at the Bakery and delivered to the Remote Mobile Unit for sale within the same mall. A Remote Mobile Unit gives a franchisee an opportunity to make sales from another location within the same mall. Your total Adjusted Gross Revenue may depend on whether you operate a Remote Mobile Unit in addition to your WETZEL'S PRETZELS Bakery.

2. Of the 191-192 WETZEL'S PRETZELS Bakeries located in Regional Malls and Outlet Malls that were open for 12 months ended November 30, 20243, 1598 WETZEL'S PRETZELS Bakeries operate without an RMU and 33 WETZEL'S PRETZELS Bakeries operate with an RMU. The 1598 WETZEL'S PRETZELS Bakeries that operate without an RMU achieve Average Adjusted Gross Revenues of \$832,552834,694 and a Median Adjusted Gross Revenues of \$794,625768,625. 44.345.3% of the WETZEL'S PRETZELS Bakeries that operate without an RMU achieve Average Adjusted Gross Revenues in excess of \$832,552834,694. 51.549.7% of the WETZEL'S PRETZELS Bakeries that operate without an RMU achieve Median Adjusted Gross Revenues in excess of \$794,625768,625. The 33 WETZEL'S PRETZELS Bakeries that operate with an RMU achieve Average Adjusted Gross Revenues of \$1,460,2241,458,471 and a Median Adjusted Gross Revenues of \$1,524,5171,557,256. 541.5% of WETZEL'S PRETZELS Bakeries that operate with an RMU achieve Average Adjusted Gross Revenues in excess of \$1,460,2241,458,471. 48.5% of WETZEL'S PRETZELS Bakeries that operate with an RMU achieve Median Adjusted Gross Revenues in excess of \$1,524,5171,557,256.
3. The above chart includes 243-269 WETZEL'S PRETZELS Bakeries that were open for 12 months ended November 30, 20243, and recorded sales for a majority (27 or more) of the 52 weeks of the fiscal year ending November 30, 20243. Of the 243-269 WETZEL'S PRETZELS Bakeries, 26-31 were in Arizona, 127-143 in California, 1 in Colorado, 2 in Connecticut, 23 in Florida, 1 in Georgia, 1 in Iowa, 4 in Idaho, 8-11 in Illinois, 3 in Indiana, 3 in Maryland, 3-2 in Massachusetts, 2-4 in Michigan, 2 in Minnesota, 1 in Missouri, 4-5 in Nevada, 10-9 in New Jersey, 7 in New York, 5 in Oregon, 1 in Pennsylvania, 7 in Puerto Rico, 1-2 in Tennessee, 16-21 in Texas, 1 in Utah, and 5-4 in Washington. The franchises are substantially similar to those being offered in this disclosure document.
4. The figures for franchised WETZEL'S PRETZELS Bakeries were provided to Wetzel's Pretzels by franchisees. In all cases the Adjusted Gross Revenue figures have been used by us as the basis for collecting Royalties and calculating the Advertising Fund Contribution. In

many instances, we have not audited these figures, nor have we independently confirmed their accuracy.

- For purposes of Table 1, the following terms have the following definitions:

Entertainment Center Locations: An Entertainment Center Location is a place where people congregate to be entertained by performances or amusement, including but not limited to movie theatres, sports arenas, casinos, amusement parks and theme parks.

Outlet Malls: Outlet Malls are typically a large group of shops, “outlet shops” or “factory shops” usually located outside of a town or city in which the shop sells products and services at discounted prices. Store format and expense structure is very similar to Regional Malls.

Regional Malls: For purposes of Table 1, the term Regional Malls means all types of malls other than Outlet Malls.

NTO (Non-Traditional): Includes non-traditional transit locations (such as airports, railroad stations, train stations and other similar locations intended for other modes of transportation), travel plazas, convenience stores and military installations.

Concessions Truck/Trailer: Wetzel’s-branded mobile Concessions Trucks or Trailers that have a full bakery operation and are assigned a specific mobile area in which to sell. Sales may take place via roadside parking, events, fairs, catering, etc.

- Each of the WETZEL’S PRETZELS Bakeries used in compiling the figures in Table 1 above had been in operation for at least 12 months. In most cases financial performance, revenues and overall results for WETZEL’S PRETZELS Bakeries are materially less favorable during a WETZEL’S PRETZELS Bakery’s first 12 months of operation.
- The last row in the table titled “Average # of weeks with sales in FY 20243 (out of 52 weeks)” identifies the average number of weeks during fiscal year 20243 during which sales were recorded. Some formats, particularly, Wetzel’s Pretzels Concession Trucks or Trailers tend not to be open and operating every week of the year for reasons that include, vacation time, weather, and truck repair.

TABLE 2: 20243 ADJUSTED ANNUAL GROSS REVENUES FOR REGIONAL MALLS AND OUTLET MALLS (WETZEL’S PRETZELS BAKERIES ONLY)

Systemwide - Regional Malls and Outlet Malls			
Adj. Gross Revenues Range	Low	High	Number of WETZEL’S PRETZELS Bakery Franchises
1	\$700,000	and up	126
2	\$550,000	\$699,999.99	<u>2724</u>
3	\$400,000	\$549,999.99	<u>2224</u>

4	\$250,000	\$399,999.99	<u>4516</u>
5	Up to	\$249,999.00	<u>42</u>

Note to Table 2:

1. Because, as of November 30, 2024~~3~~, 7971% of our franchisees operate a WETZEL’S PRETZELS Bakery within a Regional Mall or Outlet Mall, we have provided a further breakdown of the Adjusted Gross Revenues for those WETZEL’S PRETZELS Bakeries that are operated in Regional Malls or Outlet Malls.

General Notes to Item 19:

1. **Some WETZEL’S PRETZELS Bakeries have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.**
2. Your sales will be affected by your own operational ability, which may include your experience with managing a business, your capital and financing (including working capital), continual training of you and your staff, customer service orientation, product quality, your business plan, and the use of experts, e.g., an accountant, to assist you with your business plans. Your sales also may be affected by franchise location and site criteria, including traffic count, brand awareness and brand development in local markets, local household income, residential and/or daytime populations, ease of ingress and egress, parking, visibility of your sign, physical condition of premises, number and type of other businesses around your location, competition, inflation, economic conditions, seasonal conditions (particularly in colder climates), inclement weather (e.g., hurricanes), changes in the Homeland Security threat level, etc.
3. Many of the WETZEL’S PRETZELS Bakeries represented in this financial performance representation have operated for many years, have had time to develop brand awareness locally through grass roots promotional efforts, marketing efforts, and community involvement, and have had time to develop a base of customers that help provide a recurring revenue stream. New franchisees developing Bakeries in new markets where there is limited brand awareness and limited unit development may need to take more time and make more effort to build marketing effectiveness, brand awareness, a base of customers, and operational efficiencies. New markets often require franchisees to undertake additional local grass roots outreach to build affinity at the community level, to offer discounts to encourage customers to try the WETZEL’S PRETZELS Bakery as an outreach to new potential guests. Local efforts are required to enhance the impact of other forms of marketing, including national digital and social media exposure we may provide. From an operational standpoint, new markets often lack the density of Bakeries necessary to help build greater supply chain distribution efficiencies. These elements may affect your results and the time necessary to build your business.
4. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.
5. We encourage you to consult with your own accounting, business, and legal advisors to assist you to prepare your budgets and projections, and to assess the likely or potential financial performance of your franchise. We also encourage you to contact existing franchisees to discuss their experiences with the system and their franchise business.

TABLE 3A: ADJUSTED GROSS REVENUES, COSTS OF GOODS SOLD AND OPERATING EXPENSES FOR 2023~~2~~ (WETZEL’S PRETZELS REGIONAL MALLS AND OUTLET MALLS BAKERIES ONLY)

All Regions	Average	% of Net Sales	% of WETZEL'S PRETZELS Bakeries at or Above Average	# of WETZEL'S PRETZELS Bakeries at or Above Average
Net Sales	\$952,067,895	100.0%	40.9%	3648
Costs of Goods Sold	\$202,826,287	21.3%	36.4%	3264
Gross Profit	\$749,241,609	78.7%	38.6%	34
Operating Expenses:				
Labor	\$279,547,569	29.4%	45.5%	4070
Rent	\$169,097,117	17.8%	38.6%	3464
Other Expenses	\$135,110,534	14.2%	38.6%	3462
Total Expenses	\$583,754,220	61.3%	40.9%	3665
Net Operating Income	\$165,487,388	17.4%	44.3%	3970

TABLE 3B: LOWEST, MEDIAN AND HIGHEST ADJUSTED GROSS REVENUES, COSTS OF GOODS SOLD AND OPERATING EXPENSES FOR 2023³² (WETZEL'S PRETZELS REGIONAL MALLS AND OUTLET MALLS BAKERIES ONLY)

All Regions	Lowest	Median	Highest
Net Sales	\$266,944,194,775	\$860,097,822,112	\$2,546,362,597,664
Costs of Goods Sold	\$44,898,330,1	\$179,511,174,576	\$516,984,524,480
Gross Profit	\$210,062,119,030	\$655,795,659,246	\$2,116,784,073,184
Operating Expenses:			
Labor	\$70,211,5,951	\$262,240,226,434	\$702,233,646,143
Rent	\$23,982,5,392	\$155,419,124,665	\$551,027,490,353
Other Expenses	\$33,209,9,216	\$121,505,123,317	\$359,754,389,650
Total Expenses	\$127,402,151,051	\$539,164,490,093	\$1,613,014,525,572
Net Operating Income	-\$38,158,100,120	\$141,715,183,578	\$647,842,755,574

Notes to Tables 3A and 3B:

1. This section is based on the unaudited sales and operating costs reported for 200 franchised regional mall or outlet mall stores that were open and operating for the full 202~~32~~³³ calendar year, and for which the franchisee submitted profit and loss statements in the appropriate format for this period (“**Benchmark Stores**”). Although we have no information or basis to believe the data regarding Benchmark Stores is inaccurate, we have relied on the data reported by franchisees and have not formally audited it. We are pursuing initiatives to automate profit and loss reporting with the goal of further increasing the amount and accuracy of the available data. Note: As franchised stores have approximately 120 days to submit year-end financial statements, 202~~43~~⁴⁴ sales and operating costs are not currently available. Though the numbers appear to accurately reflect the level of results expected, there is no guarantee that they are in whole or part correct.

2. For purposes of Tables 3A and 3B, the following terms have the following definitions:

Cost of Goods Sold – Cost of Goods Sold (sometimes referred to as COGS) is a figure which reflects the cost of materials used to produce the products you sell to your customers. It includes the cost of food ingredients (pretzel mix, butter, beverages, etc.), paper products (cups, napkins, bags, straws, etc.) and retail items.

Gross Profit – Gross profit is the Adjusted Gross Revenue minus Cost of Goods Sold.

Operating Expenses – Operating expenses are the day-to-day costs incurred in conducting normal business operations:

Labor – Labor includes wages paid to your employees and payroll taxes paid for your employees. Labor does not include actual wages and related expenses you pay to yourself.

Rent – Rent includes the base rent for your lease including extra charges, such as common area maintenance (CAM) charges, real estate taxes, percentage rents, etc.

Other Expenses – Other expenses include such things as utilities (electric, telephone), royalties, ad fund fees, advertising, insurance (Workers’ Comp, property, casualty, liability, health, etc.), licenses, permits, repairs, uniforms, store supplies, etc.

Total Expenses – The total of Labor, Rent and Other Expenses.

Net Operating Income – Gross Profit minus Total Expenses.

General Notes to Item 19:

1. **Some WETZEL’S PRETZELS Bakeries have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.**
2. Your sales will be affected by your own operational ability, which may include your experience with managing a business, your capital and financing (including working capital), continual training of you and your staff, customer service orientation, product quality, your business plan, and the use of experts, e.g., an accountant, to assist you with your business plans. Your sales also may be affected by franchise location and site criteria, including traffic count, brand awareness and brand development in local markets, local household income, residential and/or daytime populations, ease of ingress and egress, parking, visibility of your sign, physical condition of premises, number and type of other businesses around your location, competition,

inflation, economic conditions, seasonal conditions (particularly in colder climates), inclement weather (e.g., hurricanes), changes in the Homeland Security threat level, etc.

3. Many of the WETZEL’S PRETZELS Bakeries represented in this financial performance representation have operated for many years, have had time to develop brand awareness locally through grass roots promotional efforts, marketing efforts, and community involvement, and have had time to develop a base of customers that help provide a recurring revenue stream. New franchisees developing Bakeries in new markets where there is limited brand awareness and limited unit development may need to take more time and make more effort to build marketing effectiveness, brand awareness, a base of customers, and operational efficiencies. New markets often require franchisees to undertake additional local grass roots outreach to build affinity at the community level, to offer discounts to encourage customers to try the WETZEL’S PRETZELS Bakery as an outreach to new potential guests. Local efforts are required to enhance the impact of other forms of marketing, including national digital and social media exposure we may provide. From an operational standpoint, new markets often lack the density of Bakeries necessary to help build greater supply chain distribution efficiencies. These elements may affect your results and the time necessary to build your business.
4. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.
5. We encourage you to consult with your own accounting, business, and legal advisors to assist you to prepare your budgets and projections, and to assess the likely or potential financial performance of your franchise. We also encourage you to contact existing franchisees to discuss their experiences with the system and their franchise business.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

We have revised our fiscal year so that it now ends November 30th rather than on or about December 31st. The 2024₃ and 2023₂ figures are reported as of our fiscal year ending November 30, 2024₃. The 2022₁ figures are reported on a fiscal year ending January 2, 2023₂.

Tables in Item 20 include only franchised and corporate locations operating in the U.S. and Puerto Rico. It does not include locations in Canada and Panama.

**TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2022 THROUGH 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022*	310	322	12
	2023	322	347	25
	2024	347	389	42
Company-Owned	2022*	33	38	5
	2023	38	40	2
	2024	40	36	-4

Total Outlets	2022*	343	360	17
	2023	360	387	27
	2024	387	425	38

TABLE NO. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS OTHER THAN WETZEL'S PRETZELS FOR YEARS 2022 THROUGH 2024

State	Year	Number of Transfers
Arizona	2022	0
	2023	1
	2024	0
California	2022	6
	2023	9
	2024	8
Florida	2022	0
	2023	0
	2024	0
Idaho	2022	0
	2023	0
	2024	4
Illinois	2022	0
	2023	0
	2024	0
Indiana	2022	0
	2023	0
	2024	0
Maryland	2022	0
	2023	0
	2024	0
Massachusetts	2022	0
	2023	0
	2024	0
Michigan	2022	0
	2023	0

	2024	0
Minnesota	2022	1
	2023	0
	2024	0
Nevada	2022	0
	2023	0
	2024	0
New York	2022	0
	2023	0
	2024	0
New Jersey	2022	0
	2023	0
	2024	3
Oregon	2022	0
	2023	0
	2024	0
Puerto Rico	2022	1
	2023	0
	2024	0
Tennessee	2022	0
	2023	1
	2024	0
Texas	2022	0
	2023	2
	2024	0
Washington	2022	1
	2023	1
	2024	2
Totals	2022	9
	2023	14
	2024	17

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS FOR YEARS 2022 THROUGH 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
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AL	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
AZ	2022	33	2	0	0	0	0	35
	2023	35	5	0	0	0	0	40
	2024	40	3	0	1	0	1	42*
CA	2022	172	8	2	0	0	3	175
	2023	175	20	2	1	0	1	192
	2024	192	25	0	3	0	4	212*
CO	2022	2	0	0	0	0	0	2
	2023	2	0	0	1	0	0	1
	2024	1	0	0	0	0	0	1
CT	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
FL	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	0	4
	2024	4	1	0	0	0	0	5
GA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	2	0	0	0	0	3
ID	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	1	0	0	0	0	5
IL	2022	11	1	0	1	0	0	11
	2023	11	1	0	0	0	0	12
	2024	12	2	0	0	0	0	14
IN	2022	5	0	0	0	0	1	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
IA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MD	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
MA	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	1	0	0	2

MI	2022	2	0	0	0	0	0	2
	2023	2	2	0	0	0	0	4
	2024	4	0	0	0	0	0	4
MN	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
MO	2022	2	0	0	0	0	0	2
	2023	2	0	0	1	0	0	1
	2024	1	0	0	0	0	0	1
NV	2022	5	0	0	0	0	0	5
	2023	5	1	0	0	0	0	6
	2024	6	1	0	0	0	0	7
NH	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
NJ	2022	12	1	0	0	0	0	13
	2023	13	2	0	0	0	1	14
	2024	14	2	0	0	0	0	16
NM	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
NY	2022	9	3	0	1	0	1	10
	2023	10	2	2	2	0	0	8
	2024	8	6	0	0	0	0	14
OH	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
OR	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
PA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
PR	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	0	0	8
TN	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	0	3

TX	2022	16	3	0	0	0	1	18
	2023	18	2	0	0	0	0	20
	2024	20	2	0	0	0	0	22
UT	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	1	0	1
	2024	1	1	0	0	0	0	2
VA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
WA	2022	5	2	0	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
Totals	2022	310	22	2	2	0	6	322
	2023	322	36	4	5	1	2	347
	2024	347	49	0	5	0	5	389

(*) includes outlet(s) that were previously company-owned and sold to a Franchisee during the last fiscal year

**TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2022 THROUGH 2024**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CA	2022	11	2	0	0	0	13
	2023	13	3	0	0	0	16
	2024	16	2	0	3	3	12
CO	2022	6	0	0	0	0	6
	2023	6	0	0	0	0	6
	2024	6	0	0	0	0	6
FL	2022	11	2	0	0	0	13
	2023	13	0	0	0	0	12
	2024	12	0	0	0	0	12
NV	2022	5	1	0	0	0	6
	2023	6	0	0	0	0	6
	2024	6	0	0	0	0	6

Totals	2022	33	5	0	0	0	38
	2023	38	3	0	0	0	40
	2024	40	2	0	3	3	36

**TABLE NO. 5
PROJECTED OPENINGS AS OF NOVEMBER 30, 2024**

State	Franchise Agreements Signed But Outlets Not Opened as of 11/30/24	Projected New Franchised Outlets in the Next Fiscal Year (2025)	Projected New Company-Owned Outlet in the Next Fiscal Year (2025)
Alabama	1	2	0
Arizona	4	2	0
Arkansas	2	0	0
California	35	25	0
Colorado	0	0	0
Connecticut	1	0	0
Delaware	1	1	0
Florida	4	3	0
Georgia	2	1	0
Idaho	3	1	0
Illinois	1	0	0
Indiana	1	1	0
Kansas	1	0	0
Kentucky	1	1	0
Maryland	3	2	0
Massachusetts	1	1	0
Michigan	1	0	0
Minnesota	1	0	0
Missouri	1	1	0
Nebraska	1	0	0
Nevada	0	0	0
New Jersey	1	1	0
New Mexico	1	1	0
New York	3	2	0
Ohio	1	0	0
Tennessee	0	0	0
Texas	8	3	0
Utah	2	2	0

Virginia	1	1	0
Washington	1	0	0
TOTAL	83	51	0

Attached as Exhibit E-1 to this disclosure document are the names, addresses and telephone numbers of all current franchisees as of November 30, 2024⁴³. This Exhibit also lists the addresses of the existing Remote Mobile Units.

Attached as Exhibit E-2 to this disclosure document are the names, cities and states and current business telephone numbers (or if unknown, last known home telephone numbers) of every franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with us within ten weeks of the disclosure document issuance date.

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

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. 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.

ITEM 21: FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit B-1 are the audited consolidated financial statements of Franchisor’s parent company, MTY Franchising USA, Inc. (“Guarantor”) for the fiscal years ended November 30, 2023-2024, and 2022-2023, and for the fiscal years ended on November 30, 2022-2023, 2021 and 2020-2022.

Guarantor absolutely and unconditionally guarantees to assume the duties and obligations of Franchisor under its franchise registration in each state where the franchise is registered, and under the Franchise Agreement, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns. (See Exhibit B-2: Performance Guaranty).

ITEM 22: CONTRACTS

The following agreements are proposed for use in this state in connection with the franchise we offer:

TITLE OF AGREEMENT	EXHIBIT/ ATTACHMENT #	SIGNED BY
Franchise Agreement	Exhibit C	You and us
Special Release of Claims	Attachment 2	You
Authorization Agreement for Prearranged Payment	Attachment 3	You and your financial institution
Remote Mobile Unit Addendum to Franchise Agreement	Attachment 4	You and us
Assignment of Telephone Numbers, E-mail Address and URL's and Special Power of Attorney	Attachment 5	Franchisee
Nondisclosure and Noncompetition Agreement (in connection with the Franchise Agreement)	Attachment 7	Related Parties* and Certain Employees
Personal Guaranty and Subordination Agreement	Attachment 8	Officers, 10% shareholders, general partners and limited liability company members

Concession Truck or Trailer Amendment	Attachment 9	You and us
Sublease Agreement	Exhibit G	You and us

**“Related Parties,” in this table, means “people and companies affiliated with you, including companies under common control with you, shareholders, partners, members, officers and directors.”*

ITEM 23: RECEIPTS

Attached, as the last page of this disclosure document (Exhibit J-2), is a receipt. Please sign it, date it as of the date you receive the disclosure document and return it to us. A duplicate of the receipt (Exhibit J-1) is attached for your record.

**ADDENDUM TO
DISCLOSURE DOCUMENT:
STATE SPECIFIC DISCLOSURES**

California

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

The franchisor nor any person in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

The franchise agreement requires binding arbitration. The arbitration will occur in Los Angeles County, California, with the costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association.

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.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT WWW.DBO.CA.GOV.

Section 31512 of the Franchise Investment Law (FIL) and 20010 of the California Franchise Relations Act (CFRA) provide that any condition, stipulation or provision purporting to bind you to waive compliance with any provision of these laws is void. Therefore, any release of claims that you must sign as a condition of renewal or transfer may not apply to claims arising under the FIL or the CFRA.

Unless the transaction is exempt, section 31125 of the California Corporations Code requires us to give you a special disclosure document, approved by the Commissioner of Corporations, before asking you to consider a proposed material modification of an existing franchise.

Hawaii

These franchises will be/have been filed under the Franchise Investment Law of the State of Hawaii. Filing does not constitute approval, recommendation or endorsement by the Director of Commerce and Consumer Affairs or a finding by the Director of Commerce and Consumer Affairs that the information provided herein is true, complete and not misleading.

The Franchise Investment Law makes it unlawful to offer or sell any franchise in this state without first providing to the prospective franchisee, or subfranchisor, at least seven days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least seven days prior to the payment of any consideration by the franchisee, or subfranchisor, whichever occurs first, a copy of the Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise.

This Disclosure Document contains a summary only of certain material provisions of the Franchise Agreement. The contract or agreement should be referred to for a statement of all rights, conditions, restrictions and obligations of both the franchisor and the franchisee.

A Federal Trade Commission rule makes it unlawful to offer or sell any franchise without first providing this Disclosure Document to the prospective franchisee at the earlier of (1) fourteen calendar days before the signing of any franchise or related agreement; or (2) fourteen calendar days before any payment. The prospective franchisee must also receive a Franchise Agreement containing all material terms at least seven calendar days prior to the signing of the Franchise Agreement.

If this Disclosure Document is not delivered on time, or if it contains a false, incomplete, inaccurate or misleading statement, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and to Hawaii Department of Commerce and Consumer Affairs which administers and enforces the Hawaii Franchise Disclosure Act.

Registered agent in the state authorized to receive service of process:
Department of Commerce and Consumer Affairs
Business Registration Division
Commissioner of Securities
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

1. The following paragraph is added to Item 17:

Section 482E-6(3) of the Hawaii Revised Statutes provides that upon termination or refusal to renew the Franchise Agreement, Wetzel's Pretzels, L.L.C. is obligated to compensate you for the fair market value, at the time of the termination or expiration of the Franchise Agreement, of your inventory, supplies, equipment and furnishings purchased from Wetzel's Pretzels, L.L.C. or a supplier designated by Wetzel's Pretzels, L.L.C.; provided that personalized materials which have no value to us need not be compensated for. If Wetzel's Pretzels, L.L.C. refuses to renew a Franchise Agreement for the purpose of converting your business to one owned and operated by Wetzel's Pretzels, L.L.C., in addition to the remedies provided above, shall compensate you for the loss of goodwill. Wetzel's Pretzels, L.L.C. may deduct from such compensation reasonable costs incurred in removing, transporting and disposing of your inventory, supplies, equipment and furnishings pursuant to this requirement, and may offset from such compensation any monies due Wetzel's Pretzels, L.L.C.

2. The following list reflects the status of the franchise registration of the Franchisor in the states which require registration:

A. The states in which this proposed registration is effective: None.

B. The states in which this proposed registration is or will be shortly on file: California, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin.

C. The states, if any, which have refused, by order or otherwise, to register these franchises: None.

D. The states, if any, which have revoked or suspended the right to offer these franchises: None.

E. The states, if any, in which the proposed registration of these franchises has been withdrawn by the Franchisor: None.

3. Section 482E-3(a) of the Hawaii Franchise Investment Law requires the franchisor to give you a copy of the Franchise Disclosure Document at least 7 calendar days prior to signing the franchise agreement. The Receipt is amended to reflect the 7 calendar-day waiting period.

4. 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.

Illinois

Illinois has a statute concerning the relationship between franchisor and franchisee. This statute deals with such matters as renewal and termination of franchises. Provisions of this sort will prevail over inconsistent terms in a franchise agreement. (815 ILCS 705/19 and 705/20).

The Agreement says that we may require you to sign a special release of claims, except for non-waivable statutory claims, as a condition of renewal or transfer of your franchise. Any claim under the Illinois Franchise Disclosure Act is a non-waivable statutory claim.

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.

Indiana

Item 17.c may be modified by Indiana Code § 23-2-2.7.

The Summary in Item 17.r. is deleted and replaced with the following Summary:

For one year after the termination of your Franchise Agreement, you may not establish a similar type of business within your exclusive territory.

Item 17.t is supplemented with the following language:

However, you do not waive any rights under the Indiana Statutes with regard to prior representations made by Wetzel's Pretzels, L.L.C. in the Disclosure Document.

Items 17.v and 17.w are supplemented with the following language:

Except that under Indiana law, you may have the right to bring an action in Indiana, and have Indiana law apply.

The Indiana Deceptive Franchise Practices Act, IC 23-2-2.7-1 (10) prohibits the limitation of litigation brought for breach of a Franchise Agreement including any limitation on the forum chosen. Any provision in the Franchise Agreement, specifying a forum contrary to Indiana law, shall not apply to any claims brought under the Indiana Deceptive Franchise Practices Act and/or the Indiana Franchise Act, Ind. Code ANN.§§ 1-51 (1994).

The Indiana Deceptive Franchise Practices Act, IC 23-2-2.7-1 (10) prohibits the limitation of litigation brought for breach of a Franchise Agreement. Any provision in the Franchise Agreement requiring the application of another state's law shall not apply to any claims brought under the Indiana Deceptive Franchise Practices Act and/or the Indiana Franchise Act, Ind. Code ANN.§§ 1-51 (1994).

Indiana Code § 23-2-2.5-9 (2) requires a franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) 10 days prior to signing the franchise agreement; or (ii) 10 days prior to franchisor's receipt of any consideration. The Receipt is amended to reflect the 10 day waiting period.

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

Maryland

Item 5 of the disclosure document is amended as follows:

All fees to be paid to the franchisor by the franchisee, including payments for goods and services received from the franchisor before the business opens will be deferred until all of the franchisor's pre-opening obligations to the franchisee have been satisfied.

Item 17 of the disclosure document is amended as follows:

Agreement says that we may require you to sign a special release of claims, except for non-waivable statutory claims, as a condition of renewal or transfer of your franchise. This release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Section 11.10 (Limitation of Actions) of the Franchise Agreement says that neither party may maintain any action or proceeding against the other party unless the party files an arbitration within one year after the party knows or should know the facts on which the arbitration is based. In spite of this, any claims arising under the Maryland Franchise Registration and Disclosure Law may be brought for three years after the grant of the franchise.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement,

or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Minnesota

The Agreement says that we may require you to sign a special release of claims, except for non-waivable statutory claims, as a condition of renewal or transfer of your franchise. Any claim under Minn. Stats. Chapter 80C. is a non-waivable statutory claim.

The Agreement states the cure periods for various types of defaults that may lead to termination or non-renewal. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

1. The following special risk factor is added: **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 the anticipated profit of your franchise business.
2. The following special risk factor is added: **Unopened Franchises**: "The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet."
3. The following paragraph is removed from Item 8: "By suggesting a particular site for the premises of a Bakery, we do not guarantee that the Bakery operating at that location will be successful. By negotiating or approving the lease, we do not guarantee that all its provisions will benefit you.
4. The following sentence is removed from Item 8: "we expressly disclaim any warranties or representations as to the condition of the goods or services, including, but not limited to, expressed or implied warranties as to merchantability or fitness for any intended purpose".

Section 11.10 (Limitation of Actions) of the Franchise Agreement says that neither party may maintain any action or proceeding against the other party unless the party files an arbitration petition within one (1) year after the party knows or should know the facts on which the petition is based. In spite of this, any claims arising under Minn. Stats. § 80C may be brought for three years after the cause of action accrues.

Section 11.8 (Arbitration) of the Franchise Agreement requires binding arbitration of any dispute. The arbitration will occur in a state other than Minnesota, with costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this section may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i)

waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

New York

1. The following information is added to the cover page of the Franchise Disclosure Document:
INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A-1 OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW

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

REGARDING ITEM 17 (RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION) REFERRING TO ARTICLE 23 OF THE FRANCHISE AGREEMENT, THE CHOICE OF LAW SHOULD NOT BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON THE FRANCHISEE BY ARTICLE 33 OF THE GENERAL BUSINESS LAW OF THE STATE OF NEW YORK, WHERE APPLICABLE.

THE FRANCHISE AGREEMENT CONTAINS TERMINATION RIGHTS FOR THE FRANCHISOR, AS STATED IN ARTICLE 14; THESE FRANCHISOR RIGHTS CAN POSE A RISK TO YOUR ABILITY TO KEEP YOUR FRANCHISE AND YOU SHOULD FAMILIARIZE YOURSELF WITH THEM.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

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.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of

action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

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

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

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

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

9. 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.

North Dakota

Item 17 of the disclosure document is amended as follows to conform to North Dakota law:

Item 17c: The Franchise Agreement says that we may require you to sign a special release of claims, except for non-waivable statutory claims, as a condition of renewal or transfer of your franchise. Any claim under the North Dakota Franchise Investment Law is a non-waivable statutory claim.

Item 17r: Add the following: “To the extent that covenants not to compete apply to periods after the term of the franchise, they are generally considered unenforceable in the State of North Dakota.”

Item 17u is amended to omit any reference to the location of mediation or arbitration.

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

Rhode Island

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law. ch. 395 Sec. 19-28.1-1 – 19-28.1-34. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchise Agreement restricts jurisdiction or venue to a forum other than the State of Rhode Island, the requirement is void under Rhode Island Franchise Investment Act Sec. 19-28.1-14.

b. If the Franchise Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Sec. 19-28.1-14.

c. If the Franchisee is required in the Franchise Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgements shall be void with respect to claims under the Act.

1. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

2. 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.

South Dakota

1. The Director of the South Dakota Division of Securities requires that certain provisions contained in franchise documents be amended to be consistent with South Dakota law, including the South Dakota Franchise Investment Law, South Dakota Codified Laws, Title 37, Chapter 37-5B, Sections 37-5B-1 through 37-5B-53 (2008). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the South Dakota Franchise Investment Law, and such acknowledgements shall be void with respect to claims under the Law.

b. Covenants not to compete upon termination or expiration of the Agreement are generally unenforceable in the state of South Dakota, except in certain limited instances as provided

by law. If this Agreement contains a covenant not to compete which is inconsistent with South Dakota Law, the covenant may be unenforceable.

c. Regardless of the terms of the Agreement concerning termination, if Franchisee fails to meet performance and quality standards or fails to make any royalty payments under the Agreement, Franchisee will be afforded thirty (30) days' written notice with an opportunity to cure the default before termination.

d. If the Agreement requires payment of liquidated damages that are inconsistent with South Dakota law, the liquidated damage clause may be void under SDCL 53-9-5.

e. If the Agreement requires litigation to be conducted in a forum other than the State of South Dakota, the requirement is void with respect to any cause of action otherwise enforceable under South Dakota Law.

f. If the Agreement requires that it be governed by a state's law, other than the State of South Dakota, matters regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, the Agreement and all provisions of this Amendment will be and remain subject to the application, construction, enforcement, interpretation under the governing law set forth in the Agreement.

g. If the Agreement requires that disputed between Franchisor and Franchisee be mediated/arbitrated at a location that is outside the State of South Dakota, the mediation/arbitration will be conducted at a location mutually agreed upon by the parties. If the parties cannot agree on location for the mediation/arbitration, the location shall be determined by the mediator/arbitrator selected.

h. Any condition, stipulation or provision in the Agreement requiring Franchisee to waive compliance of a provision under the South Dakota Franchise Investment Law is void.

i. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the South Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

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

Virginia

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the franchise disclosure document for Wetzel's Pretzels, LLC, for use in the Commonwealth of Virginia is amended as follows:

Additional Disclosure. The following statements are added to Item 17.h.

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

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

Washington

The State of Washington has a statute, RCW 19.100.180, that may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of the franchise.

In Washington, provisions of the franchise agreement which unreasonably limit the statute of limitations or remedies under the Washington Franchise Investment Act, such as the right to jury trial, may not be enforceable.

The franchise agreement requires you to sign a release of claims as a condition of renewing or transferring the franchise. A release or waiver of rights signed by a franchise owner may not include rights under the Washington Franchise Investment Protection Act.

Under Washington law, transfer fees may be collected only to the extent that they reflect the franchisor’s reasonable estimated or actual costs in connection with the Transfer.

NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

Wisconsin

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE WISCONSIN FRANCHISE INVESTMENT LAW. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

WISCONSIN LAW MODIFICATIONS

1. The Securities Commissioner of the State of Wisconsin requires that certain provisions contained in franchise documents be amended to be consistent with Wisconsin Fair Dealership Law, Wisconsin Statutes, Chapter 135 (“Fair Dealership Law”) and the Wisconsin Franchise Investment Law, Chapter 553. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

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

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

EXHIBIT A-1

STATE ADMINISTRATORS

Commissioner of Department of
Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, California 95834
(213) 576-7500
(866) 275-2677 Toll Free

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

Chief Franchise Bureau
Office of Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090

Franchise Section
Indiana Securities Division
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

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

Franchise Administrator
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Dept. of Attorney General
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
(517) 373-7117

Commissioner of Commerce
Minnesota Department of Commerce
85 Seventh Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

Assistant Attorney General
Bureau of Investor Protection and Securities
New York State Department of Law
120 Broadway, 2³rd Floor
New York, New York 10271
(212) 416-8211

Franchise Examiner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor, Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Director of the Rhode Island
Department of Business Regulation
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9500

Registration Specialist
Department of Labor and Regulation
Division of Securities
124 S. Euclid Avenue Suite 104
Pierre, South Dakota 57501-3185
(605) 773-4823

State Corporation Commission
Division of Securities and Retail
Franchising
1300 E. Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

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

Franchise Administrator
Securities and Franchise Registration
Wisconsin Securities Commission
345 W. Washington Ave., 4th Floor
Madison, Wisconsin 53703
(608) 266-8557

EXHIBIT A-2

AGENTS FOR SERVICE OF PROCESS

Commissioner of Department of
Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, California 95834

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

Illinois Attorney General Office
500 South Second Street
Springfield, Illinois 62706

Indiana Securities Division
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204

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

Commissioner of Commerce
State of Minnesota
Department of Commerce
Registration Division
85 Seventh Place East Suite 280
St. Paul, Minnesota 55101

Secretary of State of New York
41 State Street
Albany, New York 11231

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor, Dept. 414
Bismarck, North Dakota 58505-0510

Director of Business Regulation
1511 Pontiac Avenue
Cranston, Rhode Island 02920

Department of Labor and Regulation
Division of Securities
124 S. Euclid Avenue Suite 104
Pierre, South Dakota 57501-3185

Clerk, State Corporation Commission
1300 East Main Street, First Floor
Richmond, Virginia 23219

Administrator of Securities
Department of Financial Institutions
150 Israel Rd. SW,
Tumwater, WA 98501 98504

Commissioner of Securities
Office of the Commissioner of Securities
345 W. Washington Ave. 4th Floor
Madison, Wisconsin 53703

EXHIBIT B-1
FINANCIAL STATEMENTS

Consolidated financial statements of MTY Franchising USA, Inc.

For the years ended November 30, 2024 and 2023

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Report of Independent Auditors

To the Management and Stockholder of MTY Franchising USA, Inc.

Opinion

We have audited the accompanying consolidated financial statements of MTY Franchising USA, Inc. and its subsidiaries (the Company), which comprise the consolidated statements of operations and comprehensive (loss) income for the years ended November 30, 2024 and 2023, the consolidated statements of changes in stockholder's equity for the years ended November 30, 2024 and 2023, the consolidated balance sheets as of November 30, 2024 and 2023, and the consolidated statements of cash flows for the years then ended, including the related notes (collectively referred to as the consolidated financial statements).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of November 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

PricewaterhouseCoopers LLP
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1
T: +1 514 205 5000, F: +1 514 876 1502, Fax to mail: ca_montreal_main_fax@pwc.com

PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

PricewaterhouseCoopers LLP¹

**Montréal, Canada
January 31, 2025**

¹ CPA auditor, public accountancy permit No. A125677

MTY Franchising USA, Inc.**Consolidated statements of operations and comprehensive (loss) income**

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

	Notes	2024	2023
		\$	\$
			<i>Adjusted⁽¹⁾</i>
Revenue	19	597,538	606,617
Costs and expenses			
Operating expenses	20	490,300	498,484
Depreciation – property, plant and equipment	7	13,469	11,358
Amortization – intangible assets	8	15,765	19,213
Impairment charge – property, plant and equipment	7 & 10	6,150	169
Impairment charge – operating lease right-of-use assets	6	849	—
Impairment charge – intangible assets and goodwill	8, 9 & 10	37,452	4,063
Interest expense	22	53,768	53,977
Management fees charged by parent company	25	2,101	2,249
		619,854	589,513
Other income (expenses)			
Interest income		12,145	2,255
Loss on disposal of property, plant and equipment and intangible assets		(376)	(1,843)
Restructuring	21	(1,342)	—
Gain on extinguishment of debt		97	—
Gain on contingent consideration from a business acquisition	3	—	1,600
Loss on de-recognition/lease modification of operating lease liabilities	6	(41)	(736)
		10,483	1,276
(Loss) income before income taxes		(11,833)	18,380
Income tax expense (recovery)	23		
Current		9,918	7,807
Deferred		(9,195)	(6,405)
		723	1,402
Net (loss) income and comprehensive (loss) income		(12,556)	16,978

(1) Certain comparative figures have been reclassified to conform with current year presentation. Lease income in comparative period of \$26.3 million was reclassified from operating expense to revenue.

MTY Franchising USA, Inc.**Consolidated statements of changes in stockholder's equity**

Years ended November 30, 2024 and 2023

(In thousands of US dollars, except number of common stock issued)

	Common stock issued	Common stock value	Retained earnings	Total stockholder's equity
		\$	\$	\$
Balance as at November 30, 2022	15	179,154	56,804	235,958
Net income and comprehensive income	—	—	16,978	16,978
Balance as at November 30, 2023	15	179,154	73,782	252,936
Net loss and comprehensive loss	—	—	(12,556)	(12,556)
Balance as at November 30, 2024	15	179,154	61,226	240,380

MTY Franchising USA, Inc.
Consolidated balance sheets

As at November 30, 2024 and 2023

(In thousands of US dollars)

		2024	2023
	Notes	\$	\$
Assets			
Current assets			
Cash		12,834	21,138
Restricted cash	2	250	271
Accounts receivable	4	28,755	29,461
Inventories		7,182	6,414
Assets held for sale	5, 7 & 8	3,116	1,668
Current portion of loans receivable		384	272
Receivable from ultimate parent	13 & 25	204,389	148,828
Prepaid expenses and deposits		8,039	8,386
Other current assets		4,834	3,333
Income taxes receivable	23	4,402	4,919
		274,185	224,690
Loans receivable		66	151
Contract cost asset		4,277	3,696
Other assets		2,106	1,896
Property, plant and equipment	7	53,675	63,599
Operating lease right-of-use assets	6	190,303	187,074
Intangible assets	8	577,327	602,168
Goodwill	9	346,490	376,175
		1,448,429	1,459,449
Liabilities			
Current liabilities			
Accounts payable		14,808	15,878
Accrued liabilities		26,837	28,769
Gift card liability	11	109,252	104,858
Promotional funds payable		10,523	14,690
Current portion of operating lease liabilities	6	38,340	37,080
Current portion of deferred revenue and deposits	12	8,093	7,775
Advance from parent company	13 & 25	4,417	2,249
Advances from companies under common control	13 & 25	—	42
Current portion of holdback payable	15	—	912
		212,270	212,253

MTY Franchising USA, Inc.
Consolidated balance sheets (continued)

As at November 30, 2024 and 2023

(In thousands of US dollars)

		2024	2023
	Notes	\$	\$
Liabilities (continued)			
Long-term loan from company under common control	14	708,363	705,683
Other liabilities		—	159
Liabilities held for sale	5, 7 & 8	2,116	—
Operating lease liabilities	6	156,073	153,413
Deferred revenue and deposits	12	28,170	24,753
Deferred income taxes	23	101,057	110,252
		1,208,049	1,206,513
Stockholder's equity			
Common stock	17	179,154	179,154
Retained earnings		61,226	73,782
		240,380	252,936
		1,448,429	1,459,449

Approved by the Board on January 31, 2025

_____, Director

MTY Franchising USA, Inc.
Consolidated statements of cash flows

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

		2024	2023
	Notes	\$	\$
Operating activities			
Net (loss) income and comprehensive (loss) income		(12,556)	16,978
Items not affecting cash:			
Depreciation – property, plant and equipment	7	13,469	11,358
Amortization – intangible assets	8	15,765	19,213
Interest expense	22	53,768	53,977
Loss on disposal of property, plant and equipment and intangible assets		376	1,843
Impairment charge – property, plant and equipment	7 & 10	6,150	169
Impairment charge – operating lease right-of-use assets	6	849	—
Impairment charge – intangible assets and goodwill	8 & 10	37,452	4,063
Gain on contingent consideration from a business acquisition	3	—	(1,600)
Loss on de-recognition/lease modification of operating lease liabilities	6	41	736
Deferred income tax recovery		(9,195)	(6,405)
		106,119	100,332
Interest paid		(53,768)	(53,977)
Changes in non-cash working capital items			
Accounts receivable		2,874	(4,133)
Inventories		(925)	198
Prepaid expenses and deposits		(278)	(1,140)
Loans receivable		(27)	1,410
Other current assets		(1,502)	(412)
Income taxes		(303)	(1,842)
Accounts payable		(1,070)	(911)
Accrued liabilities		(1,817)	(5,853)
Promotional funds payable		(4,166)	(2,045)
Gift card liability		4,546	7,521
Deferred revenue and deposits		3,735	1,088
Other		713	1,512
Net cash provided from operating activities		54,131	41,748

MTY Franchising USA, Inc.**Consolidated statements of cash flows (continued)**

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

		2024	2023
	Notes	\$	\$
Investing activities			
Net cash outflow on acquisitions	3	—	(221,180)
Net cash acquired through business acquisitions	3	—	6,884
Additions to property, plant and equipment	7	(10,963)	(13,250)
Additions to intangible assets	8	(318)	(565)
Proceeds on disposal of intangible assets	7	230	—
Proceeds on disposal of property, plant and equipment		692	358
Proceeds on disposal of assets held for sale		1,614	—
Net cash used in investing activities		(8,745)	(227,753)
Financing activities			
Receivable from ultimate parent and parent company	13	(55,562)	(221,985)
Receivable from companies under common control		2,638	405,836
Repayment of holdback payable	15	(787)	—
Net cash (used in) provided from financing activities		(53,711)	183,851
Net decrease in cash		(8,325)	(2,154)
Cash, beginning of year		21,409	23,563
Cash, end of year		13,084	21,409
Supplemental cash flow information	24		

The accompanying notes are an integral part of the consolidated financial statements.

MTY Franchising USA, Inc.

Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

1. Nature of operations

MTY Franchising USA, Inc. (the "Company" or "MTY USA") was incorporated on March 14, 2001. The Company operates, develops and franchises restaurants under a multitude of different banners in the United States of America (the "US").

2. Significant accounting policies

Basis of presentation

The accounting policies of the Company are in accordance with accounting principles generally accepted in the US ("US GAAP"). The Company uses the US dollar as its functional and reporting currency, and tabular amounts are rounded to the nearest thousand (\$000) except when otherwise indicated. MTY USA is a wholly owned subsidiary of MTY Franchising Inc. which is a subsidiary of the ultimate parent of MTY Food Group Inc.

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Presented below are those policies considered particularly significant:

Basis of consolidation

The consolidated financial statements reflect the financial position and operating results of the Company, including wholly owned subsidiaries and investees that we control.

The principal subsidiaries of the Company are as follows:

<u>Principal subsidiaries</u>	<u>Percentage of equity interest</u>
	%
BF Acquisition Holdings, LLC	100
BQ Concepts, LLC	100
Famous Dave's of America Inc.	100
Kahala Franchising, LLC	100
La Salsa Franchise, LLC	100
Papa Murphy's International, LLC	100
VI Brandco, LLC	100
Wetzel's Pretzels, LLC (Note 3)	100

Revenues and expenses of subsidiaries are included in the consolidated statement of operations and comprehensive income (loss) from the effective date of acquisition. The subsidiaries are consolidated from the acquisition date until the date on which the Company ceases to control them.

All intercompany transactions, balances, revenues and expenses are eliminated in full upon consolidation.

Business combinations

The Company accounts for acquired businesses using the acquisition method of accounting in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, Business Combinations. The consideration transferred for the acquisition is the fair values of the assets transferred, the liabilities incurred, and the equity interest issued. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Business combinations (continued)

Goodwill is measured as the excess of the purchase price over the estimated fair values of the net assets acquired. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the statement of operations as a bargain purchase gain.

Goodwill reflects how the acquisition will impact the Company's ability to generate future profits in excess of existing profits. The consideration paid mostly relates to combined synergies, related mainly to revenue growth. These benefits are not recognized separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting gain or loss, if any, is recognized in the statement of operations. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in income and other comprehensive income are reclassified to the statement of operations where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete.

Functional currency

The functional currency of the Company and its subsidiaries is the US dollar. The Company translates monetary assets and liabilities that are denominated in currencies other than the US dollar at the exchange rates prevailing at the end of the reporting period; non-monetary assets denominated in foreign currencies are translated using the exchange rate prevailing at the transaction date; all revenue and expense items denominated in foreign currencies are translated at the exchange rate prevailing at the transaction date. All foreign exchange gains and losses are reported in the statement of operations.

Revenue recognition

Revenue is recognized upon the transfer of control of promised goods or services to customer in an amount that reflects the consideration the Company expects to receive for those goods or services:

Revenue from franchise locations

- i) Royalties are based either on a percentage of gross sales as reported by the franchisees or on a fixed monthly fee. They are recognized on an accrual basis in accordance with the substance of the relevant agreement, as they are earned.
- ii) Promotional fund contributions are based on a percentage of gross sales as reported by the franchisees. Corresponding promotional fund transfers are presented directly on the consolidated balance sheets. The Company is not entitled to retain these promotional fund payments received and is obligated to transfer these funds to be used solely for use in promotional and marketing-related costs for specific restaurant banners. The Company sometimes charges a fee for the administration of the promotional funds.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Revenue recognition (continued)

Revenue from franchise locations (continued)

- iii) Initial franchise fees are recognized on a straight-line basis over the term of the franchise agreement as the performance obligation relating to franchise rights is fulfilled. Amortization begins once the restaurant has opened.
- iv) Upfront fees related to master license agreements are recognized over the term of the master license agreements on a straight-line basis.
- v) Renewal fees and transfer fees are recognized on a straight-line basis over the term of the related franchise agreement.
- vi) The Company earns rent revenue on certain leases it holds; the Company's policy is described below.
- vii) Revenue from equipment sale and retail sales are recognized upon transfer of control, generally upon shipment of the equipment or goods. This revenue is recorded in resale material and retail sales.
- viii) The Company recognizes breakage income proportionately as each gift card is redeemed, based on the historical redemption patterns of the gift cards. The Company also charges various program fees to its franchisees as gift cards are redeemed. Notably, this does not apply to gift card liabilities assumed in a business acquisition, which are accounted for at fair value at acquisition date.
- ix) The Company receives considerations from certain suppliers. Fees are generally earned based on the value of purchases during the period. Agreements that contain an initial upfront fee, in addition to ongoing fees, are recognized on a straight-line basis over the term of the respective agreement. Supplier contributions are recognized as revenue as they are earned and are recorded in franchising revenue.
- x) The Company earns e-commerce fees, which includes point-of-sale ("POS") support fees and transaction fees for purchase made through one of the Company's brands' e-commerce platforms. POS support fees are received quarterly in advance and are recognized over the period they cover. Transaction fees are recognized when the food items purchased from a store are delivered or picked up by customers.

Revenue from corporate-owned locations

Revenue from corporate-owned locations is recorded when goods are delivered to customers.

Contract cost asset

The Company recognizes incremental costs of obtaining a contract as an asset if they are expected to be recoverable, unless their amortization period would be less than one year, in which case they are expensed as incurred. The costs are amortized to operating expenses over the term of the related franchise agreement.

Leasing

In accordance with ASC 842, the Company determines if an arrangement is or contains a lease at contract inception and recognizes a right-of-use asset and a lease liability at the lease commencement date. Leases with an initial term of 12 months or less but greater than one month are not recorded on the balance sheet for select asset classes.

The lease liability is measured at the present value of future lease payments as of the lease commencement date. The right-of-use asset recognized is based on the lease liability adjusted for prepaid and deferred rent and unamortized lease incentives. An operating lease right-of-use asset is amortized on a straight-line basis over the lease term and is recognized as a single lease cost against the operating lease liability. A finance lease right-of-use asset is amortized on a straight-line basis, with interest costs reported separately, over the lesser of the useful life of the leased asset or lease term.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Leasing (continued)

Operating lease expense is recognized on a straight-line basis over the lease term and is included in Operating expenses. Variable lease payments are expensed as incurred. The Company uses its incremental borrowing rates as the discount rate for its leases, which is equal to the rate of interest the Company would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The lease terms for all the Company's leases include the contractually obligated period of the leases, plus any additional periods covered by Company options to extend the leases that the Company is reasonably certain to exercise. Certain leases provide that the lease payments may be increased annually based on the fixed rate terms or adjustable terms such as the Consumer Price Index. Future base rent escalations that are not contractually quantifiable as of the lease commencement date are not included in the lease liability.

Lease expense is comprised of operating and finance lease costs, short-term lease costs, and variable lease costs, which primarily include common area maintenance, real estate taxes, and insurance for the Company's real estate leases.

The Company enters into leases for franchised and corporately-owned locations, offices, and equipment in the normal course of business.

The Company as lessee

The Company recognizes operating lease liabilities with corresponding operating lease right-of-use assets, except for short-term leases and leases of low value assets, which are expensed on a straight-line basis over the lease term. The Company's leases are all classified as operating leases. The amortization of the operating lease right-of-use asset and interest expense related to the operating lease liability are recorded together as the lease expense to produce a straight-line recognition effect in the consolidated statement of operations. Under ASC 842, operating lease right-of-use assets are tested for impairment in accordance with ASC 360, Property, Plant and Equipment.

The Company as lessor

When the Company enters into a sublease arrangement as an intermediate lessor, the Company accounts for the head lease and the sublease as two separate contracts. All the subleases of the Company are classified as operating subleases by reference to the operating lease right-of-use asset arising from the underlying asset. For operating subleases, the Company recognizes an operating right-of-use asset relating to the head lease and recognizes a deferred rent asset or liability in the sublease. As the intermediate lessor, the Company retains the operating lease liability on the head lease in its consolidated balance sheet. During the term of the sublease, the Company recognizes both lease income on the sublease and lease expense on the head lease.

Income taxes

The Company accounts for income taxes pursuant to ASC 740, Income Taxes ("ASC 740"). Deferred tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is recorded for the amount of income tax payable or refundable for the period increased or decreased by the change in deferred tax assets and liabilities during the period.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Expected Credit loss

The Company currently uses an expected credit loss ("ECL") model for its trade receivables, which permits the uses of the lifetime expected loss provision for all trade receivables and also incorporates forward-looking information. Lifetime ECL represents the ECL that will result from all probable default events over the expected life of a financial instrument.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Assets held for sale

Assets are classified as held for sale when management with the appropriate authority commits to a plan to sell the assets, the assets are available for immediate sale, the assets are actively marketed at a reasonable price, the sale is probable within a year, and certain other criteria met. Assets held for sale primarily include Company-owned stores and, in some instances, associated trademarks and right-of-use assets, when the Company has committed to their sale as part of an approved plan. Assets designated as held for sale are held at the lower of the net book value or fair value less costs to sell. Depreciation is not charged against property, plant and equipment or right-of-use assets classified as assets held for sale.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at their historical costs less accumulated depreciation (buildings) and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, including any costs directly attributable to bringing the asset to a working condition for its intended use.

Equipment, leasehold improvements, rolling stock and computer hardware are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of operations.

Depreciation is based on the following terms:

Buildings	Straight-line	25 to 50 years
Equipment	Straight-line	Three to 10 years
Leasehold improvements	Straight-line	Term of the lease
Rolling stock	Straight-line	Five to seven years
Computer hardware	Straight-line	Three to seven years

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, if applicable. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization methods are reviewed at the end of each year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if applicable.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets having a finite life acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, if applicable, on the same basis as intangible assets that are acquired separately. Intangible assets having an indefinite life are not amortized and are therefore carried at cost reduced by previous impairment losses, if applicable.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Intangible assets (continued)

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the statement of operations when the asset is derecognized.

The Company currently carries the following intangible assets in its books:

Franchise rights

The franchise rights acquired through business combinations are recognized at the fair value of the estimated future cash inflows related to the acquisition of franchises. The franchise rights are generally amortized on a straight-line basis over the term of the agreements which typically range between 10 to 20 years.

Trademarks

Trademarks acquired through business combinations are recognized at their fair value at the time of the acquisition and are not amortized. Trademarks are determined to have an indefinite useful life based on their brand recognition and their ability to generate revenue through changing economic conditions with no foreseeable time limit.

Other

Included in other intangible assets are purchased software and liquor licences, which are being amortized over their expected useful life on a straight-line basis.

Impairment of long-lived assets other than goodwill

The Company continually reviews whether events or circumstances subsequent to the acquisition of any long-lived assets, including intangible assets with finite and infinite useful lives, have occurred that indicate the remaining estimated useful lives of those assets may warrant revision or that the remaining balance of those assets may not be recoverable. If events and circumstances indicate that the long-lived assets should be reviewed for possible impairment, the Company uses projections to assess whether future cash flows on an undiscounted basis related to the assets exceed the recorded carrying amount of those assets to determine if an asset is impaired. Should an impairment be identified, a loss would be recorded to the extent that the carrying value of the impaired assets exceeds their fair values as determined by valuation techniques appropriate in the circumstances that could include the use of similar cash flow projections on a discounted basis. The reporting units of indefinite intangible assets are individual brands, comprised of franchise rights, trademarks, and perpetual licenses.

Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to the unit or group of units ("reporting unit") that are considered to represent the lowest level within the group at which the goodwill is monitored for internal management purposes. As of September 1, 2024, the Company reassessed the reporting units based on a strategic realignment and merger of business units in the US. With the change in management team and the overall change in decision making and overall synergies brought from the merger of these units, it was determined that the merger US Goodwill Unit A and D would be merged and that US Goodwill Unit B and C would be merged.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Impairment goodwill (continued)

As at November 30, 2024, goodwill is allocated as follows:

Goodwill unit description	2024	2023
US Goodwill Unit A	A group of reporting units comprised of all the brands, excluding Papa Murphy's and the brands acquired with BBQ Holdings, Inc. ("BBQ Holdings")	A group of reporting units comprised of all the brands, excluding Papa Murphy's and the brands acquired with BBQ Holdings, Inc. ("BBQ Holdings")
US Goodwill Unit B	A group of reporting units comprised of the BBQ Holdings brands and the Papa Murphy's brand	One reporting unit comprised of Papa Murphy's brand
US Goodwill Unit C		A group of reporting units comprised of the BBQ Holdings brands
US Goodwill Unit D		One reporting unit comprised of Wetzel's Pretzels brand

Impairment of goodwill (continued)

Goodwill is tested for impairment on an annual basis (September 1 for the Company) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Fair value is determined using a discounted cash flow methodology with a risk adjusted weighted average cost of capital.

Cash and restricted cash

Cash and restricted cash include cash on hand and short-term investments, if any, with maturities upon acquisition of generally three months or less or that are redeemable at any time at full value and for which the risk of a change in value is not significant. As at November 30, 2024, cash and restricted cash included \$250 of restricted cash (2023 – \$271) that is required as part of guarantees on certain lease commitments.

Inventories

Inventories are measured at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis and include acquisition costs and other costs incurred to bring inventories to their present location and condition.

Market value represents the current replacement cost, provided that the cost does not exceed the net realizable value or is not less than the net realizable value reduced by a normal profit margin.

Contingencies

Litigation, disputes and closed stores

Provisions for the expected cost of litigation, disputes and the cost of settling leases for closed stores, with the exception of operating lease liabilities already recorded pursuant to ASC 842, are recognized when it becomes probable the Company will be required to settle the obligation, at management's best estimate of the expenditure required to settle the Company's obligation.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Contingencies (continued)

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized, and the amount initially recognized.

Financial instruments

The Company's financial instruments consist of cash, restricted cash, accounts receivable, loans receivable, receivable from company under common control, receivable from ultimate parent, accounts payable, accrued liabilities, promotional funds payable, advance from parent company, advances from companies under common control, long-term loan from company under common control and holdbacks payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values for cash, restricted cash, accounts receivable, loans receivable, receivable from company under common control, receivable from ultimate parent, accounts payable, accrued liabilities, promotional funds payable, advance from parent company and advances from companies under common control approximate their carrying values due to their immediate or short-term maturities, unless otherwise noted. The long-term loan from company under common control, advances from ultimate parent and holdbacks payable are measured at amortized cost using the effective interest method.

Promotional funds

Pursuant to the franchise agreements, franchisees must pay a fee to the promotional funds. These amounts are collected by the Company in its capacity as agent and must be used for promotional and advertising purposes, since the amounts are set aside to promote the respective banners for the franchisees' benefit. The promotional funds collected, and the related expenditures are reported on a gross basis in the consolidated statements of operations and comprehensive income. To the extent that promotional funds received exceed the related promotional expenditures, the excess contributions will be recorded in accounts payable or accrued liabilities.

Cash held pursuant to the promotional funds received are classified as unrestricted cash as there are no legal restrictions on the use of these funds; however, the Company intends to use these funds solely to support the promotional funds rather than to fund its ongoing operations. As at November 30, 2024, promotional funds were in a net liability position amounting to \$7,694 (2023 – net liability position of \$11,357).

Subsequent events

Subsequent events were evaluated through the date that the consolidated financial statements were issued, which was January 31, 2024.

Estimates and assumptions

Business combinations

For business combinations, the Company must make assumptions and estimates to determine the purchase price accounting of the business being acquired. To do so, the Company must determine the acquisition date fair value of the identifiable assets acquired, including such intangible assets as franchise rights and master franchise rights, trademarks, step-in rights and liabilities assumed. Among other things, the determination of these fair market values involves the use of discounted cash flow analyses and future system sales growth. Goodwill is measured as the excess of the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree over the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. These assumptions and estimates have an impact on the asset and liability amounts recorded in the consolidated balance sheets on the acquisition date. In addition, the estimated useful lives of the acquired amortizable assets, the identification of intangible assets and the determination of the indefinite or finite useful lives of intangible assets acquired will have an impact on the Company's future statement of operations.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Estimates and assumptions (continued)

Goodwill and indefinite-lived intangible assets

The fair value calculation includes estimates of revenue growth, which are based on past performance and internal projections for the intangible asset group's forecasted growth, and royalty rates, which are adjusted for our particular facts and circumstances. The discount rate is selected based on the estimated cost of capital that reflects the risk profile of the related business. These estimates are highly subjective, the ability to achieve the forecasted cash flows used in our fair value calculations is affected by factors such as the success of strategic initiatives, changes in economic conditions, changes in our operating performance and changes in our business strategies.

Contingencies

The Company makes assumptions and estimations based on its current knowledge of future disbursements it will have to make in connection with various events that have occurred in the past and for which the amount to be disbursed and the timing of such disbursement are uncertain at the date of producing its consolidated financial statements. This includes contingencies for onerous contracts, litigations and disputes and other contingencies.

Gift card liabilities

Management is required to make certain assumptions in both the prorated recognition based on redemption pattern and remoteness recognition of gift card breakage. The significant estimates are breakage rate and the redemption patterns.

3. Business acquisitions

I) Sauce Pizza and Wine (2023)

On December 15, 2022, the Company completed the acquisition of the assets of Sauce Pizza and Wine, an operator of fast casual restaurants operating in the state of Arizona in the US. As of the date of the acquisition, Sauce Pizza and Wine was operating 13 corporate-owned restaurants. The purpose of the transaction was to diversify the Company's range of offerings in the US.

The transaction included a purchase price totaling \$11,165 and a holdback on acquisition of \$798, as detailed below. The resulting aggregate cash outflow in connection with the Sauce Pizza and Wine acquisition was \$9,927.

	<u>2023</u>
	\$
Consideration paid:	
Purchase price	11,165
Working capital	(401)
Cash	23
Discount on non-interest-bearing holdback	(39)
Total consideration	<u>10,748</u>
Cash	(23)
Holdback	(798)
Net consideration paid/cash outflow	<u>9,927</u>

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

3. Business acquisitions (continued)

I) Sauce Pizza and Wine (2023) (continued)

The final purchase price allocation is as follows:

	<u>2023</u>
	<u>\$</u>
Net assets acquired:	
Current assets	
Cash	23
Inventories	183
Prepaid expenses and deposits	<u>193</u>
	399
Property, plant and equipment	3,821
Operating lease right-of-use assets	7,262
Intangible assets – Trademark	4,140
Goodwill ⁽¹⁾	<u>3,658</u>
	<u>19,280</u>
Current liabilities	
Accrued liabilities	78
Gift card liability	1,086
Current portion of operating lease liabilities	<u>1,218</u>
	2,382
Operating lease liabilities	<u>6,150</u>
	<u>8,532</u>
Net purchase price	<u><u>10,748</u></u>

⁽¹⁾ Goodwill is deductible for tax purposes.

Total expenses incurred related to acquisition costs amounted to \$160.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

3. Business acquisitions (continued)

II) Wetzel's Pretzels (2023)

On December 8, 2022, the Company completed the acquisition of all of the issued and outstanding shares of COP WP Parent, Inc. ("Wetzel's Pretzels"), a franchisor and operator of quick service restaurants operating in the snack category across 25 states in the US, as well as in Canada and Panama. As of the date of the acquisition, Wetzel's Pretzels was operating 328 franchised and 38 corporate-owned restaurants. The purpose of the transaction was to diversify the Company's range of offerings in the US.

The transaction included a purchase price totaling \$210,189, as detailed below. The resulting aggregate cash outflow in connection with the Wetzel's Pretzels acquisition was \$203,328. The transaction consideration also includes \$3,000 held in escrow contingent on the execution of several lease contracts within 12 months of acquisitions. As of December 8, 2023, only a portion of the contracts were executed and therefore \$1,600 was released from escrow and recorded as a gain in the statement of profit and loss.

	<u>2023</u>
	\$
Consideration paid:	
Purchase price	<u>210,189</u>
Total consideration	<u>210,189</u>
Cash	<u>(6,861)</u>
Net consideration paid/cash outflow	<u>203,328</u>

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

3. Business acquisitions (continued)

II) Wetzel's Pretzels (2023) (continued)

The final purchase price allocation is as follows:

	<u>2023</u>
	\$
Net assets acquired:	
Current assets	
Cash	6,861
Accounts receivable	1,005
Inventories	265
Current portion of loans receivable	45
Prepaid expenses and deposits	757
Income taxes receivable	1,371
	<u>10,304</u>
Loans receivable	594
Property, plant and equipment	5,082
Operating lease right-of-use assets	21,931
Intangible assets – Franchise rights	35,600
Intangible assets – Trademarks	71,700
Goodwill ⁽¹⁾	118,447
	<u>263,658</u>
Current liabilities	
Accounts payable	911
Accrued liabilities	4,979
Promotional funds payable	431
Current portion of operating lease liabilities	936
Current portion of deferred revenue and deposits	67
Income taxes payable	547
	<u>7,871</u>
Operating lease liabilities	20,995
Deferred revenue and deposits	939
Deferred income taxes	23,664
	<u>53,469</u>
Net purchase price	<u>210,189</u>

⁽¹⁾ Goodwill is deductible for tax purposes.

Total expenses incurred related to acquisition costs amounted to \$320.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

4. Accounts receivable

Details of accounts receivable are as follows:

	2024	2023
	\$	\$
Total accounts receivable	30,676	31,738
Less: Allowance for credit losses	(1,921)	(2,277)
Total accounts receivable, net	28,755	29,461
Of which:		
Not past due	23,612	25,787
Past due for more than one day but no more than 30 days	1,736	430
Past due for more than 31 days but no more than 60 days	695	208
Past due for more than 61 days	2,712	3,036
Total accounts receivable, net	28,755	29,461
	2024	2023
	\$	\$
Allowance for credit losses, beginning of year	(2,277)	(2,013)
Recovery (provision)	322	(733)
Additions through business acquisition	—	(374)
Reversal of amounts previously written off	(33)	(2)
Write-offs	67	845
Allowance for credit losses, end of year	(1,921)	(2,277)

5. Assets and liabilities held for sale

Assets and liabilities held for sale as at November 30, 2024 and 2023 are stated at fair value less costs to sell. During the reporting period, the Company designated certain assets and liabilities related to a casual dining brand as held for sale. This decision reflects management's formal commitment to a plan to divest these assets, which include both Company-owned stores and associated intangible assets.

The assets reclassified as held for sale primarily consist of inventories, prepaid expenses, deposits, right-of-use assets (Note 6), property plant, and equipment (Note 7) and intangible assets (Note 8). The liabilities included in the carrying value are the gift card payable and the lease liability (Note 6). This reclassification on November 30, 2024 led to an impairment charge of \$849 to right-of-use-asset, \$505 to property, plant and equipment and \$1,088 to trademarks in Reporting Unit A. The total carrying amount reclassified as held for sale is comprised of assets of \$3,116 and liabilities of \$2,116 resulting in a net amount of \$1,000.

In November 2023 assets held for sale comprised of one locations leasehold improvement, land and building that were transferred from property, plant and equipment (Note 7). They did not meet the definition of assets held for sale at the acquisition date of BBQ Holdings.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

6. Leases

Operating lease right-of-use assets

The following table provides the net carrying amounts of the operating lease right-of-use assets by class of underlying asset and the changes in the years ended November 30, 2024 and 2023:

	Offices and stores	Other	Total
	\$	\$	\$
Balance as at November 30, 2022	165,208	433	165,641
Additions	7,115	160	7,275
Additions through business acquisitions (Note 3)	29,274	—	29,274
Depreciation expense	(40,972)	(278)	(41,250)
De-recognition/lease modifications	26,139	(5)	26,134
Balance as at November 30, 2023	186,764	310	187,074
Additions	12,844	90	12,934
Assets held for sale (Note 5)	(953)	—	(953)
Depreciation expense	(39,781)	(139)	(39,920)
Impairment charge	(849)	—	(849)
De-recognition/lease modifications	32,047	(30)	32,017
Balance as at November 30, 2024	190,072	231	190,303

The Company recorded sublease income from its operating lease right-of-use assets amounting to \$23,431 (2023 – \$24,789).

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

6. Leases (continued)

Operating lease liabilities

The following table provides the net carrying amounts of the operating lease liabilities and the changes in the years ended November 30, 2024 and 2023:

	2024	2023
	\$	\$
Operating lease liabilities, beginning of year	190,493	167,716
Additions	12,934	7,284
Additions through business acquisitions (Note 3)	—	29,380
Transfer to assets held for sale (Note 5)	(1,848)	—
Lease renewals and modifications	35,264	29,624
Lease terminations	(3,316)	(3,554)
Other adjustments	(329)	(201)
Interest expense	10,731	10,449
Payments	(49,516)	(50,205)
Operating lease liabilities, end of year	194,413	190,493

Recorded in the consolidated balance sheets as follows:

	2024	2023
	\$	\$
Current portion	38,340	37,080
Long-term portion	156,073	153,413
	194,413	190,493

Maturity analysis

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after November 30, 2024:

	Leases	Expected sublease income
	\$	\$
2025	49,565	22,430
2026	43,786	18,679
2027	37,267	14,647
2028	30,325	10,977
2029	22,736	6,760
Thereafter	50,978	10,130
Total undiscounted lease payments	234,657	83,623
Less: Unearned finance income	(40,244)	—
Total present value of lease liabilities and expected sublease income	194,413	83,623

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

7. Property, plant and equipment

Cost	Leasehold improvements		Rolling stock	Computer hardware	Land	Building	Total
	Equipment						
	\$	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2022	21,299	26,495	24	3,998	3,145	3,509	58,470
Additions	6,215	5,978	—	1,007	—	50	13,250
Additions through business acquisition (Note 3)	2,014	6,242	(8)	(89)	75	(314)	7,920
Disposals	(578)	(155)	—	(125)	—	—	(858)
Impairment (Note 10)	(139)	(16)	—	(14)	—	—	(169)
Balance as at November 30, 2023	28,811	38,544	16	4,777	3,220	3,245	78,613
Additions	5,100	4,427	—	1,369	—	67	10,963
Disposals	(1,088)	(221)	—	(90)	—	—	(1,399)
Impairment (Note 10)	(2,239)	(3,662)	—	(249)	—	—	(6,150)
Transfer to assets held for sale (Note 5)	(469)	(323)	—	(22)	—	—	(814)
Balance as at November 30, 2024	30,115	38,765	16	5,785	3,220	3,312	81,213
Accumulated depreciation	Equipment	Leasehold improvements	Rolling stock	Computer hardware	Land	Building	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2022	1,535	1,512	7	914	—	44	4,012
Depreciation	3,362	7,381	(7)	524	—	98	11,358
Disposals	(282)	(65)	—	(9)	—	—	(356)
Balance as at November 30, 2023	4,615	8,828	—	1,429	—	142	15,014
Depreciation	4,658	8,087	3	531	—	190	13,469
Disposals	(516)	(115)	—	(68)	—	—	(699)
Transfer to assets held for sale (Note 5)	(141)	(98)	—	(7)	—	—	(246)
Balance as at November 30, 2024	8,616	16,702	3	1,885	—	332	27,538
Carrying amounts	Equipment	Leasehold improvements	Rolling stock	Computer hardware	Land	Building	Total
	\$	\$	\$	\$	\$	\$	\$
November 30, 2023	24,196	29,716	16	3,348	3,220	3,103	63,599
November 30, 2024	21,499	22,063	13	3,900	3,220	2,980	53,675

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

8. Intangible assets

Cost	Franchise	Trademarks	Other	Total
	rights			
	\$	\$	\$	\$
Balance as at November 30, 2022	181,224	417,870	5,007	604,101
Additions	—	—	565	565
Additions through business acquisitions (Note 3)	34,260	67,830	517	102,607
Disposals	—	—	(177)	(177)
Impairment (Note 10)	(559)	(3,504)	—	(4,063)
Balance as at November 30, 2023	214,925	482,196	5,912	703,033
Additions	275	—	43	318
Disposals	—	—	(230)	(230)
Impairment (Note 10)	(1,390)	(6,191)	(186)	(7,767)
Transfer to assets held for sale (Note 5)	—	(1,222)	(175)	(1,397)
Balance as at November 30, 2024	213,810	474,783	5,364	693,957
	Franchise			
	rights	Trademarks	Other	Total
	\$	\$	\$	\$
Balance as at November 30, 2022	80,593	—	1,108	81,701
Disposals	—	—	(49)	(49)
Amortization	18,434	—	779	19,213
Balance as at November 30, 2023	99,027	—	1,838	100,865
Amortization	15,124	—	641	15,765
Balance as at November 30, 2024	114,151	—	2,479	116,630
	Franchise			
	rights	Trademarks	Other	Total
	\$	\$	\$	\$
November 30, 2023	115,898	482,196	4,074	602,168
November 30, 2024	99,659	474,783	2,885	577,327

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

9. Goodwill

The changes in the carrying amount of goodwill are as follows:

	2024	2023
	\$	\$
Goodwill, beginning of year	424,828	286,713
Amount recognized from business acquisitions (Note 3)	—	138,115
Goodwill, end of year	424,828	424,828
Accumulated impairment, beginning of year	(48,653)	(48,653)
Impairment (Note 10)	(29,685)	—
Accumulated impairment, beginning and end of year	(78,338)	(48,653)
Carrying amount	346,490	376,175

10. Impairment – property, plant and equipment, intangible assets and goodwill

The Company performed its annual impairment test as at September 1, 2024, resulting in the recognition of \$6,679 (2023 – \$4,063) of impairment losses on its intangible assets for five of its brands (2023 – four brands). The Company also recorded an impairment of \$1,088 on one of its brands resulting from the reclass to assets held for sale (Note 5).

As of September 1, 2024, the Company reassessed the reporting unit based on a strategic realignment and merger of business units in the US. The goodwill impairment for the reporting unit comprised of Papa Murphy's brand was subject to an impairment test prior to the strategic realignment and this resulted in an impairment of goodwill of \$29,685 (2023 – \$nil).

Additionally, the Company recorded \$6,150 of impairment losses on its property, plant and equipment (2023 – \$169), for a total of \$43,602 (2023 – \$4,232) of impairment charges on its property, plant and equipment, intangible assets and goodwill for the year ended November 30, 2024, which have been recognized in the consolidated statement of operations.

Impairment charges were based on the amount by which the carrying values of the assets exceeded the fair value, determined using expected discounted projected operating cash flows for trademarks and franchise rights.

Impairment by reporting unit for the year ended November 30, 2024:

	Intangible assets					Total
	Property, plant and equipment	Franchise rights	Trademarks	Other	Goodwill	
	\$	\$	\$	\$	\$	\$
Reporting Unit A	1,886	205	2,069	—	—	4,160
Reporting Unit B	4,264	1,185	4,122	186	29,685	39,442
	6,150	1,390	6,191	186	29,685	43,602

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(In thousands of US dollars)

10. Impairment (continued)

Impairment by reporting unit for the year ended November 30, 2023:

	Property, plant and equipment	Intangible assets		Total
		Franchise rights	Trademarks	
		\$	\$	
Reporting Unit A	22	559	3,264	3,845
Reporting Unit B	—	—	—	—
Reporting Unit C	105	—	240	345
Reporting Unit D	42	—	—	42
	169	559	3,504	4,232

The key assumptions used are those related to projected operating cash flows, as well as the discount rates. The sales forecasts for cash flows were based on the subsequent fiscal year's budgeted operating results, which were prepared by management and approved by the Board, and internal forecasts for subsequent years, which were prepared by management and developed from the budgeted operating results.

The following table presents the key assumptions used in the Company's impairment tests, as well as the recoverable amounts measured at fair value as at September 1, 2024 and 2023:

	2024		2023			
	Reporting Unit A	Reporting Unit B	Reporting Unit A	Reporting Unit B	Reporting Unit C	Reporting Unit D
<i>(\$, except percentage data)</i>						
Discount rates after tax	10.0%	10.0%	10.5%	10.5%	10.5%	10.5%
Discount rates pre-tax	12.7%	13.0%	13.4%	13.8%	13.7%	13.6%
Recoverable amounts	875,925	604,533	539,407	266,604	313,644	270,246

Long-term growth rates ranging from 0% to 2% (2023 – 0% to 2%) were used in the impairment test for Reporting Unit A. A change of 100 basis points in discount rates in Reporting Unit A would result in additional impairment charges on intangible assets of four brands (2023 – three brands) representing 0.5% (2023 – 0.7%) of the total carrying value of the franchise rights and trademarks in that unit. A change of 100 basis points in discount rates in Reporting Unit A would not result in additional impairment charges on goodwill for the years ended November 30, 2024 and 2023. For Reporting Unit A, an increase of 430 basis points in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

Long-term growth rates of 2.0% were used in the impairment test for Reporting Unit B. A change of 100 basis points in discount rates in Reporting Unit B would result in additional impairment charges on intangible assets of one brand (2023 – nil) representing 0.1% (2023 – nil) of the total carrying value of the franchise rights and trademarks in that unit. A change of 100 basis points in discount rates in Reporting Unit B would not result in additional impairment charges on goodwill for the years ended November 30, 2024 and 2023. For Reporting Unit B, an increase of 130 basis points in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

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(In thousands of US dollars)

11. Gift card liability

The changes in the carrying amount of the gift card liability are as follows:

	2024	2023
	\$	\$
Gift card liability, beginning of year	104,858	91,453
Activations	77,690	52,873
Redemptions	(66,987)	(39,603)
Gift card liability acquired and purchase price allocation adjustments (Note 3)	—	5,884
Deferred program fees and other	(320)	(1,065)
Gift card breakage recorded	(5,989)	(4,684)
Gift card liability, end of year	109,252	104,858

12. Deferred revenue and deposits

	2024	2023
	\$	\$
Franchise fee deposits	33,594	28,948
Unearned rent	1,737	1,794
Supplier contributions and other allowances	932	1,786
	36,263	32,528
Current portion	(8,093)	(7,775)
	28,170	24,753

Deferred revenues consist mostly of initial, transfer and renewal franchise fees paid by franchisees, as well as upfront fees paid by master franchisees, which are generally recognized on a straight-line basis over the term of the related agreement. Deferred revenues also include amounts paid in upfront fees received from agreements with suppliers, which are amortized over the term of the related agreement. \$7,329 (2023 – \$8,055) of revenue recognized in the current year was included in the deferred revenue balance at the beginning of the year.

The following table provides estimated revenues expected to be recognized in future years related to performance obligations that are unsatisfied as at November 30, 2024:

Estimate for fiscal year:	\$
2025	8,093
2026	4,452
2027	3,660
2028	2,814
2029	2,411
Thereafter	14,833
	<u>36,263</u>

MTY Franchising USA, Inc.
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13. Receivables and advances from ultimate parent, parent company and companies under common control

The receivable from ultimate parent is primarily comprised of a renewable one-year term loan facility of \$194,988 (2023 – \$148,670). The term loan is unsecured and bears interest at the rate set at the Applicable Federal Rates as issued by the US Internal Revenue Service for short-term instruments. The term loan may be repaid, in whole or in part, at any time, without premium or penalty. MTY USA may also request repayment, in whole or in part, at any time, without penalty.

The advance from ultimate parent is comprised of three loans totaling \$708,363 seen in note 14 (2023 – \$705,683). Those loans are unsecured and each tranche has a different interest rate spanning from non interest bearing to 9.26%. These loans may be repaid, in whole or in part, at any time, without premium or penalty.

The receivable from company under common control and advances from parent company and companies under common control are non-interest bearing and receivable/due on demand with no specified collection/repayment terms.

14. Long-term loan from company under common control

	2024	2023
	\$	\$
Non interest-bearing loan, due on demand	2,700	—
Interest-bearing loan at 5.4%, repayable by November 27, 2026 ⁽¹⁾	299,850	299,850
Interest-bearing loan at 9.26%, repayable by December 8, 2029	405,813	405,833
	708,363	705,683

⁽¹⁾ This loan is subject to a maximum debt-to-EBITDA ratio of 6.00:1.00 starting on November 27, 2019, and a minimum EBITDA interest coverage ratio of 2.00:1.00 to be calculated in conjunction with interest payments based on the past 12 months.

15. Holdback payable

	2024	2023
	\$	\$
Non-interest-bearing holdback on acquisition of Sauce Pizza and Wine, repayable in December 2023 (Note 3)	—	837
Non-interest-bearing holdback on acquisition of the assets of two restaurants located in California, repayable within the next 12 months	—	75
Current portion of holdback payable	—	912

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(In thousands of US dollars)

16. Contingencies

The contingencies for litigation and disputes represent management's best estimate of the outcome of litigations and disputes that are ongoing at the date of the consolidated balance sheet. These contingencies consist of multiple items, a large part of which are insurance claims, including worker's compensation claims, at the Company's corporately owned locations. The timing of the settlement of these contingencies is unknown given their nature, as the Company does not control the litigation timelines.

	2024	2023
	\$	\$
Provision for litigations, disputes and other contingencies, beginning of year	2,849	724
Reversals	(790)	(304)
Amounts used	(9,424)	(8,797)
Additions	10,058	11,226
Provision for litigations, disputes and other contingencies, end of year	2,693	2,849

17. Common stock

	2024		2023	
	Shares		Shares	
	Issued	\$	issued	\$
Balance, beginning and end of year	15	179,154	15	179,154

18. Financial instruments

In the normal course of business, the Company uses various financial instruments which by their nature involve risk, including market risk and the credit risk of non-performance by counterparties. These financial instruments are subject to normal credit standards, financial controls, risk management as well as monitoring procedures.

Fair value of recognized financial instruments

The Company has determined that the fair value of its financial assets and financial liabilities with short-term maturities approximates their carrying value. These financial instruments include cash, accounts receivable, receivable from ultimate parent, deposits loans receivable, accounts payable, accrued liabilities, promotional funds payable, advances from parent company and from companies under common control and holdbacks.

Risk management policies

The Company, through its financial assets and financial liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at November 30, 2024.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables, loans receivable and deposits. For accounts receivable and loans receivable, the amounts disclosed on the consolidated balance sheets are net of allowances for bad debts, estimated by the Company's management based on past experience and counterparty specific circumstances. The Company believes that the credit risk of accounts receivable is limited for the following reasons:

- The Company's broad client base is spread mostly across the US, which limits the concentration of credit risk.
- The Company accounts for specific bad debt provisions when management considers that the expected recovery is less than the actual account receivable.

The credit risk on cash is limited because the Company invests its excess liquidity in high-quality financial instruments and with credit-worthy counterparties.

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(In thousands of US dollars)

18. Financial instruments (continued)

The credit risk on deposits is also limited as these are mostly with well-established and credit-worthy companies.

Interest rate risk

Interest rate risk is the Company's exposure to increases and decreases in financial instrument values caused by the fluctuation in interest rates. The Company has limited exposure to interest rate risk as its long-term loans from company under common control and ultimate parent as well as its long-term debt have fixed interest rates

19. Revenue

	For the year ended					
	November 30, 2024			11/30/2023 Adjusted ⁽¹⁾		
	Franchising	Corporate	Total	Franchising	Corporate	Total
	\$	\$	\$	\$	\$	\$
Corporate store revenues	—	330,599	330,599	—	337,937	337,937
Royalties	128,335	—	128,335	128,461	—	128,461
Franchise fees, transfer fees and master license fees	5,770	—	5,770	4,996	—	4,996
Promotional funds	56,563	—	56,563	56,734	—	56,734
Program allowances	30,373	—	30,373	32,499	—	32,499
Breakage income	5,989	—	5,989	4,684	—	4,684
Resale material and retail sales	4,781	—	4,781	5,754	—	5,754
Rent	25,199	—	25,199	26,337	—	26,337
Other	9,929	—	9,929	9,215	—	9,215
	266,939	330,599	597,538	268,680	337,937	606,617

(1) Certain comparative figures have been reclassified to conform with current year presentation. Lease income in comparative period of \$26.3 million was reclassified from operating expense to revenue.

MTY Franchising USA, Inc.
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Years ended November 30, 2024 and 2023

(In thousands of US dollars)

20. Operating expenses

	For the year ended					
	November 30, 2024			November 30, 2023 Adjusted ⁽²⁾		
	Franchising	Corporate	Total	Franchising	Corporate	Total
	\$	\$	\$	\$	\$	\$
Cost of goods sold	2,342	89,624	91,966	2,284	94,465	96,749
Wages and benefits	52,855	118,514	171,369	54,590	115,976	170,566
Advertising, marketing and promotion	443	6,000	6,443	462	5,311	5,773
Rent	27,748	37,925	65,673	31,895	34,105	66,000
Professional and consulting fees and commission	11,544	2,037	13,581	12,054	4,394	16,448
Office, travel, meals and entertainment and utilities	13,482	37,998	51,480	13,302	37,713	51,015
Promotional funds	56,563	—	56,563	56,734	—	56,734
Gift card program costs	6,499	—	6,499	6,695	—	6,695
Other ⁽¹⁾	954	25,918	26,872	2,342	25,474	27,816
Bad debt (recovery) expense	(293)	147	(146)	438	250	688
	172,137	318,163	490,300	180,796	317,688	498,484

(1) Other operating expenses are comprised mainly of other office administration expenses.

(2) Certain comparative figures have been reclassified to conform with current year presentation. Lease income in comparative period of \$26.3 million was reclassified from operating expense to revenue.

Franchising operations

The franchising business mainly generates revenues from royalties, supplier contributions, franchise fees and rent.

Corporate store operations

Corporate stores generate revenues from the direct sale of prepared food to customers.

21. Restructuring

During the year, the Company initiated a restructuring plan as part of a strategic realignment to streamline operations and improve efficiency. The Company recognized restructuring costs of \$1,342 primarily related to employee severance costs of \$832 with the remainder being in relation to the discontinuation of one of its brands. No additional expenses are expected to be incurred.

22. Interest expense

	2024	2023
	\$	\$
Interest charged by companies under common control (Note 25)	53,768	53,977
Interest expense	53,768	53,977

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

23. Income taxes

The Company accounts for income taxes in accordance with ASC 740. ASC 740 prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates. The effects of future changes in tax laws or rates are not anticipated.

Under ASC 740, income taxes are recognized for the following: a) amount of tax payable for the current year and b) deferred tax liabilities and assets for future tax consequences of events that have been recognized differently in the consolidated financial statements than for tax purposes.

	2024	2023
Income tax expense (recovery)	\$	\$
Current tax expense	9,918	7,807
Deferred tax recovery	(9,195)	(6,405)
Total tax expense	723	1,402

The provision for income taxes recorded in the consolidated financial statements differs from the amount which would be obtained by applying the statutory federal income tax rate of 21% (2023 – 21%) to the income for the period as follows:

	2024	2023
	\$	\$
(Loss) income before income taxes	(11,833)	18,380
Income tax (recovery) expense at federal statutory rate	(2,478)	3,860
State and local income taxes net of federal tax benefit	881	2,360
Non-deductible/non-taxable items	5,484	(216)
True-up of prior year tax provision	(3,950)	(2,239)
Rate variation on deferred income tax	724	(102)
Credits generated and used in current year	—	(2,371)
Other	62	110
Income tax expense	723	1,402

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

23. Income taxes (continued)

Components of the net deferred tax asset (liability):

	2024	2023
	\$	\$
Inventories	(275)	(264)
Allowance for credit losses	192	595
Deferred revenue and deposits	4,676	4,725
Gift card liability	2,959	2,947
Accrued liabilities	41,158	33,567
Non-capital losses and other tax credits	1,917	4,570
Other	(1,941)	(1,285)
Operating lease liabilities	48,125	48,406
Total deferred tax assets	96,811	93,261
Deferred costs	(600)	(948)
Property, plant and equipment	(9,632)	(11,490)
Operating lease right-of-use assets	(47,277)	(47,497)
Intangible assets	(140,054)	(143,345)
Holdback payable	(305)	(233)
Total deferred tax liabilities	(197,868)	(203,513)
Net deferred tax liability	(101,057)	(110,252)

24. Supplemental cash flow information

During the year ended November 30, 2024, the Company paid \$10,348 (2023 – \$8,268) in income taxes. Furthermore, there are non-cash items included in the proceeds on disposition of property, plant and equipment amounting to a net liability of \$113 (2023 – net liability of \$1,574). The non-cash items were primarily related to commitments made as part of the disposal of a portfolio of corporately-owned locations.

25. Related party transactions

The Company has transactions in the normal course of business with its ultimate parent, parent company and companies under common control. These transactions were in the normal course of business and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Consolidated financial statements of MTY Franchising USA, Inc.

For the years ended November 30, 2023 and 2022

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Report of Independent Auditors

To the Management and Stockholder of MTY Franchising USA, Inc.

Opinion

We have audited the accompanying consolidated financial statements of MTY Franchising USA, Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of operations and comprehensive income for the year ended on November 30, 2023 and 2022, the consolidated statement of changes in stockholder's equity for the year ended on November 30, 2023 and 2022, the consolidated balance sheets as of November 30, 2023 and 2022, and the consolidated statement of cash flows for the year then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of November 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

PricewaterhouseCoopers LLP¹

Montreal, Canada
February 2, 2024

¹ CPA auditor, public accountancy permit No. A125677

MTY Franchising USA, Inc.**Consolidated statements of operations and comprehensive income**

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

	Notes	2023	2022
		\$	\$
Revenue	19	580,280	263,686
Costs and expenses			
Operating expenses	20	472,147	194,664
Depreciation – property, plant and equipment	7	11,358	2,480
Amortization – intangible assets	8	19,213	14,631
Impairment charge – property, plant and equipment	7 & 10	169	338
Impairment charge – operating lease right-of-use assets	6	—	247
Impairment charge – intangible assets	8 & 10	4,063	5,643
Interest expense	21	53,977	18,135
Management fees charged by parent company	24	2,249	2,928
		563,176	239,066
Other income (expenses)			
Interest income		2,255	2,256
(Loss) gain on disposal of property, plant and equipment and intangible assets		(1,843)	92
Gain on contingent consideration from a business acquisition	3	1,600	—
(Loss) gain on de-recognition/lease modification of operating lease liabilities	6	(736)	20
		1,276	2,368
Income before income taxes		18,380	26,988
Income tax expense (recovery)	22		
Current		7,807	9,911
Deferred		(6,405)	(2,496)
		1,402	7,415
Net income and comprehensive income		16,978	19,573

MTY Franchising USA, Inc.**Consolidated statements of changes in stockholder's equity**

Years ended November 30, 2023 and 2022

(In thousands of US dollars, except number of common stock issued)

	Common stock issued	Common stock value	Retained earnings	Total stockholder's equity
		\$	\$	\$
Balance as at November 30, 2021	15	179,154	37,231	216,385
Net income and comprehensive income	—	—	19,573	19,573
Balance as at November 30, 2022	15	179,154	56,804	235,958
Net income and comprehensive income	—	—	16,978	16,978
Balance as at November 30, 2023	15	179,154	73,782	252,936

MTY Franchising USA, Inc.
Consolidated balance sheets

As at November 30, 2023 and 2022
(In thousands of US dollars)

		2023	2022
	Notes	\$	\$
Assets			
Current assets			
Cash		21,138	23,059
Restricted cash		271	504
Accounts receivable	4	29,461	24,961
Inventories		6,414	6,164
Assets held for sale	5 & 7	1,668	1,563
Current portion of loans receivable		272	461
Receivable from company under common control	13	—	3
Receivable from ultimate parent	13 & 24	148,828	126,323
Prepaid expenses and deposits		8,386	7,728
Other current assets		3,333	3,167
Income taxes receivable	22	4,919	2,827
		224,690	196,760
Loans receivable		151	543
Contract cost asset		3,696	3,127
Other assets		1,896	1,492
Property, plant and equipment	7	63,599	54,458
Operating lease right-of-use assets	6	187,074	165,641
Intangible assets	8	602,168	522,400
Goodwill	9	376,175	238,060
		1,459,449	1,182,481
Liabilities			
Current liabilities			
Accounts payable		15,878	16,650
Accrued liabilities		28,769	29,565
Gift card liability	11	104,858	91,453
Promotional funds payable		14,690	16,303
Current portion of operating lease liabilities	6	37,080	35,431
Current portion of deferred revenue and deposits	12	7,775	7,571
Advance from parent company	13 & 24	2,249	2,928
Advance from ultimate parent	13	—	198,801
Advances from companies under common control	13 & 24	42	42
Current portion of holdback payable	15	912	—
		212,253	398,744

MTY Franchising USA, Inc.
Consolidated balance sheets (continued)

As at November 30, 2023 and 2022

(In thousands of US dollars)

		2023	2022
	Notes	\$	\$
Liabilities (continued)			
Long-term loan from company under common control	14	705,683	299,850
Other liabilities		159	412
Operating lease liabilities	6	153,413	132,285
Deferred revenue and deposits	12	24,753	23,288
Deferred income taxes	22	110,252	91,944
		1,206,513	946,523
Stockholder's equity			
Common stock	17	179,154	179,154
Retained earnings		73,782	56,804
		252,936	235,958
		1,459,449	1,182,481

Approved by the Board on February 2, 2024

_____, Director

MTY Franchising USA, Inc.
Consolidated statements of cash flows

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

		2023	2022
	Notes	\$	\$
Operating activities			
Net income and comprehensive income		16,978	19,573
Items not affecting cash:			
Depreciation – property, plant and equipment	7	11,358	2,480
Amortization – intangible assets	8	19,213	14,631
Interest expense	21	53,977	18,135
Loss (gain) on disposal of property, plant and equipment and intangible assets		1,843	(92)
Impairment charge – property, plant and equipment	7 & 10	169	338
Impairment charge – operating lease right-of-use assets	6	—	247
Impairment charge – intangible assets	8 & 10	4,063	5,643
Gain on contingent consideration from a business acquisition	3	(1,600)	—
Loss (gain) on de-recognition/lease modification of operating lease liabilities	6	736	(20)
Deferred income tax recovery		(6,405)	(2,496)
		100,332	58,439
Interest paid		(53,977)	(16,192)
Changes in non-cash working capital items			
Accounts receivable		(4,133)	(213)
Inventories		198	151
Prepaid expenses and deposits		(1,140)	(2,997)
Loans receivable		1,410	329
Other current assets		(412)	(574)
Income taxes		(1,842)	(1,048)
Accounts payable		(911)	(2,511)
Accrued liabilities		(5,853)	(6,759)
Promotional funds payable		(2,045)	(218)
Gift card liability		7,521	7,747
Deferred revenue and deposits		1,088	2,831
Other		1,512	74
Net cash provided from operating activities		41,748	39,059

MTY Franchising USA, Inc.
Consolidated statements of cash flows (continued)

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

		2023	2022
	Notes	\$	\$
Investing activities			
Net cash outflow on acquisitions	3	(221,180)	(207,083)
Net cash acquired through business acquisitions	3	6,884	10,431
Additions to property, plant and equipment	7	(13,250)	(1,830)
Additions to intangible assets	8	(565)	(2,950)
Proceeds on disposal of property, plant and equipment		358	326
Net cash used in investing activities		(227,753)	(201,106)
Financing activities			
Net advance (to) from ultimate parent and parent company		(221,985)	174,599
Net advance from (to) companies under common control		405,836	(142)
Repayment of holdback payable	15	—	(7,076)
Net cash provided from financing activities		183,851	167,381
Net (decrease) increase in cash		(2,154)	5,334
Cash, beginning of year		23,563	18,229
Cash, end of year		21,409	23,563
Supplemental cash flow information	23		

The accompanying notes are an integral part of the consolidated financial statements.

MTY Franchising USA, Inc.

Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

1. Nature of operations

MTY Franchising USA, Inc. (the "Company" or "MTY USA") was incorporated on March 14, 2001. The Company operates, develops and franchises restaurants under a multitude of different banners in the United States of America (the "US").

2. Significant accounting policies

Basis of presentation

The accounting policies of the Company are in accordance with accounting principles generally accepted in the US ("US GAAP"). The Company uses the US dollar as its functional and reporting currency, and tabular amounts are rounded to the nearest thousand (\$000) except when otherwise indicated. MTY USA is a wholly owned subsidiary of MTY Food Group Inc.

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Presented below are those policies considered particularly significant:

Basis of consolidation

The consolidated financial statements reflect the financial position and operating results of the Company, including wholly owned subsidiaries and investees that we control.

The principal subsidiaries of the Company are as follows:

<u>Principal subsidiaries</u>	<u>Percentage of equity interest</u>
	<u>%</u>
BF Acquisition Holdings, LLC	100
Built Franchise Systems, LLC	100
CB Franchise Systems, LLC	100
Kahala Brands Ltd.	100
Papa Murphy's Holdings Inc.	100
BBQ Holdings, Inc. (Note 3)	100
Weitzel's Pretzels, LLC (Note 3)	100

Revenues and expenses of subsidiaries are included in the consolidated statement of operations and comprehensive income from the effective date of acquisition. The subsidiaries are consolidated from the acquisition date until the date on which the Company ceases to control them.

All intercompany transactions, balances, revenues and expenses are eliminated in full upon consolidation.

Business combinations

The Company accounts for acquired businesses using the acquisition method of accounting in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, Business Combinations. The consideration transferred for the acquisition is the fair values of the assets transferred, the liabilities incurred, and the equity interest issued. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

MTY Franchising USA, Inc.

Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

2. Significant accounting policies (continued)

Business combinations (continued)

Goodwill is measured as the excess of the purchase price over the estimated fair values of the net assets acquired. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill reflects how the acquisition will impact the Company's ability to generate future profits in excess of existing profits. The consideration paid mostly relates to combined synergies, related mainly to revenue growth. These benefits are not recognized separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in income and other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Goodwill

Goodwill represents the excess of cost over the net tangible assets and identifiable intangible assets of acquired businesses. Goodwill is carried at cost reduced by previous impairment losses, if any.

Functional currency

The functional currency of the Company and its subsidiaries is the US dollar. The Company translates monetary assets and liabilities that are denominated in currencies other than the US dollar at the exchange rates prevailing at the end of the reporting period; non-monetary assets denominated in foreign currencies are translated using the exchange rate prevailing at the transaction date; all revenue and expense items denominated in foreign currencies are translated at the exchange rate prevailing at the transaction date. All foreign exchange gains and losses are reported in profit or loss.

Revenue recognition

Revenue is recognized upon the transfer of control of promised goods or services to customer in an amount that reflects the consideration the Company expects to receive for those goods or services:

Revenue from franchise locations

- i) Royalties are based either on a percentage of gross sales as reported by the franchisees or on a fixed monthly fee. They are recognized on an accrual basis in accordance with the substance of the relevant agreement, as they are earned.
- ii) Promotional fund contributions are based on a percentage of gross sales as reported by the franchisees. Corresponding promotional fund transfers are presented directly on the consolidated balance sheets. The Company is not entitled to retain these promotional fund payments received and is obligated to transfer these funds to be used solely for use in promotional and marketing-related costs for specific restaurant banners. The Company sometimes charges a fee for the administration of the promotional funds.

MTY Franchising USA, Inc.

Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

2. Significant accounting policies (continued)

Revenue recognition (continued)

Revenue from franchise locations (continued)

- iii) Initial franchise fees are recognized on a straight-line basis over the term of the franchise agreement as the performance obligation relating to franchise rights is fulfilled. Amortization begins once the restaurant has opened.
- iv) Upfront fees related to master license agreements are recognized over the term of the master license agreements on a straight-line basis.
- v) Renewal fees and transfer fees are recognized on a straight-line basis over the term of the related franchise agreement.
- vi) The Company earns rent revenue on certain leases it holds; the Company's policy is described below.
- vii) Revenue from equipment sale and retail sales are recognized upon transfer of control, generally upon shipment of the equipment or goods. This revenue is recorded in resale material and retail sales.
- viii) The Company recognizes breakage income proportionately as each gift card is redeemed, based on the historical redemption patterns of the gift cards. The Company also charges various program fees to its franchisees as gift cards are redeemed. Notably, this does not apply to gift card liabilities assumed in a business acquisition, which are accounted for at fair value at acquisition date.
- ix) The Company receives considerations from certain suppliers. Fees are generally earned based on the value of purchases during the period. Agreements that contain an initial upfront fee, in addition to ongoing fees, are recognized on a straight-line basis over the term of the respective agreement. Supplier contributions are recognized as revenue as they are earned and are recorded in franchising revenue.
- x) The Company earns e-commerce fees, which includes point-of-sale ("POS") support fees and transaction fees for purchase made through one of the Company's brands' e-commerce platforms. POS supports fees are received quarterly in advance and are recognized over the period they cover. Transaction fees are recognized when the food items purchased from a store are delivered or picked up by customers.

Revenue from corporate-owned locations

Revenue from corporate-owned locations is recorded when goods are delivered to customers.

Contract cost asset

The Company recognizes incremental costs of obtaining a contract as an asset if they are expected to be recoverable, unless their amortization period would be less than one year, in which case they are expensed as incurred. The costs are amortized to operating expenses over the term of the related franchise agreement.

Leasing

In accordance with ASC 842, the Company determines if an arrangement is or contains a lease at contract inception and recognizes a right-of-use asset and a lease liability at the lease commencement date. Leases with an initial term of 12 months or less but greater than one month are not recorded on the balance sheet for select asset classes.

The lease liability is measured at the present value of future lease payments as of the lease commencement date. The right-of-use asset recognized is based on the lease liability adjusted for prepaid and deferred rent and unamortized lease incentives. An operating lease right-of-use asset is amortized on a straight-line basis over the lease term and is recognized as a single lease cost against the operating lease liability. A finance lease right-of-use asset is amortized on a straight-line basis, with interest costs reported separately, over the lesser of the useful life of the leased asset or lease term.

MTY Franchising USA, Inc.

Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

2. Significant accounting policies (continued)

Leasing (continued)

Operating lease expense is recognized on a straight-line basis over the lease term and is included in Operating expenses. Variable lease payments are expensed as incurred. The Company uses its incremental borrowing rates as the discount rate for its leases, which is equal to the rate of interest the Company would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The lease terms for all the Company's leases include the contractually obligated period of the leases, plus any additional periods covered by Company options to extend the leases that the Company is reasonably certain to exercise. Certain leases provide that the lease payments may be increased annually based on the fixed rate terms or adjustable terms such as the Consumer Price Index. Future base rent escalations that are not contractually quantifiable as of the lease commencement date are not included in the lease liability.

Lease expense for lease payments is recognized on a straight-line basis over the lease term. Lease expense is comprised of operating and finance lease costs, short-term lease costs, and variable lease costs, which primarily include common area maintenance, real estate taxes, and insurance for the Company's real estate leases.

The Company enters into leases for franchised and corporately-owned locations, offices, and equipment in the normal course of business.

The Company as lessee

The Company recognizes operating lease liabilities with corresponding operating lease right-of-use assets, except for short-term leases and leases of low value assets, which are expensed on a straight-line basis over the lease term. The Company's leases are all classified as operating leases. The amortization of the operating lease right-of-use asset and interest expense related to the operating lease liability are recorded together as the lease expense to produce a straight-line recognition effect in the consolidated statement of operations. Under ASC 842, operating lease right-of-use assets are tested for impairment in accordance with ASC 360, Property, Plant and Equipment.

The Company as lessor

When the Company enters into a sublease arrangement as an intermediate lessor, the Company accounts for the head lease and the sublease as two separate contracts. All the subleases of the Company are classified as operating subleases by reference to the operating lease right-of-use asset arising from the underlying asset. For operating subleases, the Company recognizes an operating right-of-use asset relating to the head lease and recognizes a deferred rent asset or liability in the sublease. As the intermediate lessor, the Company retains the operating lease liability on the head lease in its consolidated balance sheet. During the term of the sublease, the Company recognizes both lease income on the sublease and lease expense on the head lease.

Income taxes

The Company accounts for income taxes pursuant to ASC 740, Income Taxes ("ASC 740"). Deferred tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is recorded for the amount of income tax payable or refundable for the period increased or decreased by the change in deferred tax assets and liabilities during the period.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Allowance for doubtful accounts

The Company currently uses the simplified expected credit loss ("ECL") model for its trade receivables, which permits the use of the lifetime expected loss provision for all trade receivables and also incorporates forward-looking information. Lifetime ECL represents the ECL that will result from all probable default events over the expected life of a financial instrument.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

2. Significant accounting policies (continued)

Assets held for sale

Assets are classified as held for sale when management with the appropriate authority commits to a plan to sell the assets, the assets are available for immediate sale, the assets are actively marketed at a reasonable price, the sale is probable within a year, and certain other criteria met. Assets held for sale consist primarily of Company-owned stores where the Company has committed to a plan to sell specific stores. Assets designated as held for sale are held at the lower of the net book value or fair value less costs to sell. Depreciation is not charged against property, plant and equipment classified as assets held for sale.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at their historical costs less accumulated depreciation (buildings) and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, including any costs directly attributable to bringing the asset to a working condition for its intended use.

Equipment, leasehold improvements, rolling stock and computer hardware are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation is based on the following terms:

Buildings	Straight-line	25 to 50 years
Equipment	Straight-line	Three to 10 years
Leasehold improvements	Straight-line	Term of the lease
Rolling stock	Straight-line	Five to seven years
Computer hardware	Straight-line	Three to seven years

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, if applicable. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization methods are reviewed at the end of each year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if applicable.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets having a finite life acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, if applicable, on the same basis as intangible assets that are acquired separately. Intangible assets having an indefinite life are not amortized and are therefore carried at cost reduced by previous impairment losses, if applicable.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

2. Significant accounting policies (continued)

Intangible assets (continued)

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

The Company currently carries the following intangible assets in its books:

Franchise rights

The franchise rights acquired through business combinations are recognized at the fair value of the estimated future cash inflows related to the acquisition of franchises. The franchise rights are generally amortized on a straight-line basis over the term of the agreements which typically range between 10 to 20 years.

Trademarks

Trademarks acquired through business combinations are recognized at their fair value at the time of the acquisition and are not amortized. Trademarks are determined to have an indefinite useful life based on their brand recognition and their ability to generate revenue through changing economic conditions with no foreseeable time limit.

Other

Included in other intangible assets are purchased software and liquor licences, which are being amortized over their expected useful life on a straight-line basis.

Impairment of long-lived assets other than goodwill

The Company continually reviews whether events or circumstances subsequent to the acquisition of any long-lived assets, including intangible assets with finite useful lives, have occurred that indicate the remaining estimated useful lives of those assets may warrant revision or that the remaining balance of those assets may not be recoverable. If events and circumstances indicate that the long-lived assets should be reviewed for possible impairment, the Company uses projections to assess whether future cash flows on an undiscounted basis related to the assets exceed the recorded carrying amount of those assets to determine if an asset is impaired. Should an impairment be identified, a loss would be recorded to the extent that the carrying value of the impaired assets exceeds their fair values as determined by valuation techniques appropriate in the circumstances that could include the use of similar cash flow projections on a discounted basis. The reporting units of indefinite intangible assets are individual brands, comprised of franchise rights, trademarks, and perpetual licenses.

Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to the unit or group of units ("reporting unit") that are considered to represent the lowest level within the group at which the goodwill is monitored for internal management purposes. As at November 30, 2023, goodwill is allocated as follows:

	Reporting unit description
Reporting Unit A	A group of units comprised of acquired brands in the US, excluding the Papa Murphy's, BBQ Holdings, Inc. ("BBQ Holdings") and Wetzel's Pretzels brands
Reporting Unit B	One unit comprised of the Papa Murphy's brand
Reporting Unit C	A group of units comprised of the BBQ Holdings brands
Reporting Unit D	One unit comprised of the Wetzel's Pretzels brand

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

2. Significant accounting policies (continued)

Impairment of goodwill (continued)

Goodwill is tested for impairment on an annual basis (August 31 for the Company) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Fair value is determined using a discounted cash flow methodology with a risk adjusted weighted average cost of capital.

Cash and restricted cash

Cash and restricted cash include cash on hand and short-term investments, if any, with maturities upon acquisition of generally three months or less or that are redeemable at any time at full value and for which the risk of a change in value is not significant. As at November 30, 2023, cash and restricted cash included \$271 of restricted cash (2022 – \$504) that is required as part of guarantees on certain lease commitments.

Inventories

Inventories are measured at the lower of cost and market value. Costs of inventories are determined on a first-in-first-out basis and include acquisition costs and other costs incurred to bring inventories to their present location and condition.

Market value represents the current replacement cost, provided that the cost does not exceed the net realizable value or is not less than the net realizable value reduced by a normal profit margin.

Contingencies

Litigation, disputes and closed stores

Provisions for the expected cost of litigation, disputes and the cost of settling leases for closed stores, with the exception of operating lease liabilities already recorded pursuant to ASC 842, are recognized when it becomes probable the Company will be required to settle the obligation, at management's best estimate of the expenditure required to settle the Company's obligation.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized, and the amount initially recognized less cumulative amortization recognized, if any.

Financial instruments

The Company's financial instruments consist of cash, restricted cash, accounts receivable, loans receivable, receivable from company under common control, receivable from ultimate parent, accounts payable, accrued liabilities, promotional funds payable, advance from parent company, advances from companies under common control, long-term loan from company under common control and holdbacks payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values for cash, restricted cash, accounts receivable, loans receivable, receivable from company under common control, receivable from ultimate parent, accounts payable, accrued liabilities, promotional funds payable, advance from parent company and advances from companies under common control approximate their carrying values due to their immediate or short-term maturities, unless otherwise noted. The long-term loan from company under common control, advances from ultimate parent and holdbacks payable are measured at amortized cost using the effective interest method.

Promotional funds

Pursuant to the franchise agreements, franchisees must pay a fee to the promotional funds. These amounts are collected by the Company in its capacity as agent and must be used for promotional and advertising purposes, since the amounts are set aside to promote the respective banners for the franchisees' benefit. The promotional funds collected, and the related expenditures are reported on a gross basis in the consolidated statements of operations and comprehensive income. To the extent that promotional funds received exceed the related promotional expenditures, the excess contributions will be recorded in accounts payable or accrued liabilities.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

2. Significant accounting policies (continued)

Promotional funds (continued)

Cash held pursuant to the promotional funds received are classified as unrestricted cash as there are no legal restrictions on the use of these funds; however, the Company intends to use these funds solely to support the promotional funds rather than to fund its ongoing operations. As at November 30, 2023, promotional funds were in a net liability position amounting to \$11,357 (2022 – net liability position of \$13,278).

Subsequent events

Subsequent events were evaluated through the date that the consolidated financial statements were issued, which was February 2, 2024.

Estimates and assumptions

Business combinations

For business combinations, the Company must make assumptions and estimates to determine the purchase price accounting of the business being acquired. To do so, the Company must determine the acquisition date fair value of the identifiable assets acquired, including such intangible assets as franchise rights and master franchise rights, trademarks, step-in rights and liabilities assumed. Among other things, the determination of these fair market values involves the use of discounted cash flow analyses and future system sales growth. Goodwill is measured as the excess of the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree over the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. These assumptions and estimates have an impact on the asset and liability amounts recorded in the consolidated balance sheets on the acquisition date. In addition, the estimated useful lives of the acquired amortizable assets, the identification of intangible assets and the determination of the indefinite or finite useful lives of intangible assets acquired will have an impact on the Company's future profit or loss.

Goodwill and indefinite-lived intangible assets

The fair value calculation includes estimates of revenue growth, which are based on past performance and internal projections for the intangible asset group's forecasted growth, and royalty rates, which are adjusted for our particular facts and circumstances. The discount rate is selected based on the estimated cost of capital that reflects the risk profile of the related business. These estimates are highly subjective, the ability to achieve the forecasted cash flows used in our fair value calculations is affected by factors such as the success of strategic initiatives, changes in economic conditions, changes in our operating performance and changes in our business strategies.

Contingencies

The Company makes assumptions and estimations based on its current knowledge of future disbursements it will have to make in connection with various events that have occurred in the past and for which the amount to be disbursed and the timing of such disbursement are uncertain at the date of producing its financial statements. This includes contingencies for onerous contracts, litigations and disputes and other contingencies.

Gift card liabilities

Management is required to make certain assumptions in both the prorated recognition based on redemption pattern and remoteness recognition of gift card breakage. The significant estimates are breakage rate and the redemption patterns.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

3. Business acquisitions

I) Sauce Pizza and Wine (2023)

On December 15, 2022, the Company completed the acquisition of the assets of Sauce Pizza and Wine, an operator of fast casual restaurants operating in the state of Arizona in the US. As of the date of the acquisition, Sauce Pizza and Wine was operating 13 corporate-owned restaurants. The purpose of the transaction was to diversify the Company's range of offerings in the US.

The transaction included a purchase price totaling \$11,165 and a holdback on acquisition of \$798, as detailed below. The resulting aggregate cash outflow in connection with the Sauce Pizza and Wine acquisition was \$9,927.

	2023
	\$
Consideration paid:	
Purchase price	11,165
Working capital	(401)
Cash	23
Discount on non-interest-bearing holdback	(39)
Total consideration	10,748
Cash	(23)
Holdback	(798)
Net consideration paid/cash outflow	9,927

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

3. Business acquisitions (continued)

l) Sauce Pizza and Wine (2023) (continued)

The final purchase price allocation is as follows:

	2023
	\$
Net assets acquired:	
Current assets	
Cash	23
Inventories	183
Prepaid expenses and deposits	193
	399
Property, plant and equipment	3,821
Operating lease right-of-use assets	7,262
Intangible assets – Trademark	4,140
Goodwill ⁽¹⁾	3,658
	19,280
Current liabilities	
Accrued liabilities	78
Gift card liability	1,086
Current portion of operating lease liabilities	1,218
	2,382
Operating lease liabilities	6,150
	8,532
Net purchase price	10,748

⁽¹⁾ Goodwill is deductible for tax purposes.

Total expenses incurred related to acquisition costs amounted to \$160.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

3. Business acquisitions (continued)

II) Wetzel's Pretzels (2023)

On December 8, 2022, the Company completed the acquisition of all of the issued and outstanding shares of COP WP Parent, Inc. ("Wetzel's Pretzels"), a franchisor and operator of quick service restaurants operating in the snack category across 25 states in the US, as well as in Canada and Panama. As of the date of the acquisition, Wetzel's Pretzels was operating 328 franchised and 38 corporate-owned restaurants. The purpose of the transaction was to diversify the Company's range of offerings in the US.

The transaction included a purchase price totaling \$210,189, as detailed below. The resulting aggregate cash outflow in connection with the Wetzel's Pretzels acquisition was \$203,328. The transaction consideration also includes \$3,000 held in escrow contingent on the execution of several lease contracts within 12 months of acquisitions. As of December 8, 2023, only a portion of the contracts were executed and therefore \$1,600 was released from escrow and recorded as a gain in the statement of profit and loss.

	2023
Consideration paid:	\$
Purchase price	210,189
Total consideration	210,189
Cash	(6,861)
Net consideration paid/cash outflow	203,328

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

3. Business acquisitions (continued)

II) Wetzel's Pretzels (2023) (continued)

The final purchase price allocation is as follows:

	2023
	\$
Net assets acquired:	
Current assets	
Cash	6,861
Accounts receivable	1,005
Inventories	265
Current portion of loans receivable	45
Prepaid expenses and deposits	757
Income taxes receivable	1,371
	10,304
Loans receivable	594
Property, plant and equipment	5,082
Operating lease right-of-use assets	21,931
Intangible assets – Franchise rights	35,600
Intangible assets – Trademarks	71,700
Goodwill ⁽¹⁾	118,447
	263,658
Current liabilities	
Accounts payable	911
Accrued liabilities	4,979
Promotional funds payable	431
Current portion of operating lease liabilities	936
Current portion of deferred revenue and deposits	67
Income taxes payable	547
	7,871
Operating lease liabilities	20,995
Deferred revenue and deposits	939
Deferred income taxes	23,664
	53,469
Net purchase price	210,189

⁽¹⁾ Goodwill is deductible for tax purposes.

Total expenses incurred related to acquisition costs amounted to \$320.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

3. Business acquisitions (continued)

III) BBQ Holdings (2022)

On September 27, 2022, the Company completed the acquisition of all of the issued and outstanding common shares of BBQ Holdings. BBQ Holdings is a franchisor and operator of casual and fast casual dining restaurants across 37 states in the US, Canada, and the United Arab Emirates. As of the date of the acquisition, BBQ Holdings was operating 198 franchised and 103 corporate-owned restaurants under 10 different brands. The purpose of the transaction was to diversify the Company's range of offerings in the US as well as to bring proficiency in operating corporate-owned restaurants.

The transaction included a purchase consideration totaling \$182,458, repayment of long-term debt of \$24,625 and early cash settlement of stock options and restricted stock units of \$10,204, as detailed below. The resulting aggregate cash outflow in connection with the BBQ Holdings acquisition was \$207,123.

	As previously reported	Adjustments	2022
	\$	\$	\$
Consideration paid:			
Cash	207,083	—	207,083
Amount paid for early settlement of options	10,164	—	10,164
Cash amount paid for early settlement of options ⁽¹⁾	—	40	40
Total consideration	<u>217,247</u>	<u>40</u>	<u>217,287</u>

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

3. Business acquisitions (continued)

III) BBQ Holdings (2022) (continued)

The final purchase price allocation is as follows:

	As previously reported	Adjustments	2022
	\$	\$	\$
Net assets acquired:			
Current assets			
Cash	20,595	—	20,595
Accounts receivable ⁽¹⁾	5,847	(537)	5,310
Inventories	3,853	—	3,853
Prepaid expenses and deposits ⁽¹⁾	1,348	271	1,619
Income taxes receivable	895	—	895
	<u>32,538</u>	<u>(266)</u>	<u>32,272</u>
Loans receivable ⁽¹⁾	143	87	230
Other assets ⁽¹⁾	180	(180)	—
Property, plant and equipment ⁽¹⁾	54,238	(983)	53,255
Operating lease right-of-use assets ⁽¹⁾	79,601	81	79,682
Intangible assets – Franchise rights ⁽¹⁾	8,130	(1,340)	6,790
Intangible assets – Trademarks ⁽¹⁾	121,440	(8,010)	113,430
Intangible assets – Other ⁽¹⁾	1,007	517	1,524
Goodwill ⁽²⁾	52,484	14,933	67,417
	<u>349,761</u>	<u>4,839</u>	<u>354,600</u>
Current liabilities			
Accounts payable ⁽¹⁾	5,644	113	5,757
Accrued liabilities	17,502	(880)	16,622
Gift card liability ⁽¹⁾	7,609	4,798	12,407
Current portion of operating lease liabilities ⁽¹⁾	12,561	63	12,624
Current portion of deferred revenue and deposits ⁽¹⁾	425	(425)	—
	<u>43,741</u>	<u>3,669</u>	<u>47,410</u>
Other liabilities ⁽¹⁾	605	63	668
Operating lease liabilities ⁽¹⁾	67,040	18	67,058
Deferred income taxes ⁽¹⁾	21,128	1,049	22,177
	<u>132,514</u>	<u>4,799</u>	<u>137,313</u>
Net purchase price	<u>217,247</u>	<u>40</u>	<u>217,287</u>

⁽¹⁾ The Company has recorded adjustments to its previously reported preliminary purchase price allocation reported in the annual 2022 financial statements. The adjustments relate to the fair values of accounts receivable, other assets, prepaid expenses and deposits, loans receivable, property, plant and equipment, operating lease right-of-use assets, franchise rights, trademarks, other intangible assets, accounts payable, gift card liability, current portion of deferred revenue and deposits, current portion of operating lease liabilities, operating lease liabilities, deferred income taxes and other liabilities.

⁽²⁾ Goodwill is deductible for tax purposes.

Total expenses incurred related to acquisition costs during the year ended November 30, 2023 amounted to \$417 (2022 – \$3,566).

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

4. Accounts receivable

Details of accounts receivable are as follows:

	2023	2022
	\$	\$
Total accounts receivable	31,738	26,974
Less: Allowance for credit losses	(2,277)	(2,013)
Total accounts receivable, net	29,461	24,961
Of which:		
Not past due	25,787	21,364
Past due for more than one day but no more than 30 days	430	677
Past due for more than 31 days but no more than 60 days	208	248
Past due for more than 61 days	3,036	2,672
Total accounts receivable, net	29,461	24,961
	2023	2022
	\$	\$
Allowance for credit losses, beginning of year	(2,013)	(2,063)
(Provision) recovery	(733)	97
Additions through business acquisition	(374)	(369)
Reversal of amounts previously written off	(2)	—
Write-offs	845	322
Allowance for credit losses, end of year	(2,277)	(2,013)

5. Assets held for sale

Assets held for sale as at November 30, 2023 and 2022 are stated at fair value less costs to sell and are comprised of one location's leasehold improvements, land and building that were acquired with BBQ Holdings and that were transferred from property, plant and equipment (Note 7). They did not meet the definition of assets held for sale as at the acquisition date of BBQ Holdings.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

6. Leases

Operating lease right-of-use assets

The following table provides the net carrying amounts of the operating lease right-of-use assets by class of underlying asset and the changes in the years ended November 30, 2023 and 2022:

	Offices and stores	Other	Total
	\$	\$	\$
Balance as at November 30, 2021	100,769	103	100,872
Additions	1,948	—	1,948
Additions through business acquisitions (Note 3)	79,208	393	79,601
Depreciation expense	(28,644)	(63)	(28,707)
Impairment charge	(247)	—	(247)
De-recognition/lease modifications	12,174	—	12,174
Balance as at November 30, 2022	165,208	433	165,641
Additions	7,115	160	7,275
Additions through business acquisitions (Note 3)	29,274	—	29,274
Depreciation expense	(40,972)	(278)	(41,250)
De-recognition/lease modifications	26,139	(5)	26,134
Balance as at November 30, 2023	186,764	310	187,074

The Company recorded sublease income from its operating lease right-of-use assets amounting to \$24,789 (2022 – \$24,414).

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

6. Leases (continued)

Operating lease liabilities

The following table provides the net carrying amounts of the operating lease liabilities and the changes in the years ended November 30, 2023 and 2022:

	2023	2022
	\$	\$
Operating lease liabilities, beginning of year	167,716	101,910
Additions	7,284	1,948
Additions through business acquisitions (Note 3)	29,380	79,601
Lease renewals and modifications	29,624	13,918
Lease terminations	(3,554)	(1,763)
Other adjustments	(201)	282
Interest expense	10,449	3,853
Payments	(50,205)	(32,033)
Operating lease liabilities, end of year	190,493	167,716

Recorded in the consolidated balance sheets as follows:

	2023	2022
	\$	\$
Current portion	37,080	35,431
Long-term portion	153,413	132,285
	190,493	167,716

Maturity analysis

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after November 30, 2023:

	Leases	Expected sublease income
	\$	\$
2024	47,680	23,049
2025	41,990	19,288
2026	35,406	15,232
2027	29,151	11,325
2028	22,532	7,672
Thereafter	52,003	9,385
Total undiscounted lease payments	228,762	85,951
Less: Unearned finance income	(38,269)	—
Total present value of lease liabilities and expected sublease income	190,493	85,951

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

7. Property, plant and equipment

Cost	Equipment	Leasehold improve- ments	Rolling stock	Computer hardware	Land	Building	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2021	3,117	642	40	1,147	—	—	4,946
Additions	596	682	—	538	—	14	1,830
Additions through business acquisition (Note 3)	18,275	25,400	—	2,407	3,925	4,231	54,238
Disposals	(522)	(11)	(16)	(94)	—	—	(643)
Impairment (Note 10)	(167)	(171)	—	—	—	—	(338)
Transfer to assets held for sale	—	(47)	—	—	(780)	(736)	(1,563)
Balance as at November 30, 2022	21,299	26,495	24	3,998	3,145	3,509	58,470
Additions through business acquisitions (Note 3)	2,014	6,242	(8)	(89)	75	(314)	7,920
Additions	6,215	5,978	—	1,007	—	50	13,250
Disposals	(578)	(155)	—	(125)	—	—	(858)
Impairment (Note 10)	(139)	(16)	—	(14)	—	—	(169)
Balance as at November 30, 2023	28,811	38,544	16	4,777	3,220	3,245	78,613
Accumulated depreciation	Equipment	Leasehold improve- ments	Rolling stock	Computer hardware	Land	Building	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2021	1,381	232	20	324	—	—	1,957
Depreciation	459	1,292	3	682	—	44	2,480
Disposals	(305)	(12)	(16)	(92)	—	—	(425)
Balance as at November 30, 2022	1,535	1,512	7	914	—	44	4,012
Depreciation	3,362	7,381	(7)	524	—	98	11,358
Disposals	(282)	(65)	—	(9)	—	—	(356)
Balance as at November 30, 2023	4,615	8,828	—	1,429	—	142	15,014
Carrying amounts	Equipment	Leasehold improve- ments	Rolling stock	Computer hardware	Land	Building	Total
	\$	\$	\$	\$	\$	\$	\$
November 30, 2022	19,764	24,983	17	3,084	3,145	3,465	54,458
November 30, 2023	24,196	29,716	16	3,348	3,220	3,103	63,599

MTY Franchising USA, Inc.

Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

8. Intangible assets

Cost	Franchise	Trademarks	Other	Total
	rights			
	\$	\$	\$	\$
Balance as at November 30, 2021	174,870	300,297	1,050	476,217
Additions	—	—	2,950	2,950
Additions through business acquisitions (Note 3)	8,130	121,440	1,007	130,577
Impairment (Note 10)	(1,776)	(3,867)	—	(5,643)
Balance as at November 30, 2022	181,224	417,870	5,007	604,101
Additions	—	—	565	565
Additions through business acquisitions (Note 3)	34,260	67,830	517	102,607
Disposals	—	—	(177)	(177)
Impairment (Note 10)	(559)	(3,504)	—	(4,063)
Balance as at November 30, 2023	214,925	482,196	5,912	703,033
Accumulated amortization	Franchise	Trademarks	Other	Total
	rights			
	\$	\$	\$	\$
Balance as at November 30, 2021	66,514	—	556	67,070
Amortization	14,079	—	552	14,631
Balance as at November 30, 2022	80,593	—	1,108	81,701
Disposals	—	—	(49)	(49)
Amortization	18,434	—	779	19,213
Balance as at November 30, 2023	99,027	—	1,838	100,865
Carrying amounts	Franchise	Trademarks	Other	Total
	rights			
	\$	\$	\$	\$
November 30, 2022	100,631	417,870	3,899	522,400
November 30, 2023	115,898	482,196	4,074	602,168

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

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(In thousands of US dollars)

9. Goodwill

The changes in the carrying amount of goodwill are as follows:

	2023	2022
	\$	\$
Goodwill, beginning of year	286,713	234,229
Amount recognized from business acquisitions (Note 3)	138,115	52,484
Goodwill, end of year	424,828	286,713
Accumulated impairment, beginning and end of year	(48,653)	(48,653)
Carrying amount	376,175	238,060

10. Impairment

The Company performed its annual impairment test as at August 31, 2023, resulting in the recognition of \$4,063 (2022 – \$5,643) of impairment losses on its intangible assets for four of its brands (2022 – three brands), following indicators of impairment that were noted.

Additionally, the Company recorded \$169 of impairment losses on its property, plant and equipment (2022 – \$338), and did not record any impairment on goodwill (2022 – nil), for a total of \$4,232 (2022 – \$5,981) of impairment charges on its property, plant and equipment and intangible assets for the year ended November 30, 2023, which have been recognized in the consolidated statement of operations.

Impairment charges were based on the amount by which the carrying values of the assets exceeded recoverable amounts, determined using expected discounted projected operating cash flows for trademarks and franchise rights.

Impairment by reporting unit for the year ended November 30, 2023:

	Property, plant and equipment	Intangible assets		Total
		Franchise rights	Trademarks	
	\$	\$	\$	\$
Reporting Unit A	22	559	3,264	3,845
Reporting Unit B	—	—	—	—
Reporting Unit C	105	—	240	345
Reporting Unit D	42	—	—	42
	169	559	3,504	4,232

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

10. Impairment (continued)

Impairment by reporting unit for the year ended November 30, 2022:

	Property, plant and equipment	Intangible assets		Total
		Franchise rights	Trademarks	
	\$	\$	\$	\$
Reporting Unit A	79	1,776	3,867	5,722
Reporting Unit B	259	—	—	259
Reporting Unit C	—	—	—	—
	338	1,776	3,867	5,981

The key assumptions used, where the recoverable amount was measured as a reporting unit's fair value, are those related to projected operating cash flows, as well as the discount rates. The sales forecasts for cash flows were based on the subsequent fiscal year's budgeted operating results, which were prepared by management and approved by the Board, and internal forecasts for subsequent years, which were prepared by management and developed from the budgeted operating results.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

10. Impairment (continued)

The following table presents the key assumptions used in the Company's impairment tests, as well as the recoverable amounts measured at fair value as at August 31, 2023 and 2022:

(\$, except percentage data)	2023				2022	
	Reporting Unit A	Reporting Unit B	Reporting Unit C	Reporting Unit D	Reporting Unit A	Reporting Unit B
Discount rates after tax	10.5%	10.5%	10.5%	10.5%	10.3%	10.3%
Discount rates pre-tax	13.4%	13.8%	13.7%	13.6%	13.1%	13.2%
Recoverable amounts	539,407	266,604	313,644	270,246	515,478	250,715

Long-term growth rates ranging from 0% to 2% (2022 – 0% to 2%) were used in the impairment test for Reporting Unit A. A change of 100 basis points in discount rates in Reporting Unit A would result in additional impairment charges on intangible assets of three brands (2022 – four brands) representing 0.7% (2022 – 0.5%) of the total carrying value of the franchise rights and trademarks in that unit. A change of 100 basis points in discount rates in Reporting Unit A would not result in additional impairment charges on goodwill for the years ended November 30, 2023 and 2022. For Reporting Unit A, an increase of 440 basis points (2022 – 320 basis points) in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

A long-term growth rate of 1.5% (2022 – 1.5%) was used in the impairment test for Reporting Unit B. A change of 100 basis points in discount rates in Reporting Unit B would not result in additional impairment charges on intangible assets or goodwill for the years ended November 30, 2023 and 2022. For Reporting Unit B, an increase of 200 basis points (2022 – 110 basis points) in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

Long-term growth rates of 2.0% were used in the impairment test for Reporting Unit C. A change of 100 basis points in discount rates in Reporting Unit C would not result in additional impairment charges on intangible assets or goodwill for the years ended November 30, 2023. For Reporting Unit C, an increase of 200 basis points in the discount rate would have resulted in its recoverable amount being equal to its carrying value. For the year ended November 30, 2022, the impairment test of Reporting Unit C was performed as at November 30, 2022 and was based on qualitative factors, which did not give rise to any indications of impairment.

A long-term growth rate of 2.0% was used in the impairment test for Reporting Unit D. A change of 100 basis points in discount rates in Reporting Unit D would not result in additional impairment charges on intangible assets or goodwill for the year ended November 30, 2023. For Reporting Unit D, an increase of 160 basis points in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

11. Gift card liability

The changes in the carrying amount of the gift card liability are as follows:

	2023	2022
	\$	\$
Gift card liability, beginning of year	91,453	76,097
Activations	52,873	37,978
Redemptions	(39,603)	(25,168)
Gift card liability acquired and purchase price allocation adjustments (Note 3)	5,884	7,609
Deferred program fees and other	(1,065)	(873)
Gift card breakage recorded	(4,684)	(4,190)
Gift card liability, end of year	104,858	91,453

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

12. Deferred revenue and deposits

	2023	2022
	\$	\$
Franchise fee deposits	28,948	25,246
Unearned rent	1,794	1,880
Supplier contributions and other allowances	1,786	3,733
	32,528	30,859
Current portion	(7,775)	(7,571)
	24,753	23,288

Deferred revenues consist mostly of initial, transfer and renewal franchise fees paid by franchisees, as well as upfront fees paid by master franchisees, which are generally recognized on a straight-line basis over the term of the related agreement. Deferred revenues also include amounts paid in upfront fees received from agreements with suppliers, which are amortized over the term of the related agreement.

\$8,055 (2022 – \$7,598) of revenue recognized in the current year was included in the deferred revenue balance at the beginning of the year.

The following table provides estimated revenues expected to be recognized in future years related to performance obligations that are unsatisfied as at November 30, 2023:

Estimate for fiscal year:	\$
2024	7,775
2025	3,416
2026	3,066
2027	2,614
2028	2,026
Thereafter	13,631
	<u>32,528</u>

13. Receivables and advances from ultimate parent, parent company and companies under common control

The receivable from ultimate parent is primarily comprised of a renewable one-year term loan facility of \$148,670 (2022 – \$126,128). The term loan is unsecured and bears interest at the rate set at the Applicable Federal Rates as issued by the US Internal Revenue Service for short-term instruments. The term loan may be repaid, in whole or in part, at any time, without premium or penalty. MTY USA may also request repayment, in whole or in part, at any time, without penalty.

The advance from ultimate parent was repaid in conjunction with the issuance of another loan that makes up a portion of the interest bearing loans totaling \$405,833 seen in note 14 (2022 – \$198,785). Those loans are due December 8, 2029, are unsecured and bear interest at 9.26%. The term loans may be repaid, in whole or in part, at any time, without premium or penalty.

The receivable from company under common control and advances from parent company and companies under common control are non-interest bearing and receivable/due on demand with no specified collection/repayment terms.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

14. Long-term loan from company under common control

	2023	2022
	\$	\$
Interest-bearing loan at 5.4%, repayable by November 27, 2026 ⁽¹⁾	299,850	299,850
Two interest-bearing loans at 9.26%, repayable by December 8, 2029	405,833	—
	705,683	299,850

⁽¹⁾ This loan is subject to a maximum debt-to-EBITDA ratio of 6.00:1.00 starting on November 27, 2019, and a minimum EBITDA interest coverage ratio of 2.00:1.00 to be calculated in conjunction with interest payments based on the past 12 months.

15. Holdback payable

	2023	2022
	\$	\$
Non-interest-bearing holdback on acquisition of Sauce Pizza and Wine, repayable in December 2023 (Note 3)	837	—
Non-interest-bearing holdback on acquisition of the assets of two restaurants located in California, repayable within the next 12 months	75	—
Current portion of holdback payable	912	—

16. Contingencies

The contingencies for litigation and disputes represent management's best estimate of the outcome of litigations and disputes that are ongoing at the date of the consolidated balance sheet. These contingencies consist of multiple items, a large part of which are insurance claims, including worker's compensation claims, at the Company's corporately owned locations. The timing of the settlement of these contingencies is unknown given their nature, as the Company does not control the litigation timelines.

	2023	2022
	\$	\$
Provision for litigations, disputes and other contingencies, beginning of year	724	966
Reversals	(304)	(421)
Amounts used	(8,797)	(56)
Additions	11,226	235
Provision for litigations, disputes and other contingencies, end of year	2,849	724

17. Common stock

	2023		2022	
	Shares issued	\$	Shares issued	\$
Balance, beginning and end of year	15	179,154	15	179,154

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

18. Financial instruments

In the normal course of business, the Company uses various financial instruments which by their nature involve risk, including market risk and the credit risk of non-performance by counterparties. These financial instruments are subject to normal credit standards, financial controls, risk management as well as monitoring procedures.

Fair value of recognized financial instruments

The Company has determined that the fair value of its financial assets and financial liabilities with short-term maturities approximates their carrying value. These financial instruments include cash, restricted cash, accrued liabilities, promotional funds payable, and advances from parent company and from companies under common control.

The table below shows the fair value and the carrying value of other financial instruments as at November 30, 2023 and 2022. Since estimates are used to determine fair value, they must not be interpreted as being realizable in the event of a settlement of the instruments.

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets				
Loans receivable	423	423	1,004	1,004

Determination of fair value

The following methods and assumptions were used to estimate the fair values of each class of financial instrument:

Cash, restricted cash, accounts receivable, receivable from ultimate parent, deposits, accounts payable, holdback payable, accrued liabilities, advance from parent company, advances from companies under common control – The carrying amounts approximate fair values due to the short maturity of these financial instruments.

Risk management policies

The Company, through its financial assets and financial liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at November 30, 2023.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables, loans receivable and deposits. For accounts receivable and loans receivable, the amounts disclosed on the consolidated balance sheets are net of allowances for bad debts, estimated by the Company's management based on past experience and counterparty specific circumstances. The Company believes that the credit risk of accounts receivable is limited for the following reasons:

- The Company's broad client base is spread mostly across the US, which limits the concentration of credit risk.
- The Company accounts for specific bad debt provisions when management considers that the expected recovery is less than the actual account receivable.

The credit risk on cash is limited because the Company invests its excess liquidity in high-quality financial instruments and with credit-worthy counterparties.

The credit risk on deposits is also limited as these are mostly with well-established and credit-worthy companies.

Interest rate risk

Interest rate risk is the Company's exposure to increases and decreases in financial instrument values caused by the fluctuation in interest rates. The Company has limited exposure to interest rate risk as its long-term loans from company under common control and ultimate parent as well as its long-term debt have fixed interest rates

MTY Franchising USA, Inc.
Notes to the consolidated financial statements
Years ended November 30, 2023 and 2022
(In thousands of US dollars)

19. Revenue

	For the year ended					
	November 30, 2023			November 30, 2022		
	Franchising	Corporate	Total	Franchising	Corporate	Total
	\$	\$	\$	\$	\$	\$
Corporate store revenues	—	337,937	337,937	—	67,015	67,015
Royalties	128,461	—	128,461	99,637	—	99,637
Franchise fees, transfer fees and master license fees	4,996	—	4,996	5,203	—	5,203
Promotional funds	56,734	—	56,734	51,867	—	51,867
Program allowances	32,499	—	32,499	20,619	—	20,619
Breakage income	4,684	—	4,684	4,190	—	4,190
Resale material and retail sales	5,754	—	5,754	8,587	—	8,587
Other	9,215	—	9,215	6,568	—	6,568
	242,343	337,937	580,280	196,671	67,015	263,686

20. Operating expenses

	For the year ended					
	November 30, 2023			November 30, 2022		
	Franchising	Corporate	Total	Franchising	Corporate	Total
	\$	\$	\$	\$	\$	\$
Cost of goods sold	2,284	94,465	96,749	2,994	21,494	24,488
Wages and benefits	54,590	115,976	170,566	36,336	24,271	60,607
Advertising, marketing and promotion	462	5,311	5,773	442	2,130	2,572
Rent	4,369	35,294	39,663	2,964	7,096	10,060
Professional and consulting fees and commission	12,054	4,394	16,448	14,942	197	15,139
Office, travel, meals and entertainment and utilities	13,302	37,713	51,015	9,099	7,273	16,372
Promotional funds	56,734	—	56,734	51,867	—	51,867
Gift card program costs	6,695	—	6,695	6,296	—	6,296
Other ⁽¹⁾	2,342	25,474	27,816	1,573	5,640	7,213
Bad debt expense (recovery)	438	250	688	(70)	120	50
	153,270	318,877	472,147	126,443	68,221	194,664

⁽¹⁾ Other operating expenses are comprised mainly of other office administration expenses.

Franchising operations

The franchising business mainly generates revenues from royalties, supplier contributions, franchise fees and rent.

Corporate store operations

Corporate stores generate revenues from the direct sale of prepared food to customers.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2023 and 2022

(In thousands of US dollars)

21. Interest expense

	2023	2022
	\$	\$
Interest charged by ultimate parent company (Note 24)	—	1,943
Interest charged by companies under common control (Note 24)	53,977	16,192
Interest expense	53,977	18,135

22. Income taxes

The Company accounts for income taxes in accordance with ASC 740. ASC 740 prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates. The effects of future changes in tax laws or rates are not anticipated.

Under ASC 740, income taxes are recognized for the following: a) amount of tax payable for the current year and b) deferred tax liabilities and assets for future tax consequences of events that have been recognized differently in the consolidated financial statements than for tax purposes.

	2023	2022
	\$	\$
Income tax expense (recovery)		
Current tax expense	7,807	9,911
Deferred tax recovery	(6,405)	(2,496)
Total tax expense	1,402	7,415

The provision for income taxes recorded in the consolidated financial statements differs from the amount which would be obtained by applying the statutory federal income tax rate of 21% (2022 – 21%) to the income for the period as follows:

	2023	2022
	\$	\$
Income before income taxes	18,380	26,988
Income tax expense at federal statutory rate	3,860	5,679
State and local income taxes net of federal tax benefit	2,360	2,457
Non-deductible/non-taxable items	(216)	549
Temporary difference for which no deferred tax asset is recognized	—	(44)
True-up of prior year tax provision	(2,239)	(598)
Rate variation on deferred income tax	(102)	(552)
Credits generated and used in current year	(2,371)	286
Other	110	(362)
Income tax expense	1,402	7,415

MTY Franchising USA, Inc.
Notes to the consolidated financial statements
Years ended November 30, 2023 and 2022
(In thousands of US dollars)

22. Income taxes (continued)

Components of the net deferred tax asset (liability):

	2023	2022
	\$	\$
Inventories	(264)	42
Allowance for credit losses	595	228
Deferred revenue and deposits	4,725	4,482
Gift card liability	2,947	16,835
Accrued liabilities	33,567	6,658
Non-capital losses and other tax credits	4,570	12,832
Other	(1,285)	98
Operating lease liabilities	48,406	42,998
Total deferred tax assets	93,261	84,173
Deferred costs	(948)	(859)
Property, plant and equipment	(11,490)	(12,420)
Operating lease right-of-use assets	(47,497)	(42,260)
Intangible assets	(143,345)	(120,483)
Holdback payable	(233)	(95)
Total deferred tax liabilities	(203,513)	(176,117)
Net deferred tax liability	(110,252)	(91,944)

23. Supplemental cash flow information

During the year ended November 30, 2023, the Company paid \$8,268 (2022 – \$8,894) in income taxes. Furthermore, there are non-cash items included in the proceeds on disposition amounting to a net liability of \$1,574 (2022 – net asset of \$25). The non-cash items were primarily related to commitments made as part of the disposal of a portfolio of corporately-owned locations.

24. Related party transactions

The Company has transactions in the normal course of business with its ultimate parent, parent company and companies under common control. These transactions were in the normal course of business and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

EXHIBIT B-2
PERFORMANCE GUARANTY

GUARANTEE OF PERFORMANCE

For value received, MTY Franchising USA, Inc., a Tennessee corporation ("Guarantor"), located at 9311 E. Via De Ventura, Scottsdale, Arizona 85258, absolutely and unconditionally guarantees to assume the duties and obligations of Wetzel's Pretzels, LLC, a California limited liability company, located at 35 Hugus Alley, Suite 300, Pasadena, CA 91103 ("Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Scottsdale, Arizona on February 20, 2025.

Guarantor:

MTY Franchising USA, Inc., a Tennessee corporation

By: 
Eric Lefebvre, Chief Executive Officer

EXHIBIT C
FRANCHISE AGREEMENT

WETZEL'S PRETZELS, LLC FRANCHISE AGREEMENT

WETZEL'S [store number(s)]

LOCATION NAME

Franchisee:

[FZ name], a(n) [individual/state of formation
and entity type]

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ATTACHMENTS:

1. State Specific Addendum to Wetzel’s Pretzels® Franchise Agreement
2. Approved Location, Bakery Type and Protected Area (or Development Area)
3. Special Release of Claims
4. Authorization Agreement for Prearranged Payment
5. Remote Mobile Unit Addendum to Franchise Agreement
6. Assignment of Telephone Numbers, Email Addresses and URL’s and Special Power of Attorney
7. Lease Provisions
8. Nondisclosure and Noncompetition Agreement
9. Personal Guaranty and Subordination Agreement
- [10. Concession Truck or Trailer Amendment to Wetzel’s Pretzels® Franchise Agreement](#)
- [10:11. Lease Review and/or Negotiation Agreement and Release](#)

WETZEL'S PRETZELS, LLC FRANCHISE AGREEMENT

1. PARTIES

This Agreement is made between WETZEL'S PRETZELS, LLC, a California limited liability company ("Wetzel's Pretzels", "we", "us" or "Franchisor") ~~with a principal office in the city of Pasadena, California~~ and [FRANCHISEE NAME], a(n) [individual/state of formation and entity type] ("you" or "Franchisee") as of _____ (the "Effective Date").

2. RECITALS

2.1 Ownership of System

Wetzel's Pretzels is the owner of certain intellectual property rights, including the mark "WETZEL'S PRETZELS®." We have spent a considerable amount of time, effort, and money to develop business methods, technical knowledge, and marketing concepts, including proprietary recipes, operational processes, trade secrets, commercial ideas, advertising materials, marketing strategies, information on sources of supply, administrative procedures, business forms, distinctive signs, trade dress, architectural design and uniforms, and product preparation and operational techniques that, taken together, make up a proprietary system for the operation of ~~b~~Bakeries.

2.2 Objectives of Parties

Wetzel's Pretzels would like to grant to you, and you would like to accept from us, a franchise to own and operate a Bakery using the Trade Name, Marks, and System, upon the terms and conditions below.

3. DEFINITIONS

For purposes of this Agreement, when any of the following words and phrases in this Agreement begins with a capital letter and is not otherwise defined, its meaning is defined in this Article 3:

3.1 Adjusted Gross Revenue

"Adjusted Gross Revenue" means "the total amount of income of any type or nature generated by you and your Related Parties, directly or indirectly, from, by or on account of the operation of the Franchised Business (as defined below), including, but not limited to, for all goods (including gift cards) sold and services rendered from the Approved Location or in connection with the Trade Name or Marks, in whatever form and from whatever source (including revenues from special or promotional programs, delivery services and fees, other revenues associated with delivering and/or selling products or services off- premises or any other revenue-generating activity), including, but not limited to, cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds, all

without deduction for expenses including marketing expenses and taxes. However, the definition of Adjusted Gross Revenue does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities, proceeds from insurance with respect to your property damage or liability, proceeds from civil forfeiture, condemnation or seizure by governmental entities or the amount of any returns, discounts, credits, allowances, or adjustments, within an accounting period. Without limiting the foregoing, fees, charges, payments or other amounts remitted to or collected by delivery services, providers, platforms or aggregators shall not be deducted from Adjusted Gross Revenue.”

3.2 Agreement

“The Agreement” or “this Agreement” means “this Franchise Agreement.”

3.3 Approved Location

“Approved Location” means “a location that we have approved in writing as a site at which you may own and operate a Bakery.”

3.4 Bakery

“Bakery” means “a business that we conduct or have authorized a franchisee to conduct under the Trade Name, Marks, and System.”

3.5 Designated Manager

“Designated Manager” means “you in your role as general manager of a Bakery or a single individual whom you have appointed as the general manager of your Bakery.” The Designated Manager must work at least forty (40) hours per week at your Bakery.

3.6 Franchise Network

“Franchise Network” means “the interdependent network composed of Wetzel’s Pretzels, all of our franchisees, and any other people or business entities that we have licensed to use the Trade Name, Marks, System, or any of them.”

3.7 Franchised Business

“Franchised Business” means the Bakery located at the Approved Location, including any remote mobile unit(s) and/or Concession Truck or Trailer, if any.

3.8 Gift Card

“Gift Card” shall have the meaning set forth in Section 7.6.3.

3.9 Gift Card Program

“Gift Card Program” shall have the meaning set forth in Section 7.6.3.

3.10 Good Standing

“Good Standing” means “your and your Related Parties’ timely compliance with all provisions of this Agreement and the Manual, specifically including provisions for timely payment of money you owe to us or our Related Party.”

3.11 Manual

“Manual” means “the manual or manuals that Wetzel’s Pretzels will lend you or to which we will give you access on our intranet during the Term of this Agreement, containing information, forms, and requirements for the establishment and operation of a Bakery and for use of our Trade Name and Marks.”

3.12 Marks

“Marks” means “selected trademarks, service marks, trade dress, logotypes, slogans, and other commercial symbols that we own and license to you under this Agreement.”

3.13 Proprietary Product

“Proprietary Product” means “any product that has been manufactured in accordance with our confidential recipes or specifications or that has been packaged or labeled with the Marks.”

3.14 Protected Area

“Protected Area” means “an area surrounding an Approved Location within which we agree to refrain from specified competitive activities.” “Protected Area” does not include sites along toll roads, or in hotels and motels, ships, ports, piers, airports, railroads, train stations, other modes of mass transportation, casinos, movie theaters, theme parks, stadiums, sports arenas, college and university campuses, healthcare facilities, regional malls, outlet malls, guest lodging facilities, day care facilities of any type, government facilities, as well as the premises of any third-party retailer (including grocery stores, supermarkets and convenience stores) or any other location or venue to which access to the general public is restricted such as military installations, higher security headquarters or corporations, and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider, which are located within its borders.

3.15 Related Party

“Related Party” or “Related Parties” means “people or companies affiliated with us or you, as the context suggests, including companies under common control, shareholders, partners, members, officers and directors.”

3.16 Transfer

Subject to the exceptions described in Article 9 of this Agreement, “Transfer” means “any sale, gift, or other change in ownership of all or any part: (1) of the rights and obligations of this Agreement, (2) of your Bakery, including the lease for the Approved Location, or (3) of an ownership interest in you.”

3.17 Start Date

“Start Date” means the earlier of (i) the first anniversary of the Effective Date, or (ii) the date that your Bakery opens. The Start Date may be extended only with our written consent.

3.18 System

“System” means “the business methods, technical knowledge, and marketing concepts licensed by us to you under this Agreement, including the right to use our processes, recipes, trade secrets, purchasing arrangements, commercial ideas, advertising materials, marketing strategies, information on sources of supply, administrative procedures, business forms, distinctive signs, trade dress, architectural design and uniforms, and product preparation and operational training techniques.”

3.19 Termination

“Termination” means “termination of this Agreement, under the circumstances described in Article 10 below, prior to its normal expiration date.”

3.20 Trade Name

~~(Initial Here) If y~~You will be operating a WETZEL’S PRETZELS® Bakery; “Trade Name” means “the commercial name WETZEL’S PRETZELS®.”

~~(Initial Here) If you will be operating a TWISTED BY WETZEL’S® Bakery; “Trade Name” means “the commercial name TWISTED BY WETZEL’S®.” You will also have the right to use the commercial name “WETZEL’S PRETZELS®,” as we determine in our sole discretion.~~

3.21 Wetzel’s Pretzels

“Wetzel’s Pretzels” means “Wetzel’s Pretzels, LLC, or any person or company to which Wetzel’s Pretzels, LLC, allocates all or part of our rights and obligations under this Agreement.”

3.22 You

“You” means “the person or company that is named as ‘you’ in Article 1 of this Agreement.” “You” means, in addition, “all people or entities that succeed to your interest by Transfer or operation of law.”

4. FRANCHISED RIGHTS

4.1 Granting Clause

Wetzel's Pretzels grants to you and you accept from us a franchise to own and operate a Bakery at an Approved Location under the Trade Name, Marks, and System during the Term of this Agreement and according to its provisions. This Agreement does not grant you the right to engage in wholesale, internet, or mail-order sales. You may engage only in over-the-counter sales at the Approved Location.

4.2 Protected Area

Each Approved Location will be within a Protected Area, specified in Attachment 2 to this Agreement, that will be the smaller of the area within a one-half (1/2) mile radius of the Approved Location or the shopping center or mall within which the Approved Location is located. With the exceptions described in the below paragraph, as well as in Section 4.3, we agree not to authorize any other franchisee to base a Bakery within the Protected Area, base any Wetzel's Pretzels-owned Bakery within the Protected Area, or allow any other franchisee or Wetzel's Pretzels-owned Bakery to relocate to a site within the Protected Area.

Your Protected Area does not give you any exclusivity with respect to customers located in the Protected Area or elsewhere. We may require you to provide for the delivery of products to customers ("Delivery"). We may also require you to participate in Delivery programs, either through or in partnership with third parties, us, or independently. If we require you to participate in Delivery programs, either through or in partnership with third parties, us, or independently, you must immediately take all steps deemed necessary by us to participate in these Delivery programs and commence participation. We have the right to prescribe all matters relating to Delivery, including the boundaries of your delivery area (which may not be the same area as the Protected Area) and the manner and form of distribution of any marketing, promotional or delivery materials. We can revoke your right to provide Delivery at any time, including as a result of your inability to provide Delivery in accordance with our then-current standards. Similarly, we can make adjustments to your provision of Delivery services (including the size of your delivery area) for any reason, including changing market conditions, population changes, and other relevant conditions.

4.3 Rights Reserved

We reserve the exclusive right to control internet sales. Further, we reserve for ourselves and our affiliates all rights not expressly granted in this Agreement, including the right to sell Proprietary Products through any means of distribution not specifically prohibited by another provision of this Agreement. We and our affiliates expressly retain the rights to engage in grocery or club store sales or licensing, wholesale, computer, and mail-order sales within the Protected Area. Further, we and/or our affiliates may sell Proprietary Products and allow others to sell Proprietary Products sold under any trade name, trademark or service mark (including the Trade Name and Marks) to retail stores and restaurants located anywhere, including, but not limited to, the Protected Area. Further, the Protected Area specifically excludes any existing Bakery that is

either owned by us or which is under a franchise agreement, whether such Bakery is in pre-construction, under construction, or is open and operating within the Protected Area as of the Effective Date.

4.4 Relocation

You may relocate your Bakery within the Protected Area only with our prior written consent, which will be granted only if the following conditions are fulfilled:

- (a) You and your Related Parties are in Good Standing under this Agreement, any other agreement between us or our Related Party and you or your Related Party, and the Manual,
- (b) You and any Related Parties that have signed this Agreement have signed a copy of the franchise agreement that is currently effective at the time of relocation an amendment to this Agreement indicating the address for your relocated Bakery and you must sign a general release provided by us,
- (c) You agree to plan, construct, equip, and furnish your new Bakery so that the premises meet the standards of appearance and function applicable to the premises of new bBakeries at the time of relocation and to engage a general contractor, and/or a construction manager as may be applicable, each of whom we have approved in writing at least sixty (60) days before relocating,
- (d) You and any Related Parties that are parties to this Agreement have signed a special release of claims, except for non-waivable statutory claims, in the form of Attachment 3 to this Agreement, with respect to past dealings with us and our Related Parties,
- (e) You have paid us the relocation fee described in Article 6 to defray the cost to us of site inspection and construction design review, ~~and~~
- (e)(f) You must open your Bakery at the new approved location within thirty (30) days after you close the Bakery at the current Approved Location, and
- (f)(g) We have given our prior written approval to the new site and the provisions of the lease for the new premises, and we shall not be required to assume, undertake, or continue, any liability with respect to the lease for your Bakery premises, whether as assignor, signatory or guarantor, and it shall be your exclusive responsibility to provide such guarantees, security or other financial assurances as may be acceptable to us and the master lessor.

4.5 Term and Renewal

4.5.1 Term

The term of the franchise will begin on the Effective Date and will expire on the earlier of: (a) ten (10) years from the Start Date; or (b) the expiration of the term of the lease or sublease, as applicable and excluding any extensions or renewal options of such lease or sublease (“Term”).

4.5.2 Renewal

You will have the right to renew your franchise for an additional renewal term of ten (10) years, on the same terms and conditions as those on which we are customarily granting new franchises at the time of renewal if at the time of renewal you meet the following conditions:

- (a) You and your Related Parties are in Good Standing under this Agreement, any other agreement between us or our Related Party and you or your Related Party, and the Manual,
- (b) You and any Related Parties that have signed this Agreement have signed a new franchise agreement in the currently effective form not less than one hundred eighty (180) days before the expiration of this Agreement or thirty (30) days after you receive the new franchise agreement from us, whichever is earlier,
- (c) You have agreed that you will engage a general contractor and/or construction manager, as may be applicable, each of whom we have previously authorized in writing at least forty-five (45) days before the renewal term begins,
- (d) You have agreed that you will, at your own expense, remodel, modernize and redecorate the Bakery premises and replace and modernize the fixtures, equipment, and signs used in the Bakery to meet the standards of appearance and function applicable to new [bBakeries](#) at that time; you will begin remodeling, modernizing and/or redecorating the Bakery within the earlier of (i) three (3) months of the effective date of your renewal franchise agreement or (ii) the date such remodeling, modernizing and/or redecorating is required under your lease or sublease, as applicable,
- (e) You have renewed or have the right to renew the lease, or sublease, as applicable, for the Approved Location according to section 7.3.1 of this Agreement,
- (f) You and any Related Parties have signed a special release of claims, except for non-waivable statutory claims, with respect to past dealings with us in the form of Attachment 3 to this Agreement, and
- (g) You have paid the renewal fee described in Article 6.

The provisions of the standard franchise agreement we use at the time of renewal may be materially different from this Agreement’s provisions. Changed provisions may include, but are not limited to, increased Royalties and advertising fund contributions and a modified Protected

Area.

4.5.3 No Duty by Franchisor to Renew Master Lease

You acknowledge that your right to enter into a renewal agreement, and the continuation of the Term, shall be subject to the continuation of your right to occupy your Bakery premises. If your premises has been leased or subleased by you from a third party, it shall be your sole responsibility to maintain your lease or sublease for your Bakery premises in full force and effect. If you sublease your Bakery premises from us, we shall not be obligated to exercise any renewal right or option available to us under the master lease, or otherwise, and any decision to exercise any option to renew or extend the master lease may be exercised in our sole and absolute discretion. If we decide not to renew or exercise any said option to renew, we may in our sole discretion (if and to the extent permitted to do so under our lease) assign any such renewal right or option to you to exercise in your own name and behalf; provided, however, that we shall not be required to continue, assume, or undertake, any liability with respect to the lease for your Bakery premises, whether as assignor, signatory or guarantor, and it shall be your exclusive responsibility to provide such guarantees, security or other financial assurances as may be acceptable to us and the master lessor.

5. SERVICES TO FRANCHISEE

We agree to perform the following services for you at locations selected by us, provided that you and your Related Parties are, at the time when service is to be rendered, in Good Standing under this Agreement, any other agreement with us or our Related Parties, and the Manual:

5.1 Buildout and Decor

You will be provided with, or access to, a construction manual to guide you in constructing tenant improvements to, furnishing, and equipping your Bakery.

5.2 Initial Training

Before the opening of your Bakery, we will conduct an initial training program in the operation of your Bakery under the System for as many as three (3) members of your management. ~~Your Designated Manager~~ You must attend and successfully complete the training program to our satisfaction before you may open your Bakery. If you do not plan to be the day-to-day Manager of your bakery, it is strongly advised that your Designated Manager also attend the initial training. If the employment of your Designated Manager is terminated, you must promptly employ a new Designated Manager who must successfully complete the initial training program before starting work no later than thirty (30) days after the termination of the prior Designated Manager's employment.

5.3 Manual

We will lend you, or make available to you on our intranet, a Manual containing

explicit instructions for use of the Marks, specifications for goods that will be used in or sold by your Bakery, sample business forms, information on marketing, management, and administrative methods developed by us for use in your Bakery, names of approved suppliers, and other information that we believe may be necessary or helpful to you in your operation of your Bakery. We will revise the Manual periodically to conform to the changing needs of the Franchise Network and will distribute updated pages containing these revisions to you, or, if the Manual has been placed on our intranet, will post revised pages there.

5.4 Approved or Designated Suppliers

We will give you, in the Manual or otherwise in writing, a list of names and addresses of approved or designated suppliers of specified goods and services as approved and/or authorized by us for you to use or sell in your Bakery. In approving or designating a particular supplier, **we expressly disclaim any warranties or representations as to the condition of the goods or services sold by such suppliers, including, without limitation, expressed or implied warranties as to merchantability or fitness for any intended purpose.** You agree to look solely to the manufacturer of goods or the supplier of services for the remedy for any defect in the goods or services. We cannot guarantee that any designated supplier will offer or continue any particular pricing, warranty or other terms of sale. Also, we cannot guarantee a continuing supply from any designated supplier. We are not under any obligation to you with respect to the terms negotiated or the terms of any supplier. We cannot guarantee that designated suppliers will offer or continue to offer you any trade credit terms as that is solely up to the supplier and their credit standards.

5.5 Continuing Education

We may offer continuing education programs at the Bi-Annual Convention.

5.6 Consultation

We will make our operations team available to you for consultation throughout the Term in a timely manner for no additional charge except reimbursement of direct costs.

5.7 Advertising

5.7.1 Advertising Fund

We will administer the advertising fund, which will be accounted for separately on the general ledger. The purpose of the fund is to pool our advertising money and that of each of our franchisees so as to achieve greater benefits for all in promoting the Trade Name and Marks. The fund may be used to pay for market research (whether we or a third-party perform the market research), advertising materials (whether we or a third-party develop and/or produce the advertising materials), the development and/or production of initiatives (whether we or a third-party develop and/or produce such initiatives), media space and time for a national or regional advertising program, a referral program, or any combination of them. You agree and acknowledge that the fund may be used, without limitation, to pay for the salaries of our personnel while they

are conducting advertising fund business, which may include, but is not limited to, conducting market research, public relations, developing advertising materials or conducting other advertising activities. The fund may also be used for advertising grants to franchisees, collectively on a regional basis or individually on a local basis. Additionally, the advertising fund may be used to reimburse us, our affiliates, a Related Party, or parent for salaries, benefits, overhead and/or other administrative expenses incurred in connection with administering the advertising fund. Specifically, salaries of our employees who are primarily tasked with performing advertising, marketing and/or promotional activities for franchisees, the advertising fund and/or the System as a whole may be charged to the advertising fund. In addition, the fund may be used to pay for point-of-purchase materials or public relations projects. Additionally, up to twenty percent (20%) of the advertising fund contributions will be used to compensate us for overhead and other expenses incurred in connection with our administration of the fund. For clarification purposes, this amount is in addition to the amount paid to us for salaries of our personnel while conducting advertising fund business, as specified above. If requested by you in writing, we will distribute to you, once a year, an advertising fund report which will set out the total amounts of money collected and spent by the fund during the past year and list, by general category, the manner in which the money was spent.

5.7.2 Allocation of Expenditures

Because the benefits of advertising and promotion are difficult to measure, we reserve the unqualified right to determine, in our sole discretion, how advertising fund money may be spent, which may include reimbursement to us, our affiliates, a Related Party, or parent for salaries, benefits, overhead and other administrative expenses incurred in connection with administering the advertising fund. ~~However, if you operate a TWISTED BY WETZELS Bakery and we require you to contribute more than one percent (1%) of your Adjusted Gross Revenue to the advertising fund, the difference between the amount contributed and one percent (1%) of your Adjusted Gross Revenue will be spent by us toward TWISTED BY WETZELS bakeries, but not necessarily your Bakery.~~

5.7.3 Repayment of Advances

We have the right to loan money to the advertising fund, without interest, and to repay ourselves from fund money during the same or a subsequent fiscal year.

5.8 Proprietary Products Availability

We will use commercially reasonable efforts to ensure that we or a designated supplier will at all times have a supply of Proprietary Products for sale to you.

6. PAYMENTS BY FRANCHISEE

You agree to pay each of the following amounts to us via a lump sum, with each and every amount being non-refundable because of our investment in time and money, in addition to any other benefits conferred upon you, including processing your application, reviewing your documents, and providing you with relevant information, unless otherwise expressly specified

below, in accordance with the provisions set forth in this *Article 6*. Notwithstanding your designation to the contrary, we have the sole discretion to apply any of your payments, in part or in whole, to any of your indebtedness to us.

6.1 Initial Franchise Fee

When you sign this Agreement, you will pay us in immediately accessible funds an initial franchise fee of Forty Thousand Dollars (\$40,000). The initial franchise fee must be paid as a lump sum by wire transfer or some other form of electronic funds transfer acceptable to us in our sole discretion and is fully earned by us upon execution of this Agreement and is non-refundable.

6.2 Lease Review Fee

When you sign this Agreement, you will pay us a fee ranging between Three Thousand Five Hundred Dollars (\$3,500) and Seven Thousand Dollars (\$7,000) for the review of your lease; the fee will depend on the complexity of the lease and jurisdiction of the premises to be leased, as determined by us in our sole discretion. In the event that your lease is thereafter renewed or materially amended, you will pay us a fee of Five Thousand Dollars (\$5,000) for reviewing the renewal or amendment of your lease. The lease review fees (for an initial lease, renewal or amendment) must be paid to us prior to your execution of the same with the landlord but no later than thirty (30) days after the date of our invoice to you. The review of your lease may be performed by us or a third-party vendor that we approve. **The review of your lease is not a guarantee that your Bakery will be successful at that location. Rather, you agree and acknowledge that the lease review is performed solely for the purpose of ensuring that your lease meets our minimum lease requirements for a Bakery.**

6.3 Royalties

By Wednesday of each week during the Term, or any other day that we designate in the Manual, you must report Adjusted Gross Revenue on the form specified in the Manual and pay a weekly royalty of seven percent (7%) of Adjusted Gross Revenue, as “Adjusted Gross Revenue” is defined in Article 3 of this Agreement, calculated on the basis of Adjusted Gross Revenue received by you in the immediately preceding week, ending at close of business on Sunday (“Royalties” or “Royalty Fee”). Notwithstanding anything to the contrary, if you operate a ~~TWISTED BY WETZELS~~streetside Bakery, the Royalties shall be a weekly royalty of five percent (5%) of Adjusted Gross Revenue. For purposes of this Article 6 of this Agreement, “pay” means “complete or, if appropriate, cooperate to cause completion of a transfer of funds to our designated bank account by electronic funds transfer, pre-arranged draft, or sweep of your bank account, as we require at our option, no later than the date when payment must be made.” Failure to make Adjusted Gross Revenue reports on time will be considered to be failure to pay on time.

6.4 Advertising Fund Contributions

Together with your weekly Royalties payment, you must pay to the advertising fund a weekly contribution of one percent (1%) of the Adjusted Gross Revenue of your Bakery during

the previous week. If you operate a ~~TWISTED BY WETZELS~~streetside Bakery, wWe may, in our sole discretion, increase your advertising fund contribution to not more than five percent (5%) of the Adjusted Gross Revenue of your Bakery during the previous ~~week. Further, unless you operate a TWISTED BY WETZELS Bakery, we will not require you to spend a specified amount of local advertising on a continuing basis. However, if you operate a TWISTED BY WETZELS Bakery, we may require you to spend a total of five percent (5%) of your Adjusted Gross Revenue, allocated as we determine in our sole discretion, on a quarterly basis toward: (a) local marketing activities; and (b) your advertising fund contribution. Quarters~~week. Quarters are calculated on a calendar-year basis. ~~In no event will your combined expenditure for required local marketing activities and advertising fund contributions exceed five percent (5%) of your Adjusted Gross Revenue for that quarter.~~

6.5 Means of Payment

You must sign an authorization agreement for prearranged transfer, in the form of or similar to Attachment 4 to this Agreement, or any other document necessary to facilitate payment of Royalties and advertising fund contributions or any other payments due hereunder by electronic funds transfer, pre-arranged draft, or sweep of your bank account, at our option.

6.6 Audit

We will have the right during normal working hours to audit your books and records, including, but not limited to, your tax returns and cash register tapes, with respect to your Bakery with no advance notice. The auditor may be our employee or an independent contractor and need not be an accountant. Alternatively, upon our written request, you must submit to us, at your own expense, for revenue audit purposes, copies of vendor invoices for food and beverage, daily SKU tapes, daily Z tapes, sales and use tax returns, and monthly bank statements for a period of up to three (3) years. If an audit discloses facts from which it may be reasonably inferred that there has been an underpayment of Royalties or advertising fund contributions payable under this Agreement and you do not provide cash register tapes and other records to disprove the inference, as required by this Agreement, we are entitled to estimate the amount of underpayment based on the available evidence. We will invoice you for the amount of any underpayment together with accrued interest on the amount underpaid in accordance with Section 6.18 of this Agreement. In addition, if the underpayment exceeds three percent (3%) of the total Royalties or advertising fund contribution payable for any period covered under the audit, or if the audit was undertaken because you did not submit annual financial statements in a timely manner, you must reimburse us for all expenses we incur in connection with the audit (in addition to the late fee required pursuant to Section 6.18). You must pay us promptly upon receiving any invoice for these amounts.

6.7 Secret Shopper Fee

You must pay us a monthly fee of Fifty Dollars (\$50) to reimburse us for subscribing to a secret shopper service on your behalf.

6.8 Training Fees and Costs

You are required to attend initial training. We will not charge a fee for the initial training program at which you ~~or~~ and your Designated Manager (if someone other than you), and up to three additional people, are trained. If you send more than four (4) people to this training, we will assess a training fee of Seven Hundred Fifty Dollars (\$750) for each additional person. If you later replace your Designated Manager, we may ask that you reimburse us for the cost of the new Designated Manager's training plus an administrative fee of twenty percent (20%) of the cost or that you reimburse us for our costs in certifying the new Designated Manager in the field. We may also charge a training fee for continuing education programs. We will offer these programs at our cost plus an administrative fee of twenty percent (20%) of cost. For all training we offer, you must pay any costs of travel, lodging, parking, meals, and other incidental expenses that you or your employees incur.

6.9 Bi-Annual Convention Registration

There will be a fee of up to One Thousand Five Hundred Dollars (\$1,500) per person for registration at our Bi-Annual Convention.

6.10 Consulting Costs

As described in Section 5.6 of this Agreement, we will, at no additional charge to you, make our operations team available to you for consultation in a timely manner if you request such assistance. You will promptly reimburse us for all incidental expenses we incur in rendering consulting services, including, but not limited to, the cost of business class transportation, lodging, meals, and delivery and courier charges.

6.11 Payment for Proprietary Products

When ordering Proprietary Products from us or our Related Party, you must submit payment for the full purchase price of such Proprietary Products, plus an additional amount to cover the costs of shipping, freight insurance, and any applicable sales or use tax, as specified by us, with each order for Proprietary Products. We have the right to require payment in cash, electronic funds transfer, cashier's check, or other means of making the funds immediately accessible to us if, in our reasonable discretion, your payment practices or financial status, the amount of the order, general economic conditions, or other business reasons make it advisable.

6.12 Relocation Fee

As a condition of relocation of your Bakery, you must pay, prior to such relocation, a relocation fee of Seven Thousand Five Hundred Dollars (\$7,500). This fee will defray our expenses of reviewing and approving the new site and your plans for constructing, equipping, and furnishing it.

6.13 Renewal Fee

As a condition of renewal of this franchise for a Bakery, you must pay, when you sign the

franchise agreement for the renewal term, a renewal fee in the amount of fifty percent (50%) of the then-current initial franchise fee for the renewal term of ten (10) years. As a condition of renewal of this franchise for a Concession Truck or Trailer, you must pay, when you sign the franchise agreement for the renewal term, a renewal fee in the amount of fifty percent (50%) of the then-current initial franchise fee for a Concession Truck or Trailer for the renewal term of five (5) years. As a condition of renewal of a remote mobile unit, you must pay, when you sign a remote mobile unit addendum to the franchise agreement for the renewal term, a renewal fee in the amount of fifty percent (50%) of the then-current remote mobile unit fee for a renewal term of ten (10) years. A separate renewal fee shall be charged for the Bakery and each Concession Truck or Trailer and each remote mobile unit, as applicable.

6.14 Transfer Fee

As a condition of Transfer of this franchise, you must pay, upon giving notice of intent to transfer, a transfer fee, as set forth herein. The transfer fee will, among other things, defray our expenses of evaluating the transferee's qualifications, preparing legal documents in connection with the Transfer, and training the transferee. The transfer fee is as follows: (i) for a traditional Bakery, the sum of Forty Thousand Dollars (\$40,000) if the Transfer occurs during the first twelve (12) months of the Term and Twenty Thousand Dollars (\$20,000) thereafter; (ii) for a Bakery located in a non-traditional location (including, but not limited to a convenience store), the sum of Twenty Thousand Dollars (\$20,000) during the first twelve (12) months of the Term and Ten Thousand Dollars (\$10,000) thereafter, (iii) for a Concession Truck or Trailer, the sum of Three Thousand Seven Hundred Fifty Dollars (\$3,750); and (iv) for a remote mobile unit, the amount set forth in Section 6.16 below. If the Transfer is not concluded, we will refund the fee to you less our costs, in the minimum amount of Two Thousand Five Hundred Dollars (\$2,500) in connection with the proposed Transfer of a Bakery or One Thousand Dollars (\$1,000) in connection with the proposed Transfer of a Concession Truck or Trailer or remote mobile unit.

6.15 Remote Mobile Unit Fee

In the event you sign a Remote Mobile Unit Addendum for operation of a remote mobile unit in your Bakery's Protected Area (Attachment 5 to this Agreement), you must pay Wetzel's Pretzels the sum of Five Thousand Dollars (\$5,000) as a remote mobile unit fee.

6.16 Remote Mobile Unit Transfer Fee

As a condition of Transfer of a remote mobile unit, you must pay, before closing the sale, a remote mobile unit transfer fee of one-half (½) the then-current applicable remote mobile unit fee.

6.17 Interest on Late Payments

Any payment not received by us when due will bear interest at eighteen percent (18%) per year or at the highest rate allowed by applicable law on the date when payment is due, whichever is less. Interest charges on late payments are intended to partially compensate us for loss of use of the funds and for internal administrative costs resulting from late payment which would otherwise be difficult to measure with precision. The fact that such charges are imposed should

not be construed as a waiver of our right to timely payment.

6.18 Fee for Delinquent Year-end Financial Reporting; Non-Sufficient Funds Fee; Breaching Royalties

6.18.1 You acknowledge that your promised submission of financial statements, rent statements and reports is important to us and our ability to evaluate your performance and the performance of the franchise system at large, for us to prepare updates to our franchise disclosure documents and related government filings, and for other legitimate business purposes, and that your failure to timely report such information will result in us incurring significant administrative inconvenience, cost and expense, the precise amount of which is difficult to calculate. Accordingly, if you fail to submit your year-end, annual income statement, balance sheet or set of rent statements (or an annual rent schedule or ledger) from your landlord for the preceding year when due pursuant to Section 7.7.2, you must pay us, in addition to all expenses we incur in connection with any resulting audit conducted pursuant to Section 6.6, a late fee equal to One Hundred Dollars (\$100) for each week, or part of a week, following the date on which such financial statements or rent statements (or an annual rent schedule or ledger) were due but not received by us, for each Bakery, including any Remote Mobile Unit or Concession Truck or Trailer as applicable, operated pursuant to this Agreement. Such fee shall be deemed to be liquidated damages and not a penalty.

6.18.2 We have the absolute right to increase the Royalty Fee up to eighteen percent (18%) of Adjusted Gross Revenue, with respect to any period during which you are in breach or default of your obligations under this Agreement without providing you advance notice or right to cure. The Royalty Fee paid or owing to us with respect to the period during which you are in breach or default is referred to as “Breaching Royalties.” Breaching Royalties will be charged for a minimum fourteen (14)-day period, regardless of the length of the actual breach or default.

6.19 Payment Procedures

Subject to reasonable advance notice for non-recurring payment amounts, we have the right to debit your depository account, according to the Authorization Agreement for Prearranged Payment attached to this Agreement or other such authorization document that we require, for any of the payments described herein. We may apply any money you pay us, at our option, to any of your past due indebtedness to us or our Related Party regardless of your intention. Once so applied, we will not change the manner in which the payment has been applied. We are not required to accept payments after they are due or to extend credit or otherwise finance your operations. You must apply for and maintain systems for use of debit cards, credit cards, loyalty, and Gift Cards (defined below) and other non-cash payment methods. You shall adhere to all PCI (Payment Card Industry), CISP (Cardholder Information Security Program) and SDP (Site Data Protection) compliance specifications, as amended. If you fail to pay all amounts when due, we may suspend our services and support until the failure is cured. Repeated failure to pay all amounts when due or failure to cure a late payment within the applicable cure period constitutes good cause for termination of this Agreement.

6.20 Technology Fee

You agree and acknowledge that you shall be obligated to pay technology fees to us or one or more third parties that we designate or permit to collect on behalf of one or more third parties in an amount determined by us, from time to time, for the purpose of developing, implementing, using, maintaining, supporting, updating and/or upgrading technologies for the System, including web-based and/or mobile applications, which may include online ordering system(s), training applications, and loyalty applications. This may include, but is not limited to, amounts paid to or due to third-party delivery service platforms and aggregators. It may also be used to develop, implement, use, maintain, support, update and/or upgrade website(s) or webpage(s) for the System. We may, from time to time, and upon written notice to you, increase the technology fees, either due to increased costs for existing technologies or due to the introduction of new technologies for use in the System. Portions of the technology fees may be paid to us, our affiliates or to third parties. Currently, technology fees total approximately ~~Two~~ Three Hundred Dollars (~~\$200~~300) per month, which you agree we may change from time to time, in the exercise of our reasonable business judgment. You agree and acknowledge that portions of the technology fees may be calculated, allocated, and/or charged based on a per unit basis, per transaction basis or other methodology determined by us in the exercise of our reasonable business judgment. Further, you agree and acknowledge that changes to technology are dynamic and not predictable within the Term. In order to provide for the inevitable but unpredictable nature of changes to technological needs and opportunities, you agree and acknowledge that we shall have the right to establish, in writing, new standards and fees for developing, implementing, using, maintaining, supporting, updating and/or upgrading technologies in the System. Further, you agree and acknowledge that you shall comply with such new standards and shall remit payment for new fees, upon sixty (60) days' prior written notice to you.

6.21 Document Administration Fee.

A document administration fee of Five Hundred Dollars (\$500) ("Document Administration Fee") is payable to us when we must prepare an amendment to your franchise documents.

7. OBLIGATIONS OF FRANCHISEE

7.1 Use of Trade Name and Marks

7.1.1 Context

You may use the Trade Name and Marks only in the operation of your Bakery at the Approved Location. You may not use any other trade name or marks in connection with your Bakery unless we authorize you to do so under a co-branding addendum or amendment to this Agreement. You must sign an Assignment of Telephone Numbers, Email Addresses and URL's and Special Power of Attorney, in the form of Attachment 6 to this Agreement, when you sign this Agreement.

7.1.2 Changes in Trade Name and Marks

We reserve the right to change our Trade Name and Marks and the specifications for

each when we believe that these changes will benefit the Franchise Network. You agree that you will promptly conform, at your own expense, to any such changes.

7.1.3 Advertising Materials

You agree to submit to us copies of all advertising materials that you propose to use at least two (2) weeks before the first time they are broadcast, published, or otherwise disseminated. We will review the materials within a reasonable time and will promptly notify you whether we approve or reject them. We may not withhold our approval unreasonably. For purposes of this paragraph, advertising materials that differ from previously approved materials only in such variables as date or price will be considered to be previously approved. Even if we have approved specified materials, we may later withdraw our approval if we reasonably believe it necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising, including any misrepresentation in the advertising material.

7.1.4 Legal Protection

You agree to notify us immediately in writing if you become aware of any unauthorized use of our Trade Name, Marks, or System. You will promptly notify us in writing of any claim, demand, or suit against you or against your principals in connection with your use of the Trade Name, Marks, or System. In any action or proceeding arising from or in connection with any such claim, demand, or suit, you agree that we may select legal counsel and have the right to control the proceedings.

7.2 Initial Training Program

You or, if you are not an individual franchisee, you and your initial Designated Manager must faithfully attend all phases of the initial training program and complete it to our satisfaction, as certified by us in writing. Failure to successfully complete any aspect of the training program, as we determine in our sole discretion, constitutes grounds for immediate termination of your franchise, but we have the right to offer you one or more remedial courses of action, such as additional training or employment of supplemental personnel, if we believe the alternative or alternatives may make termination of the franchise unnecessary. If you do not accept the alternative course of action within the time we allow, we may declare the franchise terminated, effective immediately.

7.3 Development and Operations

7.3.1 Lease Negotiation

- (a) For Wetzel's Pretzel's bBakeries, competition for tenant space is keen in the malls and shopping centers where our bBakeries are located. Lease negotiations must be performed by us or a designated broker we determine, in our sole discretion. If we determine that a designated broker will be used, the designated broker will be an experienced commercial real estate broker who specializes in regional enclosed mall leasing and is familiar with our standards. Anytime between nine (9) to eighteen

(18) months (at our sole discretion) prior to lease expiration, we will either notify you in writing that we will negotiate your lease ourselves or require that you retain our designated broker to represent you in negotiating a renewal lease. If we negotiate your lease, then you will have to sign the Lease Review and/or Negotiation Agreement and Release (Attachment 11 to this Agreement) and so long as you agree to the terms therein (if, after your own due diligence and review and/or after consultation with your own legal counsel or other advisor) you must sign such negotiated and mutually agreed upon lease within thirty (30) days thereafter. You must obtain our prior written approval of the proposed lease and must use your best efforts to add the lease provisions listed in Attachment 7 to this Agreement to the lease. Failure to observe the provisions of this section is a material event of default.

- (b) ~~Unless you own or have a lease for premises to be used for the operation of a TWISTED BY WETZEL'S Bakery as of the Effective Date, we will assign you a development territory, to be as set forth in Attachment 2 annexed hereto, as we determine appropriate for your TWISTED BY WETZEL'S Bakery, in our sole discretion. Without limiting the foregoing, you must retain our designated broker or if one is not designated, a broker of your choice to assist you with identifying sites for your TWISTED BY WETZEL'S Bakery within the development territory. You must select the site for the TWISTED BY WETZEL'S Bakery subject to our consent within the development territory we assign to you. You must obtain our approval/authorization for an acceptable site within six (6) months of the Effective Date executing this Agreement. Once we have approved the site, we will fix a permanent Protected Area for the operation of your TWISTED BY WETZEL'S Bakery. You may not relocate your TWISTED BY WETZEL'S Bakery without our prior consent. The development territory is not exclusive and does not give you any rights whatsoever to the development territory. The purpose of the development territory is to help guide you as to where you may search for a specific location for your TWISTED BY WETZEL'S Bakery. We will not consider any sites outside of the development territory for the location of your TWISTED BY WETZEL'S Bakery.~~

~~Before leasing or purchasing the site for your TWISTED BY WETZEL'S Bakery, you must submit to us in the form we specify, a description of the site together with other evidence that confirms your favorable prospects for obtaining the site. You must submit the information and materials for the proposed site to us no later than ninety (90) days of executing this Franchise Agreement. We will have forty five (45) days after we receive this information and materials to evaluate the proposed site. If the proposed site is not approved by us in writing within forty five (45) days of our receipt of all required information, the proposed site is disapproved. If approved, you must lease or purchase at your expense, the site for the Franchised Business within seventy five (75) days after our approval, but no later than six (6) months of executing this Franchise Agreement. You must submit to us for review any sale or lease contract no later than fifteen (15) days before you sign it. You must furnish to us a copy of the signed lease no later than ten (10) days after it has been fully executed.~~

We will consult with you on our current site selection guidelines and provide other site selection counseling as we deem advisable. Currently, site approval is based on the following factors: potential customer base, lease costs, competition, population density and composition, visibility, and proximity to other restaurants or bBakeries. Notwithstanding the foregoing, we reserve the right to consider other relevant factors, in our discretion, in evaluating the site.

- (c) **For all bBakeries, by proposing a particular site for the premises of a Bakery, we do not guarantee that the Bakery operating at that location will be successful. By approving the lease, we do not represent that all its provisions will benefit you.** If we or our designated broker represent you in negotiating a renewal lease, you will pay to us the Lease Review Fee set forth in Section 6.2 of the Agreement.
- (d) For all bBakeries, if you do not present to us a renewal lease that is acceptable to you, us, and your landlord at least twelve (12) months before lease expiration, we have the right, at our sole option, to assume lease negotiations for the site. If this occurs, then so long as you agree to the terms therein (if, after your own due diligence and review and/or after consultation with your own legal counsel or other advisor) you must sign such negotiated and mutually agreed upon lease within thirty (30) days after we present it to you. Failure to observe these requirements is a material event of default.

7.3.2 Bakery Development

You must engage a general contractor and/or construction manager as may be applicable, each of whom we have approved in writing, within ten (10) days after ~~we sign this Agreement~~the Effective Date. You agree to plan, construct, equip and furnish your Bakery according to our currently effective standards, as described in the Manual. You must, at your own expense, tailor the prototype plans and specifications we provide for your individual use. You must submit all construction plans and designs to us for our prior written approval, which will not be unreasonably withheld, within thirty (30) days after ~~we sign this Agreement~~the Effective Date. If you do not engage our designated architect for this purpose, you must then, at your own expense, submit your customized plans and specifications to us for written approval. You will bear the cost of review by our designated architect. You must take all necessary action to develop your Bakery in a timely manner in relationship to the Start Date stated in Article 3 or any written extension of the Start Date.

7.3.3 Opening

You may not open your Bakery to the public until we certify in writing that, in our view and for purposes of protecting brand standards, you and your employees are prepared to begin operation. **By certifying that we believe your Bakery is prepared to open, we do not guarantee that your Bakery will be successful or that it complies with all laws or regulations.** Success is dependent on a number of factors, including, but not limited to, your skill, your efforts,

and general economic conditions, all of which are not within our control.

~~If you will operate a WETZEL'S PRETZELS Bakery, then w~~We anticipate that you will open your Bakery between ~~three-six (36)~~ and twelve (12) months after the Effective Date. You are required to open your WETZEL'S PRETZELS Bakery and begin business no later than twelve (12) months after the Effective Date, unless you obtain a written extension of this time period from us.

For a streetside location that is not yet identified at Effective Date, you are required to open your Bakery between nine (9) and eighteen (18) months after the Effective Date, unless you obtain a written extension of this time period from us.

~~If you will operate a TWISTED BY WETZEL'S Bakery, we anticipate that you will open your Bakery between nine (9) and eighteen (18) months after the Effective Date. You are required to open your TWISTED BY WETZEL'S Bakery and begin business no later than the lesser of eighteen (18) months after the Effective Date or six (6) months from our approval of the site for your Bakery, unless you obtain a written extension of this time period from us.~~

Your Franchised Business must be open and operating for business for a minimum number of days per week and hours per week, as described in greater detail in the Manual.

7.3.4 Compliance with Manual

You must operate your Bakery in absolute compliance with the standards and specifications stated in the Manual. We may make changes to these standards and specifications, when, in our reasonable discretion, change is needed for the continued success and development of the Franchise Network. Such changes may necessitate the purchase of equipment, supplies, furnishings or other goods, completion of additional training by your employees, or other cost to you. You must promptly conform to the modified standards and specifications at your own expense. You must at all times keep your copy of the Manual current by inserting in it revised pages given to you by us and deleting superseded pages. If there is any dispute as to the requirements of the Manual at any point in time, the terms of the master copy of the Manual we maintain will control.

7.3.5 Products and Services Offered

You must offer and sell all the products and services and only the products and services that we have authorized you to provide. ~~You agree and acknowledge that TWISTED BY WETZELS Bakeries may offer products and/or services not available at your Bakery or if you are authorized to operate a TWISTED BY WETZELS Bakery, you may be required to offer products and/or services not offered by other Wetzel's Pretzels franchisees.~~ If we advise you that a product or service must be obtained from a designated supplier, you must use the supplier we designate. If we advise you that a product or service may be obtained only from an approved supplier, you must obtain our prior written approval of any alternate supplier that we have not already approved in writing. As a condition of approving a supplier, we will require you to reimburse us for any

expenses we reasonably incur in inspecting the supplier's premises, checking the supplier's credentials, and/or testing the product or service. As a condition of approving a supplier of any product that bears the Trade Name or Marks, we may require that the supplier sign our License Agreement. We may withdraw our approval of a supplier if the supplier no longer meets our standards in our sole discretion.

7.3.6 Customer Satisfaction Program

You must distribute customer response cards in the form we prescribe. You must subscribe to the secret shopping service we currently designate and pay the corresponding Secret Shopper Fee outlined in Section 6.7 of this Agreement. If your scores from the customer response cards do not meet our currently effective standards, as described in the Manual, if the secret shopper reports are not satisfactory, or if we receive unusual numbers of customer complaints about your Bakery, we may suggest ways in which you can improve your performance. Failing to take immediate, effective steps to bring your operation up to our standards will constitute a material breach of this Agreement.

7.3.7 Inspections

We will conduct periodic quality assurance inspections of your Bakery during normal business hours. You must cooperate fully with our representatives during inspections. Quality assurance inspections may be made with or without prior notice. If you install security cameras that may be viewed over the internet, you must give us online access for viewing. You must promptly correct any deficiencies in your operation of which we advise you. Failing to take immediate, effective steps to bring your operation up to our standards will constitute a material breach of this Agreement. If an inspection discloses one or more material defaults, you must reimburse us for our cost of repeat inspection in an amount not to exceed Five Hundred Dollars (\$500) for each repeat inspection required to ensure compliance.

~~Additionally, we (or a designee) may conduct on-site evaluations of any proposed site for a TWISTED BY WETZEL'S Bakery. The first trip that we make to conduct site evaluations will be made without charge to you. For each additional trip that we make to your development territory to perform one or more site evaluations we will charge a site evaluation fee of Seven Hundred Fifty Dollars (\$750).~~

7.3.8 Maintenance and Upgrades

You agree to keep your Bakery premises, equipment, and furnishings clean and in excellent repair. Periodically, we will ask you to remodel the premises and to upgrade the equipment and furnishings to meet our then-current standards. You must promptly comply with any such request. During the term of this Agreement, we may require you to change the POS system or any component thereof, upon our written notice to you, at your sole cost and expense. There are no restrictions on our right to change the POS system or any component thereof and no limit on the cost of a new, or upgrade to ~~the,~~the POS system or component thereof.

7.3.9 Professional Conduct

In all your dealings with us, your customers, your employees, your suppliers and others, you must adhere to the highest possible standards of professional conduct, honesty, integrity, ethical behavior, dependability, good faith and fair dealing. You may not engage in any conduct that, in our reasonable opinion, may injure the goodwill associated with the Trade Name and/or Marks. You must do everything you can to promote and maintain the excellent reputation of the Franchise Network.

7.3.10 Proprietary Products

The Proprietary Products used in your Bakery are unique and their ingredients and manufacturing processes are trade secrets that are important to the success of the System. The Proprietary Products must be used only as prescribed. You may purchase the Proprietary Products only from us or our designated supplier. Use or sale of any substitute for the Proprietary Products without our prior written consent, which we may withhold in our sole discretion, is a material breach of this Agreement and will result in immediate Termination of your franchise.

7.4 Attendance at Bi-Annual Convention

Your attendance at the Bi-Annual Convention, where we provide continuing education programs, is important and mandatory and the payment of the corresponding Bi-Annual Convention Registration fee outlined in Section 6.9 of this Agreement is required.

7.5 Personnel

7.5.1 Management

Your Designated Manager must be an individual who devotes all his or her productive work time and effort to the management and operation of your Bakery. The Designated Manager, or another employee who has been certified by us as a properly trained ~~manager by us~~, must be present at the Approved Location whenever the Bakery is open for business. If you own more than one Bakery, an additional Designated Manager must be employed for each. If we, in our sole discretion, determine that your Bakery is not in compliance with the Manual, this Agreement, or applicable law, we will advise you and you must immediately take steps to correct the situation. You must keep us informed of the identity of your Designated Manager(s). Upon the termination of employment of a Designated Manager, you must promptly appoint a successor who has been certified by us and properly trained pursuant to Section 5.2 of this Agreement.

7.5.2 Employees

- (a) Franchisee hereby irrevocably agrees, acknowledges, affirms, represents, warrants, and covenants that its employees are employed exclusively by Franchisee and that none of its employees are employed, jointly employed or co-employed by Franchisor. Franchisee further agrees, acknowledges, affirms, represents, warrants, and covenants that each of its employees are under the exclusive dominion and

control of Franchisee and are never under the direct or indirect control of Franchisor. Franchisee is exclusively responsible for, and Franchisor shall not, directly or indirectly, be engaged in, have authority or ability over or otherwise involved with, the hiring of each of its employees, setting their schedules, establishing their compensation, paying wages or salaries, benefits and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/unemployment insurance premiums) associated with such employment, disciplining, suspending and/or terminating employees.

- (b) You must maintain at all times a staff of properly trained employees that is large enough to operate your Bakery in compliance with our standards. Franchisee further hereby irrevocably agrees, acknowledges, affirms, represents, warrants, and covenants that any minimum staffing suggestions, if established by Franchisor, are solely provided to Franchisee for the purpose of ensuring that the Franchised Business is at all times staffed to operate in conformity with our standards.
- (c) Franchisee further hereby irrevocably agrees, acknowledges, affirms, represents, warrants, and covenants that any training provided by Franchisor for Franchisee's employees is intended to provide to those employees the various procedures, protocols, systems, and operations of a Bakery to maintain brand standards, and shall not create an employment relationship between the Franchisor and the Franchisee's employees.
- (d) You will identify yourself in all dealings with customers, vendors, public officials, employees, and others as the independent owner of your Bakery under a franchise granted by Wetzel's Pretzels. Should it ever be asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agrees to assist Franchisor in defending said allegation, including (if necessary) appearing at any venue requested by Franchisor to testify on its behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees).

7.6 Advertising Obligations

7.6.1 Grand Opening

~~For all franchisees other than those operating a TWISTED BY WETZELS Bakery, y~~ You must spend at least Five Hundred Dollars (\$500) on a grand opening advertising program. ~~If you operate a TWISTED BY WETZELS Bakery, you must spend at least Three Thousand Dollars (\$3,000) on a grand opening advertising program.~~ Your grand opening advertising program must be conducted in accordance with the general guidelines in the Manual for an initial advertising program. If you operate a streetside Bakery location, you must spend at least three thousand dollars (\$3,000) on a grand opening advertising program. Your grand opening advertising program must be conducted in accordance with the general guidelines in the Manual for an initial advertising program.

7.6.2 In-Store Material

You must use any point-of-sale (“POS”) or display material we give you as directed by us. This material may promote the sale of franchises and, if this is its primary purpose, will not be paid for by the advertising fund.

7.6.3 Loyalty and Gift Card Program.

You shall sell, or otherwise issue, as we may designate, stored-value, loyalty and gift cards, certificates, and other non-cash payment methods (collectively “Gift Cards”) that we designate and only in the manner specified in the Manual. You shall fully honor all Gift Cards that are in the form approved or required by us, regardless of whether the Gift Card was issued by you or another franchisee or operator in the “WETZEL’S PRETZELS” system, or purchased at any other location, such as a retail or grocery store, via the internet or via other means of distribution. You shall sell, issue, and redeem (without any offset) Gift Cards in accordance with the procedures and policies we may specify in the Manual or otherwise in writing (the “Gift Card Program”). You acknowledge that in connection with this Gift Card Program, you may be required to: (a) enter into a separate agreement with a third-party provider of Gift Card processing services that we designate under the terms and conditions as may be required by the third party for participation in the Gift Card Program; (b) purchase or upgrade, as necessary, hardware, software, scanners and other equipment, required for participation in the Gift Card Program; (c) purchase and maintain sufficient inventory of Gift Cards for sale at your “WETZEL’S PRETZELS” Bakery; (d) promote the sale of Gift Cards using only marketing methods and materials we approve; (e) comply in all material respects with all applicable laws, statutes and regulations in performing your obligations under this Agreement and otherwise in connection with the Gift Card Program; and (f) execute such other agreements or documents as we may reasonably require in connection with the Gift Card Program. You further acknowledge that we may discontinue or modify the Gift Card Program at any time, in our sole discretion, and you agree to comply with our requests to discontinue or modify the Gift Card Program at any time.

7.6.4 Signs

You must permanently purchase, install, display and maintain, at your own expense, on your Bakery premises and on all vehicles you use in connection with your Wetzel’s Pretzels Franchised Business, signs of any nature, form, color, number, location and size, and containing any legends that we have designated in writing. This includes, but is not limited to, the purchase, installation, display and maintenance of digital monitors, boards and screens, and the payment of monthly fees for related software and support.

7.7 Financial Information

7.7.1 Records

We may, at our option, poll financial information, including data relating to sales, bookkeeping, menu mix, POS system, operations, and financial information, from your POS system, computer, or both on a daily basis. You must retain vendor invoices for food and beverage,

daily SKU tapes, daily Z tapes, sales and use tax returns, and monthly bank statements for at least three (3) years. If you do not produce any of these records at our request during any audit of your records, it will be presumed that these records would have revealed that your Adjusted Gross Revenue was under-reported in the amount otherwise indicated by the audit and you will be responsible for any and all fees as outlined in Section 6.6 of this Agreement. If, for any reason, your cash register must be repaired, you must use a replacement cash register with comparable capabilities.

7.7.2 Reports

We require you to purchase or lease computer and/or communications equipment and software that meet specifications set out in the Manual. You must submit to us, upon request, copies of all federal, state, and local income, and sales tax returns. You will prepare and submit to us financial statements and weekly sales reports in the format, using the chart of accounts, and at the times specified in the Manual as periodically revised. You are required to submit income and balance sheets as well as a set of rent statements (or rent schedule or ledger) from your landlord in the form, manner, and time that Franchisor determines, in its discretion, and may adjust from time to time. We may use this data to assist you in tracking and improving your performance, confirm that you are complying with your obligations under this Agreement, formulate earnings and expense information to disclose to prospective franchisees, and/or other legitimate business purposes. Failure to timely submit an income statement, balance sheet, and/or set of rent statements (or rent schedule or ledger) constitutes a material breach of this Agreement, and will subject you to payment of a late fee as set forth in Section 6.18.

7.8 Insurance

You must purchase and maintain a policy or policies of comprehensive public liability insurance, including products liability coverage, covering all your Bakery assets, personnel, and activities on an occurrence basis with a combined single limit for bodily injury, death, or property damage of not less than Two Million Dollars (\$2,000,000). We may increase the minimum coverage requirement annually if necessary to reflect inflation or other changes in circumstances. You must also carry (1) casualty insurance in a minimum amount equal to the replacement value of your interest in your Bakery premises, including furniture, fixtures, and equipment, and (2) business interruption insurance in an amount sufficient to cover the rent of your Bakery premises, salary or wages of key personnel, and other fixed expenses. If you provide delivery services, then your liability insurance must also include automobile liability insurance, including for non-owned automobiles. Each of these insurance policies must contain a provision that the policy cannot be canceled without ten (10) days' written notice to us. It must be issued by an insurance company of recognized responsibility, designate us as an additional named insured, and be satisfactory to us in form, substance, and coverage. You must deliver a certificate of the issuing insurance company evidencing each policy to us within ten (10) days after the policy is issued or renewed. In addition, you must maintain policies of workers' compensation insurance, disability insurance, and any other types of insurance required by applicable law.

7.9 Financial and Legal Responsibility

7.9.1 Compliance with Law

You must comply with all federal, state, and local laws and regulations, including without limitation the Americans with Disabilities Act, pertaining, directly or indirectly, to your Bakery. You must keep current all licenses, permits, bonds, and deposits made to or required by any government agency in connection with the operation of your Bakery. If your health standards score is below ninety percent (90%) in three (3) or more government health inspections in any twelve (12)-month period, it constitutes a material breach of this Agreement. You shall, in all dealings relating to your Bakery, with the public, suppliers, your landlord, and us, and each of the foregoing's respective employees, agents and representatives, conduct yourself and cause your employees, agents and representatives, to conduct themselves in an honest, professional appropriate and lawful manner, and without limiting the generality of the foregoing, shall refrain and cause your employees, agents and representatives to refrain from making any statement or taking any action that would or might reasonably be interpreted as intimidation, harassment, violent, harmful or disparaging to others or to your or the foregoing's owners, directors, officers, employees, agents or representatives, as applicable.

7.9.2 Payment of Indebtedness

You must pay promptly when due all taxes and debts that you incur in the conduct of your business. You and your Related Parties must remain current in any financial responsibilities including, without limitation, to your landlord and/or to us or our Related Parties as sublessor of the Approved Location.

7.9.3 Leasehold Obligations

You must diligently fulfill all your leasehold obligations with respect to the Approved Location. A default under your lease or sublease, as applicable, if non-curable or if uncured within any applicable cure period, is a material default under this Agreement and may, at our option, lead to its immediate termination upon written notice.

7.9.4 Notification of Complaints

You must notify us promptly if you are served with a complaint in any legal or administrative proceeding that is in any way related to your Bakery or if you become aware that you are the subject of any complaint to or investigation by a governmental licensing authority or consumer protection agency.

8. RELATIONSHIP OF PARTIES

8.1 Interest in Marks and System

You may not at any time do or cause to be done anything contesting or impairing our interest in our Trade Name, Marks, or System. You acquire no rights in any of these things except for your right to use them in accordance with the express terms of this Agreement. We retain the right to grant other franchises or licenses to use the Trade Name, Marks, and System on

any terms that we would like, subject only to your limited territorial rights described in Article 4 of this Agreement.

8.2 Independent Status

You are an independent legal entity and must make this fact clear in your dealings with suppliers, lessors, government agencies, employees, customers, and all others. Without limiting the effect of any of the specific provisions of this Agreement, you must rely on your own knowledge and judgment in making business decisions and in the day-to-day operations of your Bakery. You are totally and solely responsible for the operation of your Bakery. You are responsible for the acts of your employees, agents, and independent contractors, and will take all reasonable business actions necessary to ensure that your employees, agents, and independent contractors comply with all federal, state, and local laws, rules and regulations including, but not limited to, all discrimination laws, sexual harassment laws, and laws relating to the disabled. You may not expressly or implicitly hold yourself out as our employee, partner, member, shareholder, joint venturer, or representative, nor may you expressly or implicitly state or suggest that you have the right or power to bind us or to incur any liability on our behalf, and you agree to affirmatively advise your employees, agents, and contractors of the same. You may not use the Trade Name as part of your legal name (corporate, limited liability company, limited partnership name, or otherwise), although you may use it as prescribed in your trade name. You agree to indemnify, defend (with attorneys reasonably acceptable to us), and hold harmless Wetzel's against any losses, expenses, debts, or liabilities arising from Franchisee's breach of this provision.

8.3 Display of Statement

You must conspicuously display a sign that states that "THIS BAKERY IS AN INDEPENDENTLY OWNED AND OPERATED FRANCHISED BUSINESS" at the Approved Location. Business cards, stationery, purchase order forms, invoices, leases, tax returns, and other documents you use in your business dealings with suppliers, lessors, government agencies, employees, and customers must clearly identify you as an independent legal entity operating under a franchise.

8.4 Confidentiality

The information, ideas, forms, marketing plans, and other materials disclosed to you under this Agreement, whether or not included in the Manual, are confidential and proprietary information and our trade secrets (the "Confidential Information"). You agree to maintain the confidentiality of all such material. You may not disclose any such information to any third party, except to your employees and agents as necessary in the operation of your Bakery and except as we authorize in writing. You will be responsible for requiring compliance of your Related Parties with the provisions of this section. Each of your Related Parties, your Designated Manager, and each employee to whom Confidential Information is disclosed, must sign a written nondisclosure and noncompetition agreement, in the form of Attachment 8 to this Agreement, when you sign this Agreement or when Confidential Information is disclosed to such employee, as is applicable. You must obtain a written nondisclosure and noncompetition agreement from each new Related Party with which you become affiliated during the Term of this Agreement and promptly send a copy of

the signed nondisclosure and noncompetition agreement to us.

8.5 Indemnification

8.5.1 Indemnification of Franchisor.

Franchisee agrees to indemnify, defend, and hold Franchisor and its Related Parties and affiliates (including Franchisor's parent and subsidiary companies, current, past and future predecessors, successors and assigns), and each of their respective shareholders, owners, directors, officers, members, managers, partners, joint venturers, attorneys, employees, contractors, agents, representatives, guarantors, insurers, spouses, heirs, executors, trustees and estates (collectively with Franchisor, "Indemnified Parties") harmless for, from and against any and all claims, liabilities, causes of action, suits, debts, duties, accounts, covenants, contracts, agreements, promises, taxes, demands, obligations, costs and expenses, including reasonable attorneys' fees, damages, judgments, and proceedings, of every kind and nature whatsoever, whether actual or threatened, in law or equity, or otherwise, under local, state or federal law including, without limitation the Americans with Disabilities Act ("ADA"), or the law of any other applicable jurisdiction (individually and collectively, "Claims") suffered or incurred by any of the Indemnified Parties arising out of or relating to your construction, ownership, marketing, promotional programs, operation, including without limitation your failure to comply with PCI (Payment Card Industry) regulations or any law, statute, regulation, order, rule, or ordinance, or management of the Franchised Business, except for Claims held to have resulted solely from Franchisor's gross negligence or willful misconduct. Notwithstanding the foregoing, Franchisor will have the right, at its option, to defend any Claims, but you must reimburse us upon demand for the costs and expenses of such defense. You shall immediately give us notice of any demand, investigation, written inquiry, action, suit, proceeding, or claim in any way related to us or the Wetzel's Pretzels brand.

8.5.2 Indemnification of Franchisee.

Franchisor agrees to indemnify, defend and hold Franchisee and its affiliates, and their shareholders, directors, officers, members, managers, partners, employees, agents, successors and assignees harmless for, from and against any and all Claims, arising out of any infringement or unfair competition in connection with your authorized use of the Marks or Confidential Information, provided that such use is in strict accordance with the provisions of this Agreement. However, if we require you to modify or discontinue use of our Marks or Confidential Information or use other information or rights in its place at any time other than upon renewal of this Agreement, and that requirement is a direct result of proceedings or litigation that determined that our and our franchisees' use of the Marks or Confidential Information infringed upon a third-party's rights, we will bear the cost of those modifications or discontinuances as set forth in this Agreement.

8.6 Covenant Not to Compete

You may not, during the Term of this Agreement and for two (2) years after its Termination, operate or own more than a ten percent (10%) beneficial interest in any company that features fresh-baked soft pretzels and that is located: (i) at the location of your Bakery, (ii) within

the Protected Area, (iii) within five (5) miles of the outer boundaries of the Protected Area, (iv) within the protected area assigned to any other Wetzel's Pretzels Bakery owned, in operation, under development, or to be developed by Franchisor, its affiliates, or franchisees of Franchisor and/or its affiliates. You agree to obtain the individual written agreement of each of your Related Parties, Designated Manager and each employee to whom Confidential Information is disclosed to the provisions of this section in the form of Attachment 8 to this Agreement.

9. TRANSFER OF FRANCHISE

9.1 Purpose of Conditions for Approval of Transfer

Our grant of this franchise is made in reliance on your integrity, ability, experience, and financial resources. Neither the franchise nor the Bakery operated under it nor any ownership interest therein, in whole or in part, may be sold or transferred unless you have first obtained our written consent, which may not be unreasonably withheld so long as it is shown to our satisfaction that the potential buyer or transferee can perform a franchisee's obligations under the then-current form of franchise agreement and all other agreements, legal instruments and documents required of new franchisees. To ensure that no Transfer jeopardizes the Trade Name, Marks, or our interest in the successful operation of your Bakery, we will consent to a Transfer only if you comply with the provisions of Sections 9.2 through 9.4 of this Agreement.

9.2 Notice of Intention to Transfer

If you or any of your shareholders, members, or partners would like to transfer this franchise and/or any ownership interest therein, you must submit to us: (a) the form of franchise purchase application we currently use, completed by the prospective transferee(s); (b) a written notice, describing all the terms and conditions of the proposed Transfer; and (c) the transfer fee described in Article 6 of this Agreement.

9.3 Consent by Wetzel's Pretzels and Right of First Refusal

We shall have the right and option, exercisable within thirty (30) days after the date we receive a copy of the written notice required by Section 9.2(b) above, to purchase the interest proposed to be transferred, at the price and upon the same terms and conditions specified in the notice. If we do not exercise our option, and the terms of the offer are subsequently altered, you must, in each such instance, notify us of the changed offer terms, and we will again have thirty (30) days from such notice to exercise our right to purchase the interest proposed to be transferred on the altered terms. If we do not then exercise our option, then the Transfer may take place on the terms and price set forth in the notice, provided: (i) we give our written consent thereto; (ii) the Transfer takes place no later than six (6) months from the earlier of the expiration of such time period for us to exercise our option or your receipt of our written refusal to exercise option; and (iii) all the conditions set forth in Section 9.4 are satisfied. Our silence is not and may not be construed as consent. Our consent to a particular Transfer will not constitute consent to any other or subsequent Transfer.

9.4 Conditions for Consent to Transfer

Our consent to your Transfer will not be unreasonably withheld but is subject to certain conditions, including, but not limited to:

- (a) Our determination, based on the information that you submit, including without limitation prospective transferee's completed application and financial documents, and any other information available, that the prospective transferee meets our criteria, which includes: satisfactory character; financial responsibility; net worth; work experience and aptitude; ability to devote time and best efforts to the Franchised Business; equity interest in the Franchised Business; ability to speak and read English sufficient, in our reasonable opinion, to communicate with employees, customers, and suppliers and to satisfactorily complete our training; no conflicting interests; and other criteria, conditions, and standards that we customarily apply to new franchisees at the time of Transfer,
- (b) Prospective transferee provides us with copies of all governing documents of prospective transferee (e.g., certificate of incorporation or organization, by-laws, stock certificates, operating agreement, membership certificates (if any)) which must be reasonably satisfactory to us in our sole discretion,
- (c) You and prospective transferee agree not to assert any security interest, lien, right or claim, now or in the future, in the Franchised Business. Any security interest, lien, claim or right asserted with respect to any personal property at the Approved Location must not include any after-acquired property and must be subject, junior, and subordinate to any security interest, lien, right or claim, now or in the future, asserted by us, our successors, or assigns,
- (d) You agree to complete and sign a letter of agency, letter of authorization, or equivalent and provide it to prospective transferee so that prospective transferee may keep the existing telephone number when the Franchised Business is transferred to prospective transferee,
- (e) Payment of all your and your Related Parties' outstanding debts to us and our Related Parties owed under this Agreement and any other agreement(s) between us ~~and~~or our Related Parties and you or your Related Parties,
- (f) Cure of all defaults under this Agreement, any other agreement(s) between us or our Related Party and you or your Related Party, and the Manual,
- (g) Your agreement that you will engage a general contractor and/or construction manager as may be applicable, each of whom we have previously authorized in writing,
- (h) Your agreement that you will, before any Transfer concludes, at your own expense, remodel, modernize and redecorate the Bakery premises and

replace and modernize the fixtures, equipment, and signs used in the Bakery so that the premises of the Bakery meet the standards of appearance and function applicable to the premises of a new Bakery at the time of Transfer,

- (i) At our sole option, signing by the transferee of an assumption of the rights and obligations of this Agreement or signing by the transferee of the then-current form of franchise agreement, amended to shorten the term to the remainder of the term of this Agreement, and to eliminate start-up obligations of both parties, and signing by transferee and/or the transferee's Related Parties of required ancillary agreements in the forms attached to the applicable franchise agreement,
- (j) Your payment of the transfer fee described in Article 6 of this Agreement,
- (k) Completion by the transferee of the initial training program to our satisfaction,
- (l) Signing by you and your Related Parties of a release of claims against us and our Related Parties in the form we prescribe,
- (m) Our determination, based on our review of the proposed purchase agreement or notice, that such terms and conditions will not interfere with the financial feasibility of the future operation of the Franchised Business, and
- (n) Your opening of an escrow account for the franchise Transfer if/as needed to ensure compliance with any applicable bulk sales laws and fulfillment of the conditions for Transfer listed above.

9.5 Changes of Ownership Not Considered To Be Transfers

As used in this Agreement, the word "Transfer" does not mean an assignment to any business entity if the beneficial ownership of the franchisee immediately following the assignment is the same and in the same proportions as the beneficial ownership immediately before the assignment. However, no assignment of this type will relieve the original party of any of its obligations under this Agreement.:

- ~~(a) Any Trustee, Guardian, Executor, or Conservator for the account and benefit of a spouse, ancestor, or descendent, or~~
- ~~(b) Any business entity if the beneficial ownership of the franchisee immediately following the assignment is the same and in the same proportions as the beneficial ownership immediately before the assignment. However, no assignment of this type will relieve the original party of any of its obligations under this Agreement.~~

For ~~the any such~~ above assignments to be effective:

- (a) You must promptly submit to us information on any change of this type in the equity ownership of the franchisee, the percentage of ownership, and the address where business records are maintained,
- (b) You, if you are an individual franchisee, or each of your owners, if you are not, must first sign and deliver a personal guaranty to us. We require the spouse of each individual guarantor to sign the personal guaranty as well, and
- (c) You enter into a written agreement in a form to be determined by us, including (except where prohibited by law) a general release by you and your Related Parties of all claims against us and our Related Parties.

9.6 Change of Ownership Upon Death or Total Disability

If you die or become totally disabled while this Agreement is in effect, your heirs or beneficiaries will have sixty (60) days within which to demonstrate to our satisfaction that they meet all of the criteria outlined in Section 9.4 above. If we approve your heirs or beneficiaries as transferees of the franchise, we will waive the transfer fee outlined in Article 6 in connection with the Transfer. If we advise your heirs or beneficiaries in writing that we do not approve them as transferees of the franchise, or if we do not approve or disapprove the Transfer within sixty (60) days following your death, your heirs or beneficiaries may have one hundred twenty (120) additional days from the date of disapproval of the Transfer or the end of the sixty (60)-day period, whichever is first, within which to find and notify us of a proposed Transfer to a qualified transferee in compliance with the provisions of this article. If your heirs or beneficiaries do not advise us of a qualified transferee within the specified period, the franchise will automatically terminate at the end of that period unless we have granted a written extension of time.

9.7 Assignment by Wetzel's Pretzels

We may assign this Agreement or any rights or obligations created by it at any time without your consent upon the following conditions: (a) the assignee is financially responsible, (b) we reasonably believe that the assignee is capable of performing our obligations under this Agreement, and (c) the assignee expressly agrees in writing to assume our obligations under this Agreement.

9.8 Private Offerings

Securities, partnership or other ownership interests in Franchisee may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise, but in

all cases only with our prior written consent of, which consent shall not be unreasonably withheld. All materials required for any such private offering by federal or state law shall be submitted to us for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to us for such review prior to their use. No such offering by Franchisee shall imply that we are participating in an underwriting, issuance or offering of securities of Franchisee or us, and our review of any offering materials shall be limited solely to the subject of the relationship between Franchisee and us and our affiliates. We may, at our option, require Franchisee's offering materials to contain a written statement prescribed by us concerning the limitations described in the preceding sentence. Franchisee, its Related Parties and the other participants in the offering must fully defend and indemnify us, and our affiliates, their respective partners and the officers, directors, manager(s) (if a manager-managed limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and shall execute any additional documentation required by us to further evidence this indemnity. For each proposed offering, Franchisee shall pay to us a non-refundable fee of Five Thousand Dollars (\$5,000), which shall be in addition to any transfer fee under this Agreement or such greater amount as is necessary to reimburse us for our reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees. Franchisee shall give us written notice at least ninety (90) days prior to the date of commencement of any offering or other transaction covered by this Section.

10. TERMINATION OF FRANCHISE

10.1 Termination by Consent of the Parties

This Agreement may be terminated by the mutual written consent of the parties upon the execution of a termination agreement in a form to be determined by us including (except where prohibited by law) a general release by you and your Related Parties of all claims against us and our Related Parties.

10.2 Termination by Wetzel's Pretzels

10.2.1 Notice of Default

This Agreement will, at our election, terminate: (a) thirty (30) days after written notice of default is given to you of any of the defaults described in Sections 10.2.2 (a) through (c) below if not cured within such time period; (b) five (5) days after written notice of default is given to you of a default described in Section 10.2.2 (d) below if not cured in this such time period; (c) in the case of Section 10.2.2(q), after written notice of default is given of a default under an agreement other than this Agreement, which is not cured within the applicable cure period specified in such other agreement, if any; and (d) immediately when written notice is given to you, if any of the defaults described in Sections 10.2.2 (e) through (p) below occurs.

10.2.2 Acts of Default

Upon the occurrence of any of the following defaults, we, at our election, may terminate this Agreement in the manner described in Section 10.2.1:

- (a) If you do not submit to us in a timely manner any information or report you are required to submit under this Agreement,
- (b) If you do not fulfill the lease negotiation requirements of Section 7.3.1 of this Agreement or if you do not develop your Franchised Business in a timely manner in relation to the Start Date or if you do not begin operation of the Franchised Business by the Start Date or if you operate your Franchised Business in a manner that does not conform to this Agreement and the Manual,
- (c) If you default in the performance of any obligation under this Agreement not otherwise described in this list of defaults or if you, your Related Party, an affiliate of you or your Related Party, or any of your guarantor(s) hereof are in default under any other agreement with us or our Related Party and such default is not cured in accordance with the terms of such other agreement,
- (d) If you or your Related Party fail to make any payment when due under this Agreement or any other agreement between you or your Related Party and us or our Related Party,
- (e) If you fail to successfully complete the initial training program and we conclude, in our sole discretion, that you are unable or unwilling to do so,
- (f) If you misuse the Marks or the System or engage in conduct which reflects materially and unfavorably on the goodwill associated with them or if you use in your Franchised Business any names, marks, systems, logotypes, or symbols that we have not authorized you to use,
- (g) If you or any of your Related Parties has any direct or indirect interest in the ownership or operation of any business that is confusingly similar to a Bakery, a Concession Truck or Trailer, or remote mobile unit that uses the System or the Marks without authorization from us, or if you fail to give us a signed copy of the Nondisclosure and Noncompetition Agreement for each of your Related Parties within ten (10) days after we request it,
- (h) If you or your Related Party attempt to assign your rights under this Agreement or to transfer the Franchised Business, or any portion thereof or ownership interest therein, in any manner not authorized by this Agreement,
- (i) If you or your Related Party has made any material misrepresentation in

connection with the acquisition of a Bakery, Concession Truck or Trailer, or remote mobile unit or to induce us to enter into this Agreement, or if you knowingly keep false books or intentionally make false Royalty Fee reports or make any other material misrepresentation in the operation of the Franchised Business,

- (j) If you act without our prior written approval or consent in regard to a matter for which our prior written approval or consent is expressly required by this Agreement,
- (k) Except as may be authorized by Franchisor in this Agreement or otherwise in writing, if you stop operating the Bakery or remote mobile unit, if applicable, for a period of four (4) consecutive days or more or under circumstances that lead us to the reasonable conclusion that you do not intend to resume operation or if circumstances make it clear that you have permanently abandoned the Bakery, Concession Truck or Trailer or remote mobile unit, or if you fail to respond to our communications after a closure of four (4) consecutive days,
- (l) If we give you written notice of any default and we have twice previously given you written notice of the same type of default within the preceding twelve (12) months, whether or not you have cured the defaults, or if you score less than ninety percent (90%) in three (3) or more government health inspections in a twelve (12)-month period,
- (m) If any other agreement between you or your Related Party and us or our Related Party is terminated because of your material default,
- (n) If we make a reasonable determination that the continued operation of the Franchised Business will pose a threat to public health or safety,
- (o) If you become insolvent, or no longer have the financial means to operate the Bakery pursuant to the requirements of the System or this Agreement,
- (p) If you or your Related Party are convicted of criminal misconduct which is relevant to the operation of the Franchised Business or any felony, or
- (q) Any default by you under the terms and conditions of this Agreement, any lease or sublease, as applicable, or any other agreement between Wetzel's Pretzels (or its Related Party), and you (or your Related Party) shall be deemed to be a default of each and every said agreement. Furthermore, in the event of termination, for any cause, of this Agreement or any other agreement between the parties hereto and/or their respective Related Parties, Wetzel's Pretzels may, at its option, terminate any or all said agreements.

10.3 Rights and Obligations After Termination or Expiration

Upon Termination of this Agreement for any reason, including without limitation upon expiration or nonrenewal, the parties will have the following rights and obligations:

- (a) We may discontinue performance of our obligations under this Agreement.
- (b) You must give us a final accounting for the Franchised Business, pay us within thirty (30) days after Termination all payments due to us, and return the Manual and any other property belonging to us.
- (c) You must immediately and permanently stop using the Marks or any confusingly similar marks, the System, and any advertising, signs, stationery, or forms that bear identifying marks or colors that might give others the impression that you are operating a Franchised Business.
- (d) You must promptly sign any documents and take any steps that in our judgment are necessary to delete your listings from classified telephone directories, disconnect or, at our option, assign to us any telephone numbers that have been used in connection with the Franchised Business, and terminate all other references that indicate you are or ever were affiliated with us. By signing this Agreement, you irrevocably appoint us your attorney-in-fact to take the actions described in this paragraph if you do not do so yourself within seven (7) days after this Agreement is terminated.
- (e) You must maintain all records required by us under this Agreement for a period of not less than three (3) years after final payment of any money you owe to us when this Agreement is terminated.
- (f) Right of First Refusal. We have the right, but not the obligation, to purchase from you any assets or property (but not leasehold improvements) used in the operation of the Franchised Business for an amount equal to the Value (as defined below), as of the expiration date or termination date, as applicable ("RoFR"). If we are required, by law, regulation or court order, to purchase the equipment and other tangible assets used in connection with the Franchised Business, the purchase price will be equal to the Value. For purposes of this Agreement, the term "Value" means, subject to applicable law, the lesser of: (i) an amount equal to the original cost for such assets, less depreciation computed using a two hundred percent (200%) declining balance method over a five (5) year period with a salvage value equal to the original cost divided by the greater of: five (5), or the total age in years (including a fraction thereof); or (ii) Franchisee's actual initial cost of acquiring such assets, if pre-owned, depreciated by twenty percent (20%) per year (including a fraction thereof); or (iii) the fair market value of such assets. If all, or any portion of, the assets that are being purchased by us or our authorized representative are subject to lien(s), we or our authorized

representative may, in our sole and absolute discretion, pay, on Franchisee's behalf, the lienholder(s) that portion of the purchase price for the assets (which may be the entire purchase price) that is necessary to obtain the release of those assets from the lien(s), in lieu of paying you those funds. Further, we may offset any amounts payable to you pursuant to this Section 10.3(f), or otherwise pursuant to this Agreement, against any unpaid amounts payable to us or our affiliates pursuant to this Agreement or any agreement executed in connection with this Agreement.

In the event Franchisor exercises this RoFR, Franchisor will send to Franchisee a written notice whereby Franchisee shall be required to sell and turnover to us such assets for an amount equal to the Value within thirty (30) days. If you fail to comply with this section, then you will be in breach of the Agreement and shall owe damages in the cumulative amount of (i) the amount of the replacement cost of such assets (including installation costs) minus the Value. For the avoidance of doubt, and for example purposes, in the event that we purchase such assets and some are missing or broken beyond repair, you shall owe damages in the amount of the replacement cost of those missing or broken assets minus the Value of those assets.

- ~~(a) We have an option, but not the obligation, to purchase any and all of the physical assets of the Franchised Business, including its removable trade fixtures, equipment, supplies and inventory, during a period of sixty (60) days following the effective date of Termination, valued at the lower of depreciated book value or fair market value.~~

~~We must send written notice to you within thirty (30) days after Termination of this Agreement if we elect to exercise the option to purchase. If the parties do not agree on a price within the option period, the option period may be extended for up to fifteen (15) business days to permit appraisal by an independent appraiser who is mutually satisfactory to the parties. If the parties fail to agree on an appraiser within the specified period, each must appoint an appraiser and the two appraisers thus appointed must agree on a third appraiser within ninety (90) days after Termination. The sole appraiser must then determine the price for the physical assets of the Franchised Business in accordance with the standards specified above. This determination will be final and binding on both us and you.~~

- (g) We have an option, but not the obligation, to replace you as lessee under any equipment lease for equipment that is used in connection with the Franchised Business. Upon our request, you must give us copies of the leases for any equipment used in the Franchised Business. Upon our request, you must allow us the opportunity, at a mutually satisfactory time, to inspect the leased equipment. To exercise the option, we must request the information and access described in this paragraph within fifteen (15) days

after Termination, we must advise you of our wish to exercise the option within fifteen (15) days after we have received the information and/or inspected the equipment. We may assume any equipment lease in consideration of its assumption of future obligations under the lease. Upon our exercise of this option, you will be fully released and discharged from future rents and other future liabilities under the lease if the terms of the lease permit it, but not from any debts to the lessor that already exist on the date when the option is exercised.

- (h) We have an option, but not the obligation, to replace you as lessee of the premises of the Bakery and remote mobile unit, if applicable. We may assume the lease for the Approved Location in consideration of our assumption of future obligations under the lease. Upon our exercise of this option, you will be fully released and discharged from future rents and other future liabilities under the lease if the terms of the lease permit it, but not from any debts to the lessor that already exist on the date when the option is exercised.

If the franchise granted in this Agreement is terminated [or not renewed](#) because of your default, our rights described above may not necessarily be our exclusive remedies, but will instead supplement any other equitable or legal remedies available to us. Termination [or non-renewal](#) of this Agreement will not end any obligation of either party that has come into existence before Termination [or non-renewal](#) unless otherwise specified herein. All obligations of the parties which by their terms or by reasonable implication are to be performed in whole or in part after Termination [or non-renewal](#) will survive Termination [or expiration](#).

10.4 Early Termination Damages

- (a) The parties recognize the difficulty of ascertaining damages to Franchisor resulting from premature termination of this Agreement before its expiration. For this reason, Franchisor and Franchisee have provided for early termination damages (“Early Termination Damages”) which shall be considered damages and not a penalty, are not in lieu of other damages, and Franchisee’s payment of these damages shall not constitute a release of any other obligation owed to Franchisor. Franchisor, Franchisee, each individual signing on behalf of Franchisee, and each guarantor guaranteeing Franchisee’s obligations hereunder, hereby acknowledge and agree that Franchisor's losses due to Franchisee’s unilateral closure of the Franchised Business or termination of this Agreement would be highly difficult or impossible to calculate with reasonable certainty and, therefore, have agreed at the outset of this Agreement that the Early Termination Damages, and the formula for calculating these damages, constitutes a reasonable, good faith forecast of Franchisor's estimated losses and damages due to the premature closure of the Franchised Business or termination of this Agreement.

- (b) If at any time, Franchisee unilaterally terminates this Agreement, or closes the Bakery, Concession Truck or Trailer and/or remote mobile unit, as applicable, without Franchisor's written consent or this Agreement is terminated by Franchisor for cause, then Franchisee agrees to pay Franchisor within ten (10) days of Franchisor's demand Early Termination Damages in an amount equal to the actual number of months remaining in the term of this Agreement, subject to a maximum of twenty-four (24) months, times the monthly average amount of the Royalties, Advertising Fund Contributions and other fees owed by Franchisee under the relevant sections of this Agreement for the twelve (12)-month period prior to termination (or the entire term prior to termination if less than twelve (12) months) based on Franchisee's actual Adjusted Gross Revenue, and reduced by a discount of eight percent (8%) to produce the present value of Franchisor's losses and damages.
- (c) Franchisee will be entitled to a credit against the sums calculated according to subsection (b) for all amounts paid to Franchisor in advance for that period.
- (d) The damages set forth in this Section 10.4 are in addition to any monies due to Franchisor for past due payments or any other actual or consequential damages.

11. MISCELLANEOUS PROVISIONS

11.1 Construction of Contract

Section headings in this Agreement are for reference purposes only and will not in any way modify the statements contained in any section of this Agreement. Each word in this Agreement may be considered to include any number or gender that the context requires. If there is any conflict between this Agreement and the Manual, this Agreement will control.

11.2 Governing Law

This Agreement will be governed by and interpreted under the laws of your State, with the following exceptions: (a) the arbitration clause will be exclusively governed by and should be construed in accordance with the Federal Arbitration Act, and (b) trademark rights will be governed by and construed in accordance with the Lanham Act.

11.3 Notices

Unless otherwise provided in this Section 11.3, all notices specified by this Agreement or required by law must be in writing and given by personal delivery, sent by carrier (i.e., FedEx[®], UPS[®], etc.), U.S. certified mail, return receipt requested. All notices to us must be given at the address set forth below or to such other address as we may designate in writing from time to time in accordance with this Section 11.3. All notices to you may be given at the address set forth below, at the address of the Franchised Business, at any of your franchised restaurants, at your residence (if an individual),

~~or at the residence of your principal shareholder(s), partner(s), or member(s) (if a business entity). Notices will be conclusively deemed to be given, delivered, and effective when sent pre-paid and actually left in the custody of an adult agent, employee or resident at a place of business or residence if given by personal delivery; or if given by carrier, twenty-four (24) hours after deposited with carrier, or if by U.S. certified mail, three (3) days after deposited with the U.S. Postal Service. You have an obligation to promptly notify us pursuant to this Section 11.3 whenever your mailing address, phone number or email address change. Notwithstanding the foregoing, only Franchisor has the right to give you written notice via email to an email address you provide us regarding all notices specified by this Agreement or required by law, with such email notification to be deemed received by you twenty-four (24) hours after we send it, unless you otherwise earlier acknowledge receipt. The parties to this Agreement shall direct any notices to the other party at the address below that party's name on the final page of this Agreement or at another address if advised in writing that the address has been changed. Notice may be delivered by facsimile (with simultaneous mailing of a copy by first class mail), courier, nationally recognized carrier (i.e., FedEx[®], UPS[®], etc.), or U.S. certified mail, return receipt requested. Notice by facsimile will be considered delivered upon transmission, by courier or carrier, upon delivery, and by first class mail, three (3) days after deposited with the U.S. Postal Service. Notice of Termination or nonrenewal must be given by a receipted form of delivery.~~

~~If to Franchisor: WETZEL'S PRETZELS, LLC
Attn: Legal Department
35 Hugus Alley, Suite 300
Pasadena, California 91103~~

~~With a copy to: WETZEL'S PRETZELS, LLC
Attn: Legal Department
9311 E. Via De Ventura
Scottsdale, AZ 85258~~

~~If to Franchisee: FRANCHISEE ENTITY, a[n]
Attn:~~

~~Telephone No(s):
Email(s):~~

11.4 Amendments

This Agreement may be amended only by a document signed by all of the parties to this Agreement or by their authorized agents.

11.5 Waiver

Waiver of any breach of this Agreement may not be interpreted as a waiver of any subsequent breach.

11.6 Integration

This Agreement and any exhibits or attachments to it are the entire agreement between the parties concerning the franchise it grants. All other agreements and representations, other than representations in the franchise disclosure document, are superseded by it.

11.7 Negotiation and Mediation

11.7.1 Agreement to Use Procedure

The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration. They agree that, if any Dispute (as defined below) arises between them, before beginning any legal action to interpret or enforce this Agreement, they will first follow the procedures described in this section. Good-faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any legal action or arbitration to interpret or enforce this Agreement. Except as otherwise provided herein, any dispute, claim or controversy arising out of or relating to this Agreement, the breach hereof, the rights and obligations of the parties hereto or the relationship between the parties, or the entry, making, interpretation, or performance of either party under this Agreement (“Dispute”), which cannot be resolved by mediation under Section 11.7.4. or is not subject to mediation under the terms of this Agreement, shall be settled by arbitration administered by the American Arbitration Association (“AAA”) in accordance with its Commercial Arbitration Rules as modified below under Section 11.8.

11.7.2 Initiation of Procedures

The party that initiates these procedures (“Initiating Party”) must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party’s claim for relief, and identifying one or more people with authority to settle the dispute for him, her, or it. The party receiving the notice (“Responding Party”) has ten (10) days within which to designate by written notice to the Initiating Party one or more people with authority to settle the dispute on the Responding Party’s behalf. These people are called the “Authorized People.”

11.7.3 Direct Negotiations

The Authorized People may investigate the dispute as they consider appropriate, but agree to meet in person, by prearranged teleconference, or by video conference within fourteen (14) days from the date of the Initiating Party’s written notice to discuss resolution of the dispute. The Authorized People may meet at any times and places and as often as they agree.

11.7.4 Mediation

If the Dispute has not been resolved within thirty (30) days after the initial meeting, either party may begin mediation procedures. Mediation will be conducted by and under the rules of the

American Arbitration Association (“AAA”) in the County of the State where the Franchised Business is located~~Los Angeles County, California~~. The mediator must have been a member of the American Bar Association Forum on Franchising for at least five (5) years. If the AAA does not have a mediator who meets this requirement on its local panel of mediators, it is instructed to look first to its panel of arbitrators, then outside the panel and, if necessary, outside the geographic area to find a mediator who meets this requirement.

11.8 Arbitration

Any dispute arising out of or in connection with this Agreement, if not resolved by the negotiation and mediation procedures described above, will be determined by the AAA under its Rules for Commercial Arbitration, except as expressly varied by this Agreement, in the County of the State where the Franchised Business is located~~Los Angeles County, California~~. This arbitration clause will not deprive either party of any right it may otherwise have to seek provisional injunctive relief from a court of competent jurisdiction. The arbitrator must have been a member of the American Bar Association Forum on Franchising for at least five (5) years. If the AAA cannot provide an arbitrator who meets this requirement from its local panel, it is instructed to look beyond the panel or outside the area. There will be no discovery beyond the minimum required for an arbitration proceeding by applicable state law, unless the parties expressly agree otherwise in a writing signed by the parties and not by their counsel. The arbitrator will have no power to make any award that modifies or suspends any lawful provision of this Agreement and must provide a reasoned award. Judgment on any award may be entered by any court of competent jurisdiction.

11.9 No Attorney Fees

If legal action, including any action on appeal, or arbitration is necessary to enforce the terms and conditions of this Agreement, neither party will be permitted to recover attorney fees from the other, unless such party is entitled to recover attorney fees under applicable law if it prevails. In that case, if the opposing party prevails, it has a reciprocal right to recover attorney fees from the other party.

11.10 Limitation of Actions

Except as to non-waivable statutory claims, neither party may maintain an arbitration proceeding against the other party unless (a) the party follows in substantial part the negotiation and mediation procedures described above and (b) files an arbitration within one (1) year after the party knows or should have known the facts constituting the cause of action. In addition, and notwithstanding anything contained in this Agreement to the contrary, the provisions of Section 11.8 do not apply to a Dispute where: (i) we bring an action for an express obligation to pay monies, declaratory relief, preliminary or permanent equitable relief, any action at law for damage to our goodwill, the Confidential Information, the Marks, or for fraudulent conduct by you; or (ii) the delay resulting from the mediation process may endanger or adversely affect the public (for example, unhealthy, unsafe, or unsanitary conditions would continue to exist). For such Disputes, we may bring an action in any federal or state court having jurisdiction, whether for monetary damages, temporary preliminary and permanent injunctive relief or specific performance in addition to, and not exclusive of, any other remedies available to us. You hereby consent to and

waive any objection or defense, including, but not limited to, forum non conveniens, and agree not to contest venue or jurisdiction of such court or arbitrator.

11.11 Individual Dispute Resolution

Any dispute resolution between or among the parties to this Agreement and any of their Related Parties shall be conducted on an individual basis and may not be conducted on a consolidated or class-wide basis.

11.12 Severability

Each provision of this Agreement will be considered severable. If, for any reason, any provision herein is determined to be invalid or in conflict with any existing or future law or regulation, that provision will not impair the operation of the remaining provisions of this Agreement. The invalid provisions will be considered not to be a part of this Agreement. However, if we determine that the finding of illegality adversely affects the basic consideration for its performance under this Agreement, we may, at our option, terminate it.

11.13 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

11.14 Approval and Guaranties

If you are a corporation, all directors, officers, and shareholders, or, if you are a partnership, all your general partners, or, if you are a limited liability company, all your members, and managers if applicable, must approve this Agreement, permit you to furnish the financial information we require, and agree to the restrictions placed on them, including restrictions on the transferability of their interests in the franchise and the Franchised Business and limitations on their rights to compete, and sign separately written guarantees of your payments and performance in the form of Attachment 9 to this Agreement. We require the spouse of each individual guarantor to sign the personal guaranty as well.

11.15 Acceptance by Wetzel's Pretzels

This Agreement will not be binding on us unless and until it has been signed by an authorized representative of Wetzel's Pretzels.

11.16 Your Representations

You represent that the information you gave us in support of your application for this franchise was and is true and complete, that you have the resources of time, energy, and money needed to operate your Franchised Business according to our System and that you are entering into this Agreement to actively operate your Franchised Business on a long-term basis and not for the

purpose of investment.

11.17 Our Representations

THE ONLY REPRESENTATIONS, WARRANTIES, OR PROMISES WE MAKE ARE THOSE SPECIFICALLY STATED IN THIS AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT THAT HAS BEEN DELIVERED TO YOU. WE DO NOT GUARANTEE THAT YOU WILL SUCCEED IN THE OPERATION OF YOUR WETZEL'S PRETZELS FRANCHISED BUSINESS. WE ARE NOT A FIDUCIARY AND HAVE NO SPECIAL RESPONSIBILITIES OR DUTIES BEYOND THE NORMAL RESPONSIBILITIES OF A SELLER IN A BUSINESS TRANSACTION.

11.18 Franchisee's Acknowledgments

Franchisee acknowledges, warrants, and represents to Franchisor that:

(a) Before executing this Agreement, Franchisee has had the opportunity to contact any and all of Franchisor's existing franchisees.

Initials Initials Initials Initials

(b) Franchisee has received from Franchisor a copy of Franchisor's Franchise Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise at the earlier of the: (i) first personal meeting between Franchisor or its agent and Franchisee; at (ii) least ten (10) business days before the execution of this Agreement; or (iii) at least ten (10) business days before the payment by Franchisee to Franchisor of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement.

Initials Initials Initials Initials

(c) Franchisee has received from Franchisor a copy of Franchisor's Franchise Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise, at least fourteen (14) calendar days before the execution of this Agreement and at least fourteen (14) calendar days before the payment by Franchisee to Franchisor of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement (or sooner if required by applicable state law).

Initials Initials Initials Initials

(d) Franchisee understands and agrees that Franchisor may operate and change the Wetzel's Pretzels system and Franchisor's business in any manner that is not expressly prohibited by this Agreement in its sole discretion. Whenever Franchisor has the right

within this Agreement to take or withhold action or to grant or decline to Franchisee the right to take or withhold action, Franchisor may make such a decision on the basis of Franchisor's best interests and those of the Wetzel's Pretzels system and the franchise network, without regard to whether other reasonable alternative decisions exist or whether Franchisor's decision adversely affects Franchisee. Absent applicable law, Franchisor shall have no liability for such a decision and Franchisee agrees that Franchisor's decision will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, then Franchisee agrees that such a covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants to Franchisor the right to make decisions, take actions and/or refrain from taking actions that are inconsistent with Franchisee's rights and obligations hereunder.

Initials Initials Initials Initials

(e) Franchisee understands and agrees that nothing herein shall obligate Franchisor to sell Wetzel's Pretzels franchises or otherwise develop, grow and/or expand the Wetzel's Pretzels system. Franchisor makes no guaranty, warranty, or representation regarding the continued sale of Wetzel's Pretzels franchises, the Franchisor's ability to make sales of Wetzel's Pretzels franchises, the Franchisor's prospects for making sales of Wetzel's Pretzels franchises, or any development, growth or expansion of the Wetzel's Pretzels System or Franchise Network. Further, Franchisee understands and agrees that the failure or inability of Franchisor to sell Wetzel's Pretzels franchises or develop, grow, and/or expand the Wetzel's Pretzels System or Franchise Network does not excuse Franchisee's performance of its obligations under this Agreement and Franchisee further understands and agrees that it shall be obligated, at all times, to perform its obligations hereunder.

Initials Initials Initials Initials

[SIGNATURE PAGE FOLLOWS]

IN WITNESS TO THE FOREGOING, the parties to this Agreement sign and deliver it effective as of the Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Kim Lane Jon Fischer, Authorized Representative
35 Hugus Alley, Suite 300
Pasadena, California 91103

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Authorized Representative Title
Address

Date: _____

By: _____
Name, Authorized Representative Title
Address

STATE SPECIFIC ADDENDUM
TO WETZEL'S PRETZELS®
FRANCHISE AGREEMENT

(FOR THE STATE OF CALIFORNIA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF CALIFORNIA) (“Addendum”) to the Franchise Agreement ~~dated~~ effective as of the Effective Date (as defined on Page 1 of the Franchise Agreement), and including any and all exhibits attached thereto (individually and collectively, “Franchise Documents”) between WETZEL'S PRETZELS, LLC, a California limited liability company (“Franchisor”) ~~with its principal office in the city of Pasadena, California~~, and _____, an entity (“Franchisee”), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

1. **CALIFORNIA LAW MODIFICATIONS**

- A. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.
- B. The Franchise Documents may provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law. (11 U.S.C.A. Sec. 101 et seq.).
- C. The Franchise Documents contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California Law.
- E. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
- F. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).
- H. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning transfer, termination or non-renewal of a

franchise. If the Franchise Documents contain a provision that is inconsistent with the law, the law will control.

- I. If the franchisee resides in the State of California or the franchised business is located within the State of California, the venue for any dispute may be within the State of California. Business and Professions Code Section 20040.5 voids restricting a venue to a forum outside California with respect to any claim arising under or relating to a franchise involving a franchised business operating in California.
- J. 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.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the Effective Date.

~~IN WITNESS TO THE FOREGOING, the parties to this Addendum sign and deliver it.~~

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Kim Lane~~Jon Fischer~~, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Authorized Representative~~Title~~

Date: _____

By: _____
Name, Authorized Representative~~Title~~

WP STORE #

ATTACHMENT 1

(FOR THE STATE OF HAWAII)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF HAWAII) (“Addendum”) to the Franchise Agreement ~~dated effective as of the Effective Date (as defined on page 1 of the Franchise Agreement)~~ _____, and including any and all exhibits attached thereto (individually and collectively, “Franchise Documents”) between WETZEL’S PRETZELS, LLC, a California limited liability company (“Franchisor”) ~~with its principal office in the city of Pasadena, California~~, and _____, a entity (“Franchisee”), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

1. The Director of the Hawaii Department of Commerce and Consumer Affairs requires that certain provisions contained in franchise documents be amended to be consistent with Hawaii law, including the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E-1 through 482E-12 (1988). To the extent that the Franchise Documents contain provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Hawaii Franchise Investment Law provides rights to you concerning non-renewal, termination and transfer of the Franchise Documents. If the Franchise Documents contain a provision that is inconsistent with the Law, the Law will control. Among those rights, the law may require that upon termination or non-renewal Franchisor purchase for fair market value Franchisee’s inventory, supplies, equipment and furnishings purchased from Franchisor or a supplier designated by Franchisor; provided that personalized materials which have no value to Franchisor need not be compensated for. If the non-renewal or termination is for the purpose of converting the Franchisee’s business to one owned and operated by Franchisor, Franchisor may, additionally, be obligated to compensate the Franchisee for loss of goodwill. Franchisor may deduct all amounts due from Franchisee and any costs related to the transportation or disposition of items purchased against any payment for those items. If the parties cannot agree on fair market value, fair market value shall be determined in the manner set forth in the Franchise Documents. If the Franchise Documents do not provide for determination of fair market value of assets for purchase by Franchisor, such amount will be determined by an independent appraiser approved by both parties, and the costs of the appraisal shall be shared equally by the parties.
- b. If the Franchisee is required in the Franchise Documents to execute a release of claims, such release shall exclude claims arising under the

Hawaii Franchise Investment Law. Any condition, stipulation or provision binding the Franchisee to waive compliance with any provision of Section 482E-6 of the Hawaii Franchise Investment Law shall be void.

- c. The requirement of a franchisee to purchase or lease goods or services of the franchisor or from designated sources may not be enforceable under Hawaii Franchise Investment law unless it is reasonably necessary for a lawful purpose, and does not substantially affect competition.
- d. The Hawaii Franchise Investment Law prohibits the Franchisor from establishing a similar business or granting a franchise for the establishment of a similar business to that of the Franchisee's within the Franchisee's exclusive territory. To the extent the Franchise Documents contain a provision that is inconsistent with the Act, the Act will control.
- e. 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.

2. Section 482E-3(a) of the Hawaii Franchise Investment Law requires us to give you a copy of the Franchise Disclosure Document at least 7 calendar days prior to signing the Franchise Documents.

3. The Franchise Documents permit us to terminate the Franchise Documents upon your bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law. (11 U.S.C. §101, et seq.).

4. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the ~~Addendum~~ Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
~~Kim Lane~~ Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, ~~Authorized Representative~~ Title

Date: _____

By: _____
Name, ~~Authorized Representative~~ Title

(FOR THE STATE OF ILLINOIS)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF ILLINOIS) (“Addendum”) to the Franchise Agreement effective as of the Effective Date (as defined on page 1 of the Franchise Agreement) dated _____, and including any and all exhibits attached thereto (individually and collectively, “Franchise Documents”) between WETZEL’S PRETZELS, LLC, a California limited liability company (“Franchisor”) ~~with its principal office in the city of Pasadena, California~~, and _____, a entity (“Franchisee”), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General’s Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, III. Comp. Stat. Ch. 815 para. 705/1 –705/44 (1994). To the extent that the Franchise Documents contain provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Illinois Franchise Disclosure Act Sections 19 and 20 provide rights to the Franchisee concerning non-renewal and termination of the Franchise Documents. If the Franchise Documents contain a provision that is inconsistent with the Act, the Act will control.
- b. If the Franchisee is required in the Franchise Documents to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule of order under the Act, such release shall exclude claims arising under the Illinois Franchise Disclosure Act, and such acknowledgements shall be void with respect to claims under the Act.
- c. If the Franchise Documents designate jurisdiction or venue in a forum other than the State of Illinois, the requirement is void under the Illinois Franchise Disclosure Act except that the Franchise Documents may provide for arbitration in a forum outside the State of Illinois.
- d. If the Franchise Documents require that they be governed by a state’s law, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act, the Act will control.

- e. 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 is void.”
- f. 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.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the ~~Addendum~~ Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California
limited liability company

Date: _____

By: _____
Kim Lane Jon Fischer, Authorized
Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Authorized Representative Title

Date: _____

By: _____
Name, Authorized Representative Title

(FOR THE STATE OF INDIANA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF INDIANA)
("Addendum") to the Franchise Agreement effective as of the Effective Date (as defined on page
1 of the Franchise Agreement) dated _____, and including any and all

exhibits attached thereto (individually and collectively, “Franchise Documents”) between WETZEL’S PRETZELS, LLC, a California limited liability company (“Franchisor”) ~~with its principal office in the city of Pasadena, California,~~ and _____, an entity (“Franchisee”), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

INDIANA LAW MODIFICATIONS

1. The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. §§ 1-51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-27 (1985). To the extent that the Franchise Documents contain provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning non-renewal and termination of the Franchise Documents. To the extent the Franchise Documents contain a provision that is inconsistent with the Act, the Act will control.
- b. If the Franchisee is required in the Franchise Documents to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule of order under the Act, such release shall exclude claims arising under the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, and such acknowledgements shall be void with respect to claims under the Act.
- c. If the Franchise Documents contain covenants not to compete upon expiration or termination of the Franchise Documents that are inconsistent with the Indiana Deceptive Franchise Practices Act, the requirements of the Act will control.
- d. The Indiana Deceptive Franchise Practices Act provides that substantial modification of the Franchise Documents by Franchisor requires written consent of the Franchisee. If the Franchise Documents contain provisions that are inconsistent with this requirement, the Act will control.
- e. If the Franchise Documents requires litigation/arbitration to be conducted in a forum other than the State of Indiana, the requirement may be

unenforceable as a limitation on litigation under the Indiana Deceptive Franchise Practices Act §§ 23-2.2.7(10).

- f. If the Franchise Documents require that they be governed by a state's law, other than the State of Indiana, to the extent that such law conflicts with the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, the Acts will control.
- g. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning the waiver of claims or rights. To the extent the Franchise Documents contains a provision that is inconsistent with the Act, the Act will control.
- h. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning the time period to bring an action against the Franchisor. To the extent the Franchise Documents contain a provision that is inconsistent with the Act, the Act will control.
- i. The Indiana Deceptive Franchise Practices Act prohibits the Franchisor from operating a substantially identical business to that of the Franchisee's within the Franchisee's territory, regardless of trade name. To the extent the Franchise Documents contain a provision that is inconsistent with the Act, the Act will control.
- ±j. Indiana Deceptive Franchise Practice Act excludes any indemnification for liability caused by the Franchisee's proper reliance on or use of procedures or materials provided by the Franchisor. To the extent the Franchise Documents contain a provision that is inconsistent with the Act, the Act will control.
- ±k. If the Franchise Documents require goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories or services of comparable quality are available from sources other than those designated by the franchisor, to the extent that such law conflicts with the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, the Acts will control. Providing a list of approved suppliers to comply with specifications and standards prescribed by Franchisor does not constitute designation of a source under the Indiana Deceptive Franchise Practices Act.
- k.l. 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.

4.m. If the Franchise Documents require Franchisee to participate in any advertising campaign or contest, promotional campaign, promotional materials, or display decorations or materials, then the maximum amount the Franchisee may be required to pay is Thirty-Five Thousand Dollars (\$35,000) per calendar year, and if the Franchisee's participation in any advertising campaign or contest, promotional campaign, promotional materials, or display decorations or materials would require the Franchisee to pay in excess of that amount, such participation by the Franchisee will be optional for the remainder of that calendar year.

2. Indiana Code § 23-2-2.5-9(2) requires us to give you a copy of the Franchise Disclosure Document at the earlier of: (i) ten (10) days prior to signing the Franchise Documents; or (ii) ten (10) days prior to our receipt of any consideration.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Deceptive Practices Act and the Indiana Franchises Act, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

/SIGNATURE PAGE FOLLOWS/

IN WITNESS WHEREOF, each party hereto, by and through its respective representative

with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the ~~Addendum~~ Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
~~Kim Lane~~ Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, ~~Authorized Representative~~ Title

Date: _____

By: _____
Name, ~~Authorized Representative~~ Title

(FOR THE STATE OF MARYLAND)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF MARYLAND) (“Addendum”) to the Franchise Agreement ~~dated effective as of the Effective Date (as defined on page 1 of the Franchise Agreement)~~ _____, and including any and all exhibits attached thereto (individually and collectively, “Franchise Documents”) between WETZEL’S PRETZELS, LLC, a California limited liability company (“Franchisor”) ~~with its principal office in the city of Pasadena, California~~, and _____, a entity (“Franchisee”), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

MARYLAND LAW MODIFICATIONS

1. Section 11 of the Franchise Agreement has been deleted in its entirety and replaced with: “Reserved.”

2. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law. To the extent that the Franchise Documents contain provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The general release required as a condition of assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- b. The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- c. The Franchise Documents require litigation to be conducted in the State of California. The Franchise Documents are amended to state that the requirement for litigation to be conducted in a forum other than the State of Maryland shall not be interpreted to limit any rights Franchisee may have to bring suit in the state of Maryland. A Franchisee may file a civil 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.

- d. The Franchise Documents provide that certain disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
- e. Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Documents.
- f. 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.
- g. 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.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

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

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the ~~Addendum~~ Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Kim Lane Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Authorized Representative Title

Date: _____

By: _____
Name, Authorized Representative Title

(FOR THE STATE OF MICHIGAN)

Section 445.1508(1) of the Michigan Franchise Investment Law requires franchisor to give you a copy of the Franchise Disclosure Document earlier of: (i) ten (10) business days prior to signing the Franchise Agreement; or (ii) ten (10) business days prior to franchisor's receipt of any consideration.

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN THE 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 thirty (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 five (5) years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type 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.
- (j) 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.

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

Any questions regarding this Notice shall be directed to:

STATE OF MICHIGAN
DEPARTMENT OF THE ATTORNEY GENERAL
ATTENTION: FRANCHISE SECTION
P.O. BOX 30213
LANSING, MICHIGAN 48909
(517) 373-7117

(FOR THE STATE OF MINNESOTA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF MINNESOTA) (“Addendum”) to the Franchise Agreement effective as of the Effective Date (as defined on page 1 of the Franchise Agreement) dated _____, and including any and all exhibits attached thereto (individually and collectively, “Franchise Documents”) between WETZEL’S PRETZELS, LLC, a California limited liability company (“Franchisor”) ~~with its principal office in the city of Pasadena, California~~, and _____, a entity (“Franchisee”), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively “Franchise Act”). To the extent that the Franchise Documents and Disclosure Document contain provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of this state, or, in the case of a partnership or corporation, organized or incorporated under the laws of this state, or purporting to bind a person acquiring any franchise to be operated in this state to waive compliance or which has the effect of waiving compliance with any provision of sections 80C.01 to 80C.22 or any rule or order thereunder is void under the Minnesota Franchise Act, Minn. Stat. § 80C.21.
- b. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given ninety (90) days’ notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days’ notice for non-

renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- c. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- d. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes 1973 Supplement, sections 80C.01 to 80C.22; provided, that this part shall not bar the voluntary settlement of disputes.
- e. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- f. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.
- g. Minnesota limits a service charge not to exceed Thirty Dollars (\$30) for any dishonored check by the payee or holder of the check. See Minn. Rules 604.113.
- h. 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.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the ~~Addendum~~ Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
~~Kim Lane~~ Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, ~~Authorized Representative~~ Title

Date: _____

By: _____
Name, ~~Authorized Representative~~ Title

(FOR THE STATE OF NORTH DAKOTA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF NORTH DAKOTA) (“Addendum”) to the Franchise Agreement effective as of the Effective Date (as defined on page 1 of the Franchise Agreement) dated _____, and including any and all exhibits attached thereto (individually and collectively, “Franchise Documents”) between WETZEL’S PRETZELS, LLC, a California limited liability company (“Franchisor”) ~~with its principal office in the city of Pasadena, California,~~ and _____, a entity (“Franchisee”), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1993). To the extent that the Franchise Documents contain provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in the Franchise Documents to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgements shall be void with respect to claims under the Law.
- b. Covenants not to compete during the term and upon termination or expiration of the Franchise Documents are enforceable only under certain conditions according to North Dakota Law. If the Franchise Documents contain a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.
- c. If the Franchise Documents require litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

- d. If the Franchise Documents require that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with the North Dakota Franchise Investment Law, the North Dakota Franchise Investment Law will control.
- e. If the Franchise Documents require mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.
- f. If the Franchise Documents require payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.
- g. Section 51-19-08 of the North Dakota Franchise Investment Law requires Franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) seven (7) days prior to signing the Franchise Documents; or (ii) seven (7) days prior to Franchisor's receipt of any consideration.
- h. 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.

2. THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

- A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
- C. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

- E. Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
- H. General Release: Franchise agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
- I. Limitation of Claims: Franchise agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- J. Enforcement of Agreement: Franchise agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the [Addendum](#) Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
~~Kim Lane~~ ~~Jon Fischer~~, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Authorized Representative ~~Title~~

Date: _____

By: _____
Name, Authorized Representative ~~Title~~

(FOR THE STATE OF NEW YORK)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF NEW YORK) ("Addendum") to the Franchise Agreement effective as of the Effective Date (as defined on page 1 of the Franchise Agreement) dated _____, and including any

and all exhibits attached thereto (individually and collectively, “Franchise Documents”) between WETZEL’S PRETZELS, LLC, a California limited liability company (“Franchisor”) ~~with its principal office in the city of Pasadena, California,~~ and _____, a entity (“Franchisee”), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Section 680 through 695 (1989). To the extent that the Franchise Documents contain provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in the Franchise Documents to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgements shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.
- b. If the Franchise Documents require that they be governed by a state’s law, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Franchisee under the New York General Business Law, Article 33, Sections 680 through 695.
- c. If the Franchisee is required in the Franchise Documents to waive compliance with General Business Law or rule under the Law, such condition, stipulation or provision shall be void.
- d. 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.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of New York General Business Law, with respect to each such provision are met.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the New York law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth above, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of

the ~~Addendum~~ Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California
limited liability company

Date: _____

By: _____
~~Kim Lane~~ ~~Jon Fischer~~, Authorized
Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Authorized Representative ~~Title~~

Date: _____

By: _____
Name, Authorized Representative ~~Title~~

(FOR THE STATE OF RHODE ISLAND)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF RHODE

ISLAND) (“Addendum”) to the Franchise Agreement effective as of the Effective Date (as defined on page 1 of the Franchise Agreement) dated _____, and including any and all exhibits attached thereto (individually and collectively, “Franchise Documents”) between WETZEL’S PRETZELS, LLC, a California limited liability company (“Franchisor”) ~~with its principal office in the city of Pasadena, California~~, and _____, a entity (“Franchisee”), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

RHODE ISLAND LAW MODIFICATIONS

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law. ch. 395 Sec. 19-28.1-1 – 19-28.1-34. To the extent that the Franchise Documents contain provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchise Documents restrict jurisdiction or venue to a forum other than the State of Rhode Island, the requirement is void under Rhode Island Franchise Investment Act Sec. 19-28.1-14.
- b. If the Franchise Documents require that they be governed by a state’s law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Sec. 19-28.1-14.
- c. If the Franchisee is required in the Franchise Documents to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgements shall be void with respect to claims under the Act.
- d. 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.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative

with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the ~~Addendum~~ Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
~~Jon Fischer~~ Kim Lane, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, ~~Authorized Representative~~ Title

Date: _____

By: _____
Name, ~~Authorized Representative~~ Title

(FOR THE STATE OF SOUTH DAKOTA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF SOUTH DAKOTA) ("Addendum") to the Franchise Agreement— effective as of the Effective Date (as defined on page 1 of the Franchise Agreement) dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between WETZEL'S PRETZELS, LLC, a California limited liability company ("Franchisor")—~~with its principal office in the city of Pasadena, California,~~ and _____, a entity ("Franchisee"), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

SOUTH DAKOTA LAW MODIFICATIONS

1. The Director of the South Dakota Division of Securities requires that certain provisions contained in franchise documents be amended to be consistent with South Dakota law, including the South Dakota Franchise Investment Law, South Dakota Codified Laws, Title 37, Chapter 37-5B, Sections 37-5B-1 through 37-5B-53 (2008). To the extent that the Franchise Documents contain provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in the Franchise Documents to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the South Dakota Franchise Investment Law, and such acknowledgements shall be void with respect to claims under the Law.
- b. Covenants not to compete upon termination or expiration of the Franchise Documents are generally unenforceable in the state of South Dakota, except in certain limited instances as provided by law. If the Franchise Documents contain a covenant not to compete which is inconsistent with South Dakota Law, the covenant may be unenforceable.
- c. Regardless of the terms of the Franchise Documents concerning termination, if Franchisee fails to meet performance and quality standards or fails to make any royalty payments under the Franchise Documents, Franchisee will be afforded thirty (30) days' written notice with an opportunity to cure the default before termination.

- d. If the Franchise Documents require payment of liquidated damages that are inconsistent with South Dakota law, the liquidated damage clause may be void under SDCL 53-9-5.
- e. If the Franchise Documents require litigation to be conducted in a forum other than the State of South Dakota, the requirement is void with respect to any cause of action otherwise enforceable under South Dakota Law.
- f. If the Franchise Documents require that it be governed by a state's law, other than the State of South Dakota, matters regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, the Franchise Documents and all provisions of this Addendum will be and remain subject to the application, construction, enforcement, interpretation under the governing law set forth in the Franchise Documents.
- g. If the Franchise Documents require that disputes between Franchisor and Franchisee be mediated/arbitrated at a location that is outside the State of South Dakota, the mediation/arbitration will be conducted at a location mutually agreed upon by the parties. If the parties cannot agree on location for the mediation/arbitration, the location shall be determined by the mediator/arbitrator selected.
- h. Any condition, stipulation or provision in the Franchise Documents requiring Franchisee to waive compliance of a provision under the South Dakota Franchise Investment Law may be void.
- i. 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.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the South Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the ~~Addendum~~ Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
~~Kim Lane~~ Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Authorized Representative ~~Title~~

Date: _____

By: _____
Name, Authorized Representative ~~Title~~

(FOR THE STATE OF VIRGINIA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF VIRGINIA) (“Addendum”) to the Franchise Agreement effective as of the Effective Date (as defined on page 1 of the Franchise Agreement) dated _____, and including any and all exhibits attached thereto (individually and collectively, “Franchise Documents”) between WETZEL’S PRETZELS, LLC, a California limited liability company (“Franchisor”), ~~with its principal office in the city of Pasadena, California,~~ and _____, a entity (“Franchisee”), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

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

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Virginia Retail Franchising Act applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

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

/SIGNATURE PAGE FOLLOWS/

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Kim Lane Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Authorized Representative Title

Date: _____

By: _____
Name, Authorized Representative Title

(FOR THE STATE OF WASHINGTON)

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Documents in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Documents in your relationship with the Franchisor, including the areas of termination and renewal of your Franchise.

1. If any provisions governing termination or non-renewal disclosed herein are inconsistent with Washington law, then Washington law shall apply. The applicable law reads as follows:

Section 19.100.180. Without limiting the other provisions of this chapter, the following specific rights and prohibitions shall govern the relation between the franchisor or subfranchisor and the franchisees:

(2) For the purpose of this chapter and without limiting its general application, it shall be an unfair or deceptive act or practice or an unfair method of competition and therefore unlawful and violation of this chapter for any person to:

(a) Restrict or inhibit the right of the franchisees to join an association of franchisees.

(b) Require a franchisee to purchase or lease goods or services of the franchisor or from approved sources of supply unless and to the extent that the franchisor satisfies the burden of proving that such restrictive purchasing agreements are reasonably necessary for a lawful purpose justified on business grounds, and do not substantially affect competition: PROVIDED, that this provision shall not apply to the initial inventory of the franchise. In determining whether a requirement to purchase or lease goods or services constitutes an unfair or deceptive act or practice or an unfair method of competition the courts shall be guided by the decisions of the courts of the United States interpreting and applying the anti-trust laws of the United States.

(c) Discriminate between franchisees in the charges offered or made for royalties, goods, services, equipment, rentals, advertising services, or in any other business dealing, unless and to the extent that the franchisor satisfies the burden of proving that any classification of or discrimination between franchisees is: (i) reasonable, (ii) based on franchises granted at materially different times and such discrimination is reasonably related to such difference in time, or is based on other proper and justifiable distinctions considering the purposes of this chapter, and (iii) is not arbitrary. However, nothing in (c) of this subsection precludes negotiation of the terms and conditions of a franchise at the initiative of the franchisees.

(d) Sell, rent, or offer to sell to a franchisee any product or service for more than a fair and reasonable price.

(e) Obtain money, goods, services, anything of value, or any other benefit from any other person with whom the franchisee does business on account of such business unless such benefit is disclosed to the franchisee.

(f) If the franchise provides that the franchisee has an exclusive territory, which exclusive territory shall be specified in the franchise agreement, for the franchisor or subfranchisor to compete with the franchisee in an exclusive territory or to grant competitive franchises in the exclusive territory area previously granted to another franchisee.

(g) Require franchisee to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by this chapter, except as otherwise permitted by RCW 19.100.220.

(h) Impose on a franchisee by contract, rule, or regulation, whether written or oral, any standard of conduct unless the person so doing can sustain the burden of proving such to be reasonable and necessary.

(i) Refuse to renew a Franchise Agreement without fairly compensating the franchisee for the fair market value, at the time of expiration of the Franchise Agreement, of the franchisee's inventory, supplies, equipment, and furnishings purchased from the franchisor and good will, exclusive of personalized materials which have no value to the franchisor, and inventory, supplies, equipment and furnishings not reasonably required in the conduct of the franchised business: PROVIDED, that compensation need not be made to a franchisee for good will if: (i) the franchisee has been given one year's notice of nonrenewal; and (ii) the franchisor agrees in writing not to enforce any covenant which restrains the franchisee from competing with the franchisor: PROVIDED FURTHER, that a franchisor may offset against amounts owed to a franchisee under this subsection any amounts owed by such franchisee to franchisor.

(j) Terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include, without limitation, the failure of the franchisee to comply with lawful material provisions of the franchise or other agreement between the franchisor and the franchisee and to cure such default after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such default, or if such default cannot reasonably be cured within thirty (30) days, the failure of the franchisee to initiate within thirty (30) days substantial and continuing action to cure such default: PROVIDED, that after three (3) willful and material breaches of the same term of the Franchise Agreement occurring within a twelve (12)-month period, for which the franchisee has been given notice and an opportunity to cure as provided in this subsection, the franchisor may terminate the Franchise Agreement upon any subsequent month period without providing notice or opportunity cure: PROVIDED FURTHER, that a franchisor may terminate a Franchise Agreement without prior notice or opportunity to cure a default if the franchisee: (i) is adjudicated bankrupt or insolvent; (ii) makes an assignment for the benefit of creditors or similar disposition of the assets of the franchised business; (iii) voluntarily abandons the franchised business; or (iv) is convicted of or pleads guilty or no contest to a charge of violating any law relating to the franchised business. Upon termination for good cause the franchisor shall purchase from the franchisee at a fair market value at the time of termination, the franchisee's inventory and supplies, exclusive of: (i) personalized materials which have no value to the franchisor; (ii) inventory and supplies not reasonably required in the conduct of the franchised business; and (iii) if the franchisee is to retain control of the premises of the franchised business, any inventory and supplies not purchased from the franchisor or on his express requirement: PROVIDED, that a franchisor may offset against amounts owed to a franchisee under this subsection any amounts owed by such franchisee to the franchisor.

(k) 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.

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

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

4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

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

Each provision of this Addendum to Franchise Documents shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Addendum. This Addendum to Franchise Documents shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum to Franchise Documents, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum to the Franchise Documents ~~on~~ _____ as of the Effective Date as defined on page 1 of the Franchise Agreement to which this Addendum is attached.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
~~Jon Fischer~~ Kim Lane, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Authorized Representative Title

Date: _____

By: _____
Name, Authorized Representative Title

(FOR THE STATE OF WISCONSIN)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF WISCONSIN) (“Addendum”) to the Franchise Agreement effective as of the Effective Date (as defined on page 1 of the Franchise Agreement) dated _____, and including any and all exhibits attached thereto (individually and collectively, “Franchise Documents”) between WETZEL’S PRETZELS, LLC, a California limited liability company (“Franchisor”) ~~with its principal office in the city of Pasadena, California~~, and _____, a entity (“Franchisee”), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

WISCONSIN LAW MODIFICATIONS

1. The Securities Commissioner of the State of Wisconsin requires that certain provisions contained in franchise documents be amended to be consistent with Wisconsin Fair Dealership Law, Wisconsin Statutes, Chapter 135 (“Fair Dealership Law”) and the Wisconsin Franchise Investment Law, Chapter 553. To the extent that the Franchise Documents contain provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Wisconsin Fair Dealership Law, among other things, grants you the right, in most circumstances, to ninety (90) days’ prior written notice of non-renewal and sixty (60) days within which to remedy any claimed deficiencies. If the Franchise Documents contain a provision that is inconsistent with the Wisconsin Fair Dealership Law, the provisions of the Franchise Documents shall be superseded by the Law’s requirements and shall have no force or effect.
- b. The Wisconsin Fair Dealership Law, among other things, grants you the right, in most circumstances, to ninety (90) days’ prior written notice of termination and sixty (60) days within which to remedy any claimed deficiencies. If the Franchise Documents contain a provision that is inconsistent with the Wisconsin Fair Dealership Law, the provisions of the Franchise Documents shall be superseded by the Law’s requirements and shall have no force or effect.

- c. If the Franchise Documents require that they be governed by a state's law, other than the State of Wisconsin, to the extent that any provision of the Franchise Documents conflicts with the Wisconsin Fair Dealership Law such provision shall be superseded by the law's requirements.
- d. Any condition, stipulation or provision in the Franchise Documents requiring Franchisee to waive compliance with any provision under the Wisconsin Franchise Investment law may be void.
- e. 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.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Kim Lane Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Authorized Representative Title

Date: _____

By: _____
Name, Authorized Representative Title

**APPROVED LOCATION, BAKERY TYPE
AND PROTECTED AREA (OR DEVELOPMENT TERRITORY)**

The street address of the Approved Location is:

The type of Bakery to be operated by Franchisee:

The Protected Area is the smaller of:

(i) The shopping center or mall located at:

OR

(ii) A one-half mile radius surrounding the Approved Location.

SPECIAL RELEASE OF CLAIMS

This Special Release of Claims (“Release”) is effective as of the Effective Date (as defined on page 1 of the Franchise Agreement) signed on _____, by FRANCHISEE ENTITY, a(n) _____, and INDIVIDUAL NAME, an individual, individually and collectively referred to in this Release as “Releasor,” in favor of WETZEL’S PRETZELS, LLC, a California limited liability company, referred to in this Release individually and collectively with the Released Parties (as defined below), as “Releasee.”

RECITALS

This Release is made and delivered with reference to the following facts:

A. Releasee and Releasor are parties to a WETZEL’S PRETZELS’® franchise agreement dated _____ (the “Prior Franchise Agreement”).

B. Releasor would like to renew the Prior Franchise Agreement or relocate the Bakery from a previous location to the Approved Location in Attachment 2.

C. Releasee is willing to consent to Releasor’s request on condition that Releasor meets the conditions for consent stated in the Prior Franchise Agreement. One of these conditions is that Releasor must sign a release of claims in favor of Releasee.

D. For the above-described consideration, the value and adequacy of which Releasor acknowledges, Releasor signs and delivers this Release.

RELEASE

1. Releasor, on behalf of Releasor and Releasor’s Related Parties, as the term “Related Parties” is defined in the Prior Franchise Agreement, now and forever releases and discharges Releasee, and its Related Parties including its parents, affiliates, and each of such entities’ successors, attorneys, insurers, brokers, principals, officers, directors, shareholders, partners, agents, employees, and contractors (collectively, “Released Parties”), from any and all claims, demands, losses, expenses, damages, liabilities, actions, and causes of action of any nature, **except for non-waivable statutory claims**, that in any manner arise from or relate to the franchise relationship described above.

2. This Release extends to and includes any and all claims, liabilities, injuries, damages, and causes of action, **except for non-waivable statutory claims**, that the parties do not presently anticipate, know, or suspect to exist, but that may develop, accrue, or be discovered in the future. RELEASOR EXPRESSLY WAIVES ALL RIGHTS UNDER CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES: “A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.” Releasor represents and warrants that Releasor has considered the possibility that claims, liabilities, injuries, damages, and causes of action that Releasor does not presently know or suspect to exist in Releasor’s favor may develop, accrue,

or be discovered in the future, and that Releasor voluntarily assumes that risk as part of the consideration received for this Release.

3. Releasor covenants and agrees that Releasor will not make, assert, or maintain any claim, demand, action, or cause of action that is discharged by this Release against any Releasee named or described in this [AgreementRelease](#). Releasor agrees to indemnify, defend, and hold each Releasee named or described in this Release, and their successors in interest, harmless against any claim, demand, damage, liability, action, cause of action, cost, or expense, including attorney fees, resulting from a breach of the covenant contained in this paragraph.

4. This Release may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

I, the undersigned, have read this Release and understand all of its terms. I sign it voluntarily and with full knowledge of its significance.

RELEASOR

By: _____
Name, an individual
Date: _____

RELEASOR

By: _____
Name, an individual
Date: _____

RELEASOR

ENTITY, a[n] _____

By: _____
Name, Title
Date: _____

By: _____
Name, Title
Date: _____

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT (DIRECT DEBIT)

FRANCHISEE INFORMATION		
Franchisee Name Name	Store Number(s) 0000	Franchisee Phone No. (000) 000-0000
Franchisee Mailing Address (street, city, state, zip) Address		
Contact Name, Address and Phone number (if different than above) Name(s)		
Employer Identification Number (if applicable)	Principal's Name and Social Security Number	

BANK ACCOUNT INFORMATION		
Bank Name	Bank Account Number	Bank Routing Number [: :] 9 Characters
Bank Mailing Address (street, city, state, zip)		
Bank Phone Number		

PAYMENT AUTHORIZATION	
<p>Franchisee hereby authorizes Wetzel's Pretzels, LLC, its affiliates and/or agents ("Payee"), to initiate withdrawals from the Bank Account indicated on this form, and hereby authorizes the Bank to honor and debit the Bank Account for electronic funds transfers or drafts drawn on the Bank Account and payable to Payee. The amount of such charge shall be set forth in a notice from the Payee presented to the Bank on the day(s) of the week set forth in Franchisee's franchise agreement, promissory note and security agreement, gift card participation agreement (or similar agreement for the gift card program), and any other agreement Franchisee signs that authorizes Payee, its affiliate or agent to debit Franchisee's account for the fees, which may be modified by Wetzel's Pretzels, LLC, its affiliates and/or agents, for the payment of royalty fees, advertising fees, POS support fees, gift card and e-gifting program fees and funds flow, and any other fees, charges, and other amounts payable to Payee, its affiliates and/or agents for any services Payee, its affiliates, and/or agents provide or facilitate. Franchisee agrees to execute such additional documents as may be reasonably requested by Payee or the Bank to evidence the interest of this EFT Authorization. This authority shall remain in full force and effect until Payee has received written notification from Franchisee in such time and manner as to afford Payee and the Bank to act on such notice. Franchisee understands that the termination of this authorization does not relieve Franchisee of its obligations to make payments to Payee. Payee may assign its rights and obligations under this EFT Authorization to Payee's affiliates and/or agents. Payee may change its designated affiliates and/or agents at Payee's discretion.</p>	
Signature:	Date:

NOTE: IF APPLICABLE, ATTACH A VOIDED OR COMPLETED CHECK RELATING TO THE BANK ACCOUNT.

ATTACH VOIDED OR COMPLETED CHECK HERE

Voided Check Requirements

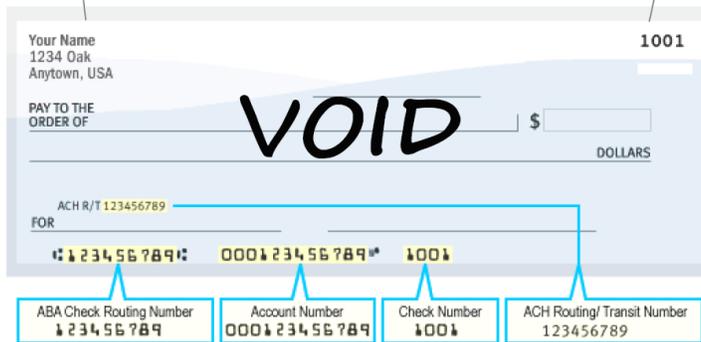
Starter checks may not be used.

DBA or Legal Name

The DBA name or legal name of the business must be preprinted, included on the check and match the merchant account.

Check Number

Check number must be present on the top right and bottom of the check.



Bank Letter Requirements

Bank Letter Requirements

DBA or Legal Name

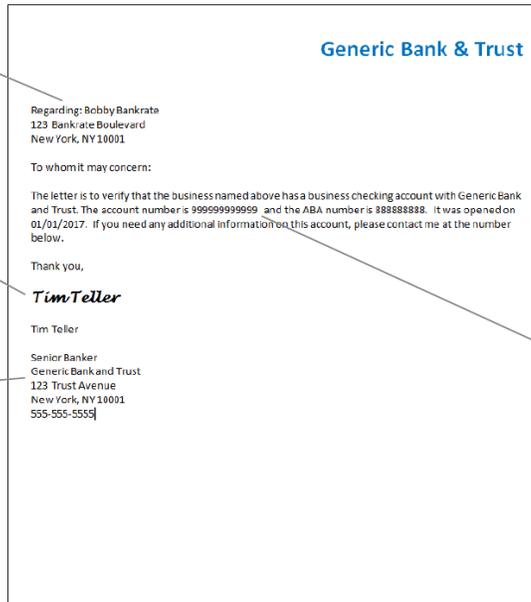
The DBA name or legal name of the business must be included on the letter and match the merchant account.

Banker Signature

The banker must sign the letter.

Contact Information

The bank officer name and phone number should be included in the letter.



Bank Letterhead

The letter must be printed on official bank letterhead.

Routing & Account

Ensure complete ABA (routing #) and DDA (account #) is included.

REMOTE MOBILE UNIT ADDENDUM TO FRANCHISE AGREEMENT

(Remote Mobile Unit S-_____)

1. INTRODUCTION

This Remote Mobile Unit Addendum ("~~this~~ RMU Addendum") effective as of _____ ("RMU Addendum Effective Date") modifies a franchise agreement ("Franchise Agreement") effective as of the Effective Date (as defined on page 1 of the Franchise Agreement) dated _____ ("~~the Franchise Agreement~~") between WETZEL'S PRETZELS, LLC, a California limited liability company ("Wetzel's Pretzels") ~~with its principal place of business in Pasadena, California~~, and FRANCHISEE ENTITY, a(n) _____ ("you") for the operation of a Bakery at _____. This RMU Addendum is made in light of the following facts:

2. RECITALS

A. Pursuant to certain lease documents, the landlord of the premises of your Bakery has agreed to allow you to operate a remote mobile unit ("~~the Remote Mobile Unit~~") within the Protected Area granted to you by the Franchise Agreement at SPACE/SUITE # ("RMU Location").

B. You are in Good Standing under the Franchise Agreement and all other agreements between you or your Affiliate or both and Wetzel's Pretzels or its Affiliate or both.

C. The purpose of this RMU Addendum is to provide for your operation of a remote mobile unit within your Bakery's Protected Area.

3. AGREEMENT

Accordingly, the parties agree as follows:

3.1. Granting Clause

We grant to you and you accept from us a license to operate a remote mobile unit as an auxiliary to your Bakery, at the RMU Location within the Bakery's Protected Area, using the Trade Name, Marks and System under the terms of this RMU Addendum.

3.2. Incorporation of Franchise Agreement

All references in the Franchise Agreement to the Bakery will be considered to apply to the Bakery and Remote Mobile Unit, unless otherwise noted. The terms and conditions of the

Franchise Agreement are incorporated in this [RMU](#) Addendum by reference except to the extent that they conflict with the terms and conditions of this [RMU](#) Addendum. If there is such a conflict, the terms and conditions of this [RMU](#) Addendum will govern.

3.3. Remote Mobile Unit Fee

When you sign this [RMU](#) Addendum, you will pay Wetzel's Pretzels the sum of Five Thousand Dollars (\$5,000) as a Remote Mobile Unit Fee.

3.4. Term

The term of this [RMU](#) Addendum is coterminous with the Term of the Franchise Agreement.

3.5. Equipment and Trade Dress

Before leasing or purchasing a retail unit, you must obtain our prior written approval of your plans and specifications for furnishing, equipping, and decorating it. Before beginning operation of the remote mobile unit, you will obtain our written certificate that it meets our currently effective standards and that you may begin operating it.

3.6. Insurance

You have arranged for appropriate liability and casualty insurance coverage for the Remote Mobile Unit, as required by your landlord, and have made us an additional named insured under the additional or extended insurance coverage. You have given us a copy of the policy's declarations page evidencing this coverage. You agree to maintain this coverage throughout the term of this [RMU](#) Addendum.

3.7. Transfer

Upon Transfer of your Bakery, if the landlord is willing to permit you to transfer the Remote Mobile Unit with the Bakery, the Remote Mobile Unit must be included in the transfer, you must remodel the Remote Mobile Unit to currently effective standards, and you must pay the Remote Mobile Unit Transfer Fee outlined in Section 6.16 of the Franchise Agreement at the time of Transfer. Otherwise, the license conveyed by this [RMU](#) Addendum will expire upon Transfer of your Bakery.

3.8. Renewal.

Upon renewal of your Bakery, if the landlord is willing to permit you to renew the Remote Mobile Unit with the Bakery, you must remodel the Remote Mobile Unit to currently effective standards, and you must pay the Renewal Fee outlined in Section 6.13 of the Franchise Agreement at the time of renewal. Otherwise, the license conveyed by this [RMU](#) Addendum will expire upon renewal of your Bakery.

3.9. Counterparts

This RMU Addendum may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

IN WITNESS TO THE FOREGOING, the parties to this RMU Addendum sign and deliver it as of the RMU Addendum Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Kim Lane~~Jon Fischer~~, Authorized Representative
35 Hugus Alley, Suite 300
Pasadena, California 91103

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Authorized RepresentativeTitle
Address

Date: _____

By: _____
Name, Authorized RepresentativeTitle
Address

ASSIGNMENT OF TELEPHONE NUMBERS, EMAIL ADDRESSES AND URL'S AND SPECIAL POWER OF ATTORNEY

1. FRANCHISEE ENTITY, a[n] _____ (“You”), in return for valuable consideration, including our signing a franchise agreement ([“Franchise Agreement”](#)) effective as of the Effective Date (as defined on page 1 of the Franchise Agreement) with you, ~~at the same time that this assignment is signed~~ as of the same Effective Date, assign to WETZEL’S PRETZELS, LLC, a California limited liability company (“Wetzel’s Pretzels”), all telephone numbers, email addresses, and URL’s and listings you advertise, publicize, or otherwise make known to customers or the public in the operation of a franchised Bakery, both now and in the future, in the city where the franchised business is operated.

2. This assignment will automatically become effective immediately upon Termination (meaning “termination, expiration, or nonrenewal”) of your franchise. When the franchise is terminated, you agree to do whatever is necessary to cause the companies providing service to the franchised Bakery to promptly transfer the telephone numbers, email addresses and URL’s and associated directory listings to Wetzel’s Pretzels or its designee.

3. You agree to pay the telephone company, on or before the date when the franchise is Terminated, all amounts you owe it in connection with the telephone numbers, including payment for any advertisements or listings in a classified telephone directory or directories. You further agree to indemnify Wetzel’s Pretzels for any money Wetzel’s Pretzels must pay the telephone company before the telephone company will carry out this agreement.

4. This assignment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

5. You appoint Wetzel’s Pretzels as your attorney-in-fact to sign any documents and do any things necessary to carry out this agreement if you fail to sign or do them within three (3) business days after termination of the franchise agreement. You further agree to indemnify Wetzel’s Pretzels for any expenses, including legal fees, that Wetzel’s Pretzels incurs which would not have been incurred if you had performed as you promised under this agreement.

[SIGNATURE PAGE FOLLOWS]

FRANCHISEE ENTITY, a[n] _____

| Date: _____

By: _____
Name, Title
Address

| Date: _____

By: _____
Name, Title
Address

LEASE PROVISIONS

Please give this language to your prospective lessor and ask that it be added to the terms of the lease. We will not approve leases that do not include substantially similar provisions:

Lessor will simultaneously give written notice to both Wetzel's Pretzels, LLC, a California limited liability company ("Wetzel's Pretzels"), and Lessee of any default under the lease. If Lessee does not cure any curable default during the time allowed by the lease, Wetzel's Pretzels may have an additional fifteen (15) days within which to cure the default on its own behalf as assignee of the lease. Notice will be directed to Wetzel's Pretzels at 35 Hugus Alley, Suite 300, Pasadena, CA 91103.

If the lease is terminated for any reason or if the franchise agreement between Wetzel's Pretzels and Lessee is terminated for any reason, Wetzel's Pretzels may enter the leasehold premises for purposes of removing all signs and other materials bearing Wetzel's Pretzels' trade name, marks or other commercial symbols.

If the lease is terminated for any reason or if the franchise agreement between Wetzel's Pretzels and Lessee is terminated for any reason, lessor consents to assignment, without further action on its part, of this lease to Wetzel's Pretzels. Under these circumstances, Lessor will not unreasonably withhold its consent to assignment of the lease by Wetzel's Pretzels to another WETZEL'S PRETZELS® franchisee with financial qualifications comparable to those of Lessee.

Lessor may, upon Wetzel's Pretzels' written request, disclose to Wetzel's Pretzels all reports, information or data in Lessor's possession regarding sales made in, upon or from the leased premises.

The leased premises may be used by Lessee only for operation of a WETZEL'S PRETZELS® Bakery.

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

In return for (a) his or her training by Wetzel's Pretzels, LLC, a California limited liability company ("Wetzel's Pretzels" or "Franchisor"), to operate a Bakery or (b) his or her employment by Wetzel's Pretzels or by one of its franchisees, the undersigned Confidant agrees as follows under this Nondisclosure and Noncompetition Agreement ("Agreement"):

1. Nondisclosure of Trade Secrets and Confidential Information

Confidant agrees, during the term of the franchise agreement and following termination, expiration, or assignment of the Agreement or Confidant's employment with Wetzel's Pretzels or by franchisee and following termination, expiration, or assignment of the franchise agreement or termination or expiration of Confidant's employment with franchisee, not to disclose, duplicate, sell, reveal, divulge, publish, furnish, or communicate, either directly or indirectly, any Trade Secret or other Confidential Information of Wetzel's Pretzels to any other person or company unless authorized in writing by Wetzel's Pretzels. Confidant agrees not to use any Trade Secret or Confidential Information for his or her personal gain or for purposes of personal gain by others, whether or not the Trade Secret or Confidential Information was conceived, originated, discovered, or developed, in whole or in part, by Confidant or represents Confidant's work product. If Confidant has assisted in the preparation of any information that we consider to be a Trade Secret or Confidential Information or has himself or herself prepared or created the information, Confidant assigns any rights that he or she may have in the information as its creator to Wetzel's Pretzels, including all ideas made or conceived by Confidant.

2. Definition of Trade Secrets and Confidential Information

For purposes of this Agreement, the terms "Trade Secret" and "Confidential Information" mean any knowledge, technique, processes, or information made known or available to Confidant that we treat as confidential, whether existing now or created in the future, including but not limited to information about the cost of materials and supplies, supplier lists or sources of supplies, internal business forms, orders, customer accounts, manuals and instructional materials describing our methods of operation, including our Operations Manual, products, drawings, designs, plans, proposals, and marketing plans, all concepts or ideas in, or reasonably related to our business that have not previously been publicly released by Wetzel's Pretzels, and any other information or property of any kind of Wetzel's Pretzels that may be protected by law as a Trade Secret, confidential, or proprietary. The Trade Secrets and Confidential Information described in this Agreement are the sole property of Wetzel's Pretzels.

3. Return of Proprietary Materials

Upon termination of franchise ownership or employment by Wetzel's Pretzels or a franchisee, Confidant must surrender to Wetzel's Pretzels all materials considered proprietary by Wetzel's Pretzels, technical or nontechnical, whether or not copyrighted, that relate to a Trade Secret, Confidential Information, or conduct of the operations of Wetzel's Pretzels. Confidant expressly acknowledges that any such materials of any kind given to him or her are and will remain the sole property of Wetzel's Pretzels.

4. Nondisclosure of Employees

Confidant further agrees that he or she will not furnish to or for the benefit of any competitor of Wetzel's Pretzels, or the competitor's employees, agents, licensees, or franchisees, or the competitor's subsidiaries, the name of any person who is employed by Wetzel's Pretzels or its Related Parties or by any other franchisee of Wetzel's Pretzels or its Related Parties.

5. Noncompetition

Confidant agrees and covenants that because of the confidential and sensitive nature of the Confidential Information and because the use of the Confidential Information in certain circumstances may cause irrevocable damage to Wetzel's Pretzels, Confidant will not, until the expiration of two (2) years after the termination (regardless of the cause of termination) or expiration of the employment relationship between Confidant and Wetzel's Pretzels or the franchisee that employs Confidant, or termination of the ownership interest of Confidant in a franchise, engage, directly or indirectly, or through any corporations or Related Parties, in any business that is competitive with any Bakery and that is located (i) at the location of the Bakery owned by Confidant or at which Confidant was employed, (ii) within the Protected Area assigned to the franchisee, (iii) within five (5) miles of the outer boundaries of the Protected Area assigned to the franchisee, (iv) within the protected area assigned to any other Wetzel's Pretzels bakery owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of Confidant's employment or ownership of Confidant in a franchise or (b) a Transfer, as defined in the franchise agreement, if applicable; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 5, and (v) within five (5) miles of the outer boundaries of the protected area assigned to any other Wetzel's Pretzels bakery owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of Confidant's employment or ownership of Confidant in a franchise or (b) a Transfer, as defined in the franchise agreement, if applicable; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 5.

6. Saving Provision

Confidant agrees and stipulates that the agreements and covenants not to compete contained in the preceding paragraph are fair and reasonable in light of all the facts and circumstances of the relationship between Confidant and Wetzel's Pretzels. Nevertheless, Confidant and Wetzel's Pretzels are aware that in certain circumstances courts have refused to enforce certain agreements not to compete. Therefore, in furtherance of the provisions of the preceding paragraph, Confidant and Wetzel's Pretzels agree that if a court or arbitrator should decline to enforce the provisions of the preceding paragraph, that paragraph must be considered modified to restrict Confidant's competition with Wetzel's Pretzels to the maximum extent, in both time and geography, which the court or arbitrator finds enforceable.

7. Irreparable Harm to Wetzel's Pretzels

Confidant understands and agrees that Wetzel's Pretzels will suffer irreparable injury that cannot be precisely measured in monetary damages if Confidential Information or proprietary information is obtained by any person, firm, or corporation and is used in competition with Wetzel's Pretzels. Accordingly, Confidant agrees that it is reasonable and for the protection of the business and goodwill of Wetzel's Pretzels for Confidant to enter into this Agreement. If there is a breach of this Agreement by Confidant, Confidant consents to entry of a temporary restraining order or other injunctive relief and to any other relief that may be granted by a court having proper jurisdiction.

8. Binding Effect

This Agreement will be binding on Confidant's heirs, executors, successors, and assignees as though originally signed by those people.

9. Applicable Law

The validity of this Agreement will be governed by the laws of the State where Confidant lives. If any provision of this Agreement is void or unenforceable in that State, the remainder of the Agreement will be fully enforceable according to its terms.

CONFIDANT

By: _____
Name, an individual

CONFIDANT

By: _____
Name, an individual

CONFIDANT

ENTITY, a[n] _____

By: _____
Name, Title

By: _____
Name, Title

PERSONAL GUARANTY AND SUBORDINATION AGREEMENT

To induce WETZEL'S PRETZELS, LLC, a California limited liability company ("Franchisor"), to enter into or permit assignment of a certain franchise agreement (the "Franchise Agreement") with FRANCHISEE ENTITY, a(n) _____ ("Franchisee"), signed on the same date as the date of this Personal Guaranty and Subordination Agreement ("Personal Guaranty"), each of the undersigned (jointly and severally "Guarantor"), unconditionally personally guaranty to Franchisor, its successors, or its assignees, the prompt full payment and performance of all obligations of Franchisee that are or may become due and owing to Franchisor, including, but not limited to, all obligations arising out of the Franchise Agreement and any other agreement between the parties and all extensions or renewals of it or them in the same manner as if the Franchise Agreement were signed between Franchisor and the undersigned, as franchisee, directly.

Each of the undersigned expressly waives notice of acceptance by Franchisor to or for the benefit of Franchisee, of the purchase of inventory and goods by Franchisee, the maturing of bills and the failure to pay the same, the incurring by Franchisee of any additional future obligations and liability to Franchisor, and any other notices and demands. This Personal Guaranty will not be affected by the modification, extension, or renewal of any agreement between Franchisor and Franchisee, the taking of a note or other obligation from Franchisee or others, the taking of security for payment, the granting of an extension of time for payment, the filing by or against Franchisee of bankruptcy, insolvency, reorganization, or other debtor relief afforded Franchisee under the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing, and this Personal Guaranty will cover the terms and obligations of any modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned will be unconditional in spite of any defect in the validity of the Franchisee's obligations or liability to Franchisor or any other circumstances whether or not referred to in this Guaranty that might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This is an irrevocable, unconditional, and absolute guaranty of payment and performance and the undersigned agrees that the undersigned's liability under this guaranty will be immediate and will not be contingent upon the exercise or enforcement by Franchisor of whatever remedies it may have against the Franchisee or others, or the enforcement of any lien or realization upon any security Franchisor may at any time possess.

Each of the undersigned agrees that any current or future indebtedness by the Franchisee to the undersigned will always be subordinate to any indebtedness owed by Franchisee to Franchisor. The undersigned will promptly modify any financing statements on file with state agencies to specify that Franchisor's rights are senior to those of Guarantor.

Each of the undersigned further agrees that as long as the Franchisee owes any money to Franchisor (other than Royalties and advertising fund contributions that are not past due), the Franchisee will not pay and the undersigned will not accept payment of any part of any indebtedness owed by Franchisee to any of the undersigned, either directly or indirectly, without the consent of Franchisor. In connection with any litigation or arbitration to determine the

undersigned's liability under this Personal Guaranty, the undersigned expressly waives the undersigned's right to trial by jury, if any, and agrees to pay costs and reasonable attorney fees as fixed by the court or arbitrator.

If this Personal Guaranty is signed by more than one individual, each person signing this Personal Guaranty will be jointly and severally liable for the obligations created in it.

Each of the undersigned agrees to be personally bound by the restrictive covenants and confidentiality provisions contained within the Franchise Agreement.

This Personal Guaranty will remain in full force and effect until all obligations arising out of and under the Franchise Agreement, including all renewals and extensions, are fully paid and satisfied.

IN WITNESS TO THE FOREGOING, each of the undersigned has signed this Personal Guaranty as of the Effective Date, as defined on page 1 of the same day and year as the Franchise Agreement ~~was executed~~.

GUARANTOR:

Name, an individual

Name, an individual

Name, an individual

Name, an individual

CORPORATE GUARANTY AND SUBORDINATION AGREEMENT

To induce WETZEL'S PRETZELS, LLC, a California limited liability company ("Franchisor"), to enter into or permit assignment of a certain franchise agreement (the "Franchise Agreement") with FRANCHISEE ENTITY, a(n) _____ ("Franchisee"), signed on the same date as the date of this Corporate Guaranty and Subordination Agreement ("Corporate Guaranty"), the undersigned (jointly and severally "Guarantor"), unconditionally guarantees to Franchisor, its successors, or its assignees, the prompt full payment and performance of all obligations of Franchisee that are or may become due and owing to Franchisor, including, but not limited to, all obligations arising out of the Franchise Agreement and any other agreement between the parties and all extensions or renewals of it or them in the same manner as if the Franchise Agreement were signed between Franchisor and the undersigned, as franchisee, directly.

The undersigned expressly waives notice of acceptance by Franchisor to or for the benefit of Franchisee, of the purchase of inventory and goods by Franchisee, the maturing of bills and the failure to pay the same, the incurring by Franchisee of any additional future obligations and liability to Franchisor, and any other notices and demands. This Corporate Guaranty will not be affected by the modification, extension, or renewal of any agreement between Franchisor and Franchisee, the taking of a note or other obligation from Franchisee or others, the taking of security for payment, the granting of an extension of time for payment, the filing by or against Franchisee of bankruptcy, insolvency, reorganization, or other debtor relief afforded Franchisee under the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing, and this Corporate Guaranty will cover the terms and obligations of any modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned will be unconditional in spite of any defect in the validity of the Franchisee's obligations or liability to Franchisor or any other circumstances whether or not referred to in this Corporate Guaranty that might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This is an irrevocable, unconditional, and absolute guaranty of payment and performance and the undersigned agrees that the undersigned's liability under this guaranty will be immediate and will not be contingent upon the exercise or enforcement by Franchisor of whatever remedies it may have against the Franchisee or others, or the enforcement of any lien or realization upon any security Franchisor may at any time possess.

The undersigned agrees that any current or future indebtedness by the Franchisee to the undersigned will always be subordinate to any indebtedness owed by Franchisee to Franchisor. The undersigned will promptly modify any financing statements on file with state agencies to specify that Franchisor's rights are senior to those of Guarantor.

The undersigned further agrees that as long as the Franchisee owes any money to Franchisor (other than Royalties and advertising fund contributions that are not past due), the Franchisee will not pay and the undersigned will not accept payment of any part of any indebtedness owed by Franchisee to any of the undersigned, either directly or indirectly, without the consent of Franchisor. In connection with any litigation or arbitration to determine the

undersigned's liability under this Corporate Guaranty, the undersigned expressly waives the undersigned's right to trial by jury, if any, and agrees to pay costs and reasonable attorney fees as fixed by the court or arbitrator.

The undersigned agrees to be bound by the restrictive covenants and confidentiality provisions contained within the Franchise Agreement.

This Corporate Guaranty will remain in full force and effect until all obligations arising out of and under the Franchise Agreement, including all renewals and extensions, are fully paid and satisfied.

IN WITNESS TO THE FOREGOING, each of the undersigned has signed this Corporate Guaranty as of the Effective Date, as defined on page 1 of the same day and year as the Franchise Agreement ~~was executed~~.

Guarantor:

ENTITY NAME, a _____

By: _____
Name, Title

Address

The

CONCESSION TRUCK OR TRAILER AMENDMENT TO WETZEL'S PRETZELS® FRANCHISE AGREEMENT

1. PARTIES

This Concession Truck or Trailer Amendment to Wetzel's Pretzels® Franchise Agreement (the "Amendment") is made between WETZEL'S PRETZELS, LLC, a California limited liability company ("Wetzel's Pretzels") ~~with its principal office in the city of Pasadena, California,~~ and FRANCHISEE ENTITY, a(n) _____ ("you").

2. RECITALS

2.1 Wetzel's Pretzels and you entered into a franchise agreement ("Agreement") effective as of the Effective Date (as defined on page 1 of the ~~Franchise Agreement~~) dated as of _____ (the "Agreement") for the operation of a Wetzel's Pretzels Bakery (as defined in the Agreement).

2.2 You desire to operate a Wetzel's Pretzels concession truck or trailer (a "Concession Truck or Trailer") instead of operating a Bakery and Wetzel's Pretzels desires to grant you the right to operate a Concession Truck or Trailer rather than a Bakery.

2.3 Wetzel's Pretzels hereby grants to you and you hereby accept from us a franchise to own and operate a Concession Truck or Trailer to be operated using and in connection with the Trade Name, Marks and System, upon the terms and conditions of the Agreement, as amended by this Amendment.

3. DEFINITIONS

3.1 Section 3.3 of the Agreement is hereby amended so that the term "Approved Location" shall mean "a location located with the Mobile Area (defined below) that we have approved in writing as a site from which you may operate a Concession Truck or Trailer."

3.2 Section 3.4 of the Agreement is hereby deleted in its entirety.

3.3 The Agreement is amended so that each reference to "Bakery" shall be replaced with Concession Truck or Trailer, which shall be the business that we have authorized franchisee to conduct under the Trade Name, Marks and System in accordance with the Agreement, as amended by this Amendment.

3.4 Section 3.14 "Protected Area", of the Agreement is hereby deleted in its entirety and is replaced with the following.

3.14 "Mobile Area" means "a geographic area described in greater detail in Exhibit A to this Amendment within which we agree to refrain from specified competitive activities."

“Mobile Area” does not include sites along toll roads, or in hotels and motels, ships, ports, piers, airports, railroads, train stations, other modes of mass transportation, casinos, movie theaters, theme parks, stadiums, sports arenas, college and university campuses, healthcare facilities, regional malls, outlet malls, guest lodging facilities, day care facilities of any type, government facilities, as well as the premises of any third-party retailer (including grocery stores, supermarkets and convenience stores) or any other location or venue to which access to the general public is restricted such as military installations, higher security headquarters or corporations, and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider, which are located within its borders. Additionally, the Mobile Area shall exclude any geographic area that is within one-half (1/2) of a mile of any Wetzel’s Pretzels Bakery ~~or Twisted by Wetzel’s Bakery~~, whether in existence as of the date of this Agreement or any time during the term of this Agreement.

3.5 Section 3.16 of the Agreement is hereby amended so that the term “Transfer” shall mean “any sale, gift, or other change in ownership of all or any part: (1) of the rights and obligations of this Agreement, (2) of the Concession Truck or Trailer, or (3) of an ownership interest in you.”

3.6 Section 3.17 of the Agreement is deleted in its entirety and is replaced with the following: “Start Date” means the earlier of (i) the first anniversary of the Effective Date, or (ii) the date you begin operating the Concession Truck or Trailer. The Start Date may be extended only with our written consent.”

4. FRANCHISED RIGHTS

4.1 Section 4.1 of the Agreement is deleted in its entirety and is replaced with the following:

Wetzel’s Pretzels grants to you and you accept from us a franchise to own and operate a Concession Truck or Trailer to be operated at an Approved Location within a Mobile Area under the Trade Name, Marks, and System during the term of this Agreement and according to its provisions. You are not granted the right to engage in wholesale, internet, or mail-order sales. You shall not engage in or solicit sales other than from the Concession Truck or Trailer, which may be parked anywhere within the Mobile Area.

4.2 Section 4.2 of the Agreement is deleted in its entirety and is replaced with the following:

Each Approved Location will be located within the Mobile Area. We agree not to authorize any other franchisee to operate a Concession Truck or Trailer within the Mobile Area or operate a company-owned Concession Truck or Trailer within the Mobile Area.

4.3 Section 4.3 of the Agreement is hereby amended to include the following:

Further, we reserve the right for ourselves and our affiliates the right to enfranchise others to

operate a Bakery within the Mobile Area, operate a company-owned or affiliate-owned Bakery within the Mobile Area.

4.4 Section 4.3 of the Agreement is hereby amended so that all references to the term “Protected Area” shall be replaced with the “Mobile Area.”

4.5 Section 4.4 of the Agreement is deleted in its entirety and is replaced with the following:

You may operate the Concession Truck or Trailer at an Approved Location within the Mobile Area. You will not be permitted to relocate the Concession Truck or Trailer outside of the Mobile Area, without the written consent of Wetzel’s Pretzels, LLC.

4.6 Section 4.5.1 of the Agreement is deleted in its entirety and is replaced with the following:

The initial term of the franchise will begin on the Effective Date and will expire five (5) years from the Start Date.

4.7 Section 4.5.2 of the Agreement is deleted in its entirety and is replaced with the following:

You will have the right to renew the franchise for an additional renewal term of five (5) years, on the same terms and conditions as those on which we are customarily granting new franchises at the time of renewal if at the time of renewal you meet the following conditions:

- (i) You and your Related Parties are in Good Standing under this Agreement, any other Agreement between us or our Related Party and you or your Related Party, and the Manual,
- (ii) You and any Related Parties that have signed this Agreement have signed a new franchise agreement in the currently effective form not less than one hundred eighty (180) days before the expiration of this Agreement or thirty (30) days after you receive the new franchise agreement from us, whichever is earlier,
- (iii) You have agreed that you will, before the renewal term begins, at your own expense, remodel, modernize and redecorate the Concession Truck or Trailer and replace and modernize the equipment and signs used in the Concession Truck or Trailer to meet the standards of appearance and function applicable to new Concession Trucks or Trailers at that time,
- (iv) You and any Related Parties have signed a special release of claims, except for non-waivable statutory claims, with respect to past dealings with us in the form of Attachment 3 to this Agreement, and

- (v) You have paid the renewal fee described in Article 6.

The provisions of the standard franchise agreement we use at the time of renewal may be materially different from this Agreement's provisions. Changed provisions may include but are not limited to increased Royalties and advertising fund contributions and a modified Mobile Area.

- 4.8 Section 4.5.3 of the Agreement is deleted in its entirety.

5. SERVICES TO FRANCHISEE

- 5.1 Section 5.1 of the Agreement is hereby deleted in its entirety.

- 5.2 Section 5.8 of the Agreement is amended to include the following:

You will physically obtain the Proprietary Products and other goods, supplies, items, products, and merchandise that we require for the operation of the Concession Truck or Trailer from a location that we have previously approved in writing.

6. PAYMENTS BY FRANCHISEE

- 6.1 Section 6.1 of the Agreement is hereby deleted in its entirety and is replaced with the following:

When you sign this Agreement, you will pay us in immediately accessible funds an initial franchise fee of Seven Thousand Five Hundred Dollars (\$7,500). The initial franchise fee must be paid as a lump sum by wire transfer or some other form of electronic funds transfer acceptable to us in our sole discretion and is fully earned upon execution of this Agreement and is non-refundable. In the event that Franchisee and Franchisor mutually agree that Franchisee shall be permitted to operate an additional Concession Truck or Trailer in the Mobile Area, then for each such additional Concession Truck or Trailer, Franchisee shall pay to Franchisor an initial franchise fee of Five Thousand Dollars (\$5,000).

- 6.2 Section 6.2 of the Agreement is hereby deleted in its entirety.

- 6.3 Section 6.12 of the Agreement is hereby deleted in its entirety.

- 6.4 Section 6.15 of the Agreement is hereby deleted in its entirety.

- 6.5 Section 6.16 of the Agreement is hereby deleted in its entirety.

7. OBLIGATIONS OF FRANCHISEE

- 7.1 The first sentence in Section 7.1.1 of the Agreement is deleted and is replaced with the following:

You may use the Trade Name and Marks only in the operation of a Concession Truck or Trailer at Approved Locations within the Mobile Area.

7.2 Section 7.3.1 of the Agreement is deleted in its entirety.

7.3 Section 7.3.2 of the Agreement is deleted in its entirety and replaced with the following:

You must engage a truck/trailer fabricator whom we have approved within thirty (30) days after ~~we sign this Agreement~~the Effective Date. You agree to plan, equip, and furnish your Concession Truck or Trailer according to our currently effective standards, as described in the Manual. You must submit all fabrication plans and designs to us for our prior written approval, which will not be unreasonably withheld, within ninety (90) days after the Effective Date~~we sign this Agreement~~. You must take all necessary action to develop your Concession Truck or Trailer in a timely manner in relationship to the Start Date stated in Article 3 or any written extension of the Start Date.

7.4 Section 7.3.3 of the Agreement is deleted in its entirety and is replaced with the following:

You may not begin operating the Concession Truck or Trailer until we certify in writing that, in the view of our management, you and your employees are prepared to begin operations. By certifying that our management believes the Concession Truck or Trailer is prepared for operations, we do not guarantee that the Concession Truck or Trailer will be successful. Success is dependent on a number of factors, including your skill, your efforts, and general economic conditions, all of which are not within our control.

We estimate that the length of time between signing the Franchise Agreement and beginning operations of the WETZEL'S PRETZELS® Concession Truck or Trailer will be about three (3) to six (6) months, but timing may vary due to truck availability and fabrication. You are required to open your Concession Truck or Trailer for business by the earlier of (i) within six (6) months from the Effective Date; or (ii) within thirty (30) days of the date you receive the built-out Concession Truck or Trailer, unless you obtain a written extension of this time period from us.

7.5 Section 7.3.8 of the Agreement is deleted in its entirety and is replaced with the following:

You agree to keep your Concession Truck or Trailer and the equipment located therein in clean condition and in excellent repair. Periodically, we will ask you to remodel the Concession Truck or Trailer and to upgrade the equipment located therein to meet our then-current standards. You must promptly comply with any such request.

7.6 Section 7.6.4 of the Agreement is deleted in its entirety and is replaced with the following:

You must permanently purchase, install, display and maintain, at your own expense, on your Concession Truck or Trailer, signs of any nature, form, color, number, location and size, and containing any legends that we have designated in writing.

7.7 Section 7.7.2 of the Agreements is deleted in its entirety and is replaced with the following:

We require you to purchase or lease computer and/or communications equipment and software that meet specifications set out in the Manual. You must submit to us, upon request, copies of all federal, state and local income, and sales tax returns. You will prepare and submit to us financial statements and weekly sales reports in the format, using the chart of accounts, and at the times specified in the Manual as periodically revised. You are required to submit an income and balance sheet in the form, manner and time that franchisor determines and may adjust from time to time. We may use this data to assist you in tracking and improving your performance, confirm that you are complying with your obligations under this Agreement, formulate earnings and expense information to disclose to prospective franchisees and/or other legitimate business purposes. Failure to timely submit an income statement and/or balance sheet constitutes a material breach of this Agreement, and will subject you to payment of a late fee as set forth in Section 6.18.

7.8 Section 7.8 of the Agreement is deleted in its entirety and is replaced with the following:

You must purchase and maintain a policy or policies of comprehensive public liability insurance, including products liability coverage, covering all Concession Truck or Trailer assets, personnel, and activities on an occurrence basis with a combined single limit for bodily injury, death, or property damage of not less than Two Million Dollars (\$2,000,000). We may increase the minimum coverage requirement annually, if necessary, to reflect inflation or other changes in circumstances. You must also carry (1) casualty insurance in a minimum amount equal to the replacement value of your interest in the Concession Truck or Trailer, including equipment, (2) automobile insurance with coverage in the amount of Two Million Dollars (\$2,000,000) and (3) business interruption insurance in an amount sufficient to cover salary or wages of key personnel, and other fixed expenses. Each of these insurance policies must contain a provision that the policy cannot be canceled without ten (10) days' written notice to us. It must be issued by an insurance company of recognized responsibility, designate us as an additional named insured and be satisfactory to us in form, substance, and coverage. You must deliver a certificate of the issuing insurance company evidencing each policy to us within ten (10) days after the policy is issued or renewed. In addition, you must maintain policies of workers' compensation insurance, disability insurance, and any other types of insurance required by applicable law.

7.9 Section 7.9.3 of the Agreement is deleted in its entirety.

7.10 You will be required to maintain or hire a driver with a minimum of Class B Commercial Driver's License whenever the Concession Truck or Trailer is moved.

7.11 **We may require that y**Your Concession Truck or Trailer ~~must~~ be equipped with a Global Positioning System ("GPS") device during the entire Term of the Agreement, as may be extended or renewed. Wetzel's Pretzels, LLC shall have access to your GPS and may monitor the location of your Concession Truck and Trailer and the right to review the GPS records to ensure your compliance with operating within your Mobile Area.

7.12 Your Concession Truck or Trailer must be open and operating for business for a mutually agreed upon number of days per calendar year; if we do not mutually agree in writing upon a total number of days per calendar year, then your Concession Truck or Trailer must be open and operating for a number of days not less than the number of days set forth in the Operations Manual or otherwise set forth by us in writing.

8. RELATIONSHIP OF THE PARTIES

8.1 Section 8.3 of the Agreement is deleted in its entirety and is replaced with the following:

On your Concession Truck or Trailer, you must conspicuously display a sign that states that "THIS CONCESSION [TRUCK OR TRAILER] IS AN INDEPENDENTLY OWNED AND OPERATED FRANCHISED BUSINESS." Business cards, stationery, purchase order forms, invoices, tax returns, and other documents you use in your business dealings with suppliers, government agencies, employees, and customers must clearly identify you as an independent legal entity operating under a franchise.

8.2 Section 8.6 of the Agreement is deleted in its entirety and is replaced with the following:

You may not, during the term of this Agreement and for two (2) years after its Termination, operate or own more than a ten percent (10%) beneficial interest in any company that features fresh-baked soft pretzels and that is located (i) within the Mobile Area, (ii) within five (5) miles of the outer boundaries of the Mobile Area, (iv) within the mobile area assigned to any other Wetzel's Pretzels concession truck or trailer owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of this Agreement or (b) a Transfer, as defined in this Agreement; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 8.6, and (iv) within five (5) miles of the outer boundaries

of the mobile area assigned to any other Wetzel's Pretzels concession truck or trailer owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of this Agreement or (b) a Transfer, as defined in this Agreement; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 8.6. You agree to obtain the individual written agreement of each of your Related Parties, Designated Manager and each employee to whom Confidential Information is disclosed to the provisions of this section in the form of Exhibit B to this Amendment.

9. TRANSFER OF FRANCHISE

9.1 Section 9.4(g) of the Agreement is deleted in its entirety.

9.2 Section 9.4(h) of the Agreement is deleted in its entirety and is replaced with the following:

Your agreement that you will, before Transfer concludes, at your own expense, remodel, modernize and redecorate the Concession Truck or Trailer and replace and modernize the equipment and signs used therein so that the Concession Truck or Trailer meets the standards of appearance and function applicable to a new Concession Truck or Trailer at the time of Transfer,

10. TERMINATION OF FRANCHISE

10.1 Section 10.2.2(b) of the Agreement is deleted in its entirety and replaced with the following:

If you do not begin operation of a Concession Truck or Trailer by the Start Date or if you operate your Concession Truck or Trailer in a manner that does not conform to this Agreement and the Manual,

10.2 The first sentence in Section 10.2.2(q) of the Agreement is amended so that the phrase "any lease or sublease, as applicable" shall be deleted.

10.3 Section 10.3(h) of the Agreement is deleted in its entirety.

11. INCORPORATION OF FRANCHISE AGREEMENT

11.1 The terms and conditions of the Agreement are incorporated into this Amendment by reference except to the extent that they conflict with the terms and conditions of this Amendment. If there is a conflict, the terms and conditions of this Amendment will govern.

11.2 All references in the Agreement to the Bakery will be considered to apply to the Concession Truck or Trailer, unless otherwise noted herein.

12. COUNTERPARTS

This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS TO THE FOREGOING, the parties to this Amendment sign and deliver it effective as of the Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC,
a California limited liability company

Date: _____

By: _____
Kim Lane Jon Fischer, Authorized Representative
35 Hugus Alley, Suite 300
Pasadena, California 91103

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Authorized Representative Title
Address

Date: _____

By: _____
Name, Authorized Representative Title
Address

EXHIBIT A MOBILE AREA

The Mobile Area for this Concession Truck or Trailer franchise shall be:

FRANCHISOR

WETZEL'S PRETZELS, LLC,
a California limited liability company

Date: _____

By: _____
~~Jon Fischer~~ Kim Lane, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Authorized Representative ~~Title~~

Date: _____

By: _____
Name, Authorized Representative ~~Title~~

|

EXHIBIT B

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

In return for (a) his or her training by Wetzel's Pretzels, LLC, a California limited liability company ("Wetzel's Pretzels" or "Franchisor"), to operate a Concession Truck or Trailer or (b) his or her employment by Wetzel's Pretzels or by one of its franchisees, the undersigned Confidant agrees as follows under this Nondisclosure and Noncompetition Agreement ("Agreement"):

1. Nondisclosure of Trade Secrets and Confidential Information

Confidant agrees, during the term of the franchise agreement and following termination, expiration, or assignment of the Agreement or Confidant's employment with Wetzel's Pretzels or by franchisee and following termination, expiration, or assignment of the franchise agreement or termination or expiration of Confidant's employment with franchisee, not to disclose, duplicate, sell, reveal, divulge, publish, furnish, or communicate, either directly or indirectly, any Trade Secret or other Confidential Information of Wetzel's Pretzels to any other person or company unless authorized in writing by Wetzel's Pretzels. Confidant agrees not to use any Trade Secret or Confidential Information for his or her personal gain or for purposes of personal gain by others, whether or not the Trade Secret or Confidential Information was conceived, originated, discovered, or developed, in whole or in part, by Confidant or represents Confidant's work product. If Confidant has assisted in the preparation of any information that we consider to be a Trade Secret or Confidential Information or has himself or herself prepared or created the information, Confidant assigns any rights that he or she may have in the information as its creator to Wetzel's Pretzels, including all ideas made or conceived by Confidant.

2. Definition of Trade Secrets and Confidential Information

For purposes of this Agreement, the terms "Trade Secret" and "Confidential Information" mean any knowledge, technique, processes, or information made known or available to Confidant that we treat as confidential, whether existing now or created in the future, including but not limited to information about the cost of materials and supplies, supplier lists or sources of supplies, internal business forms, orders, customer accounts, manuals and instructional materials describing our methods of operation, including our Operations Manual, products, drawings, designs, plans, proposals, and marketing plans, all concepts or ideas in, or reasonably related to our business that have not previously been publicly released by Wetzel's Pretzels, and any other information or property of any kind of Wetzel's Pretzels that may be protected by law as a Trade Secret, confidential, or proprietary. The Trade Secrets and Confidential Information described in this Agreement are the sole property of Wetzel's Pretzels.

3. Return of Proprietary Materials

Upon termination of franchise ownership or employment by Wetzel's Pretzels or a franchisee, Confidant must surrender to Wetzel's Pretzels all materials considered proprietary by Wetzel's Pretzels, technical or nontechnical, whether or not copyrighted, that relate to a Trade Secret, Confidential Information, or conduct of the operations of Wetzel's Pretzels. Confidant expressly acknowledges that any such materials of any kind given to him or her are and will remain

the sole property of Wetzel's Pretzels.

4. Nondisclosure of Employees

Confidant further agrees that he or she will not furnish to or for the benefit of any competitor of Wetzel's Pretzels, or the competitor's employees, agents, licensees, or franchisees, or the competitor's subsidiaries, the name of any person who is employed by Wetzel's Pretzels or its Related Parties or by any other franchisee of Wetzel's Pretzels or its Related Parties.

5. Noncompetition

Confidant agrees and covenants that because of the confidential and sensitive nature of the Confidential Information and because the use of the Confidential Information in certain circumstances may cause irrevocable damage to Wetzel's Pretzels, Confidant will not, until the expiration of two (2) years after the termination (regardless of the cause of termination) or expiration of the employment relationship between Confidant and Wetzel's Pretzels or the franchisee that employs Confidant, or termination of the ownership interest of Confidant in a franchise, engage, directly or indirectly, or through any corporations or Related Parties, in any business that is competitive with any Bakery and that is located (i) within the Mobile Area assigned to the franchisee, (ii) within five (5) miles of the outer boundaries of the Mobile Area assigned to the franchisee, (iii) within the mobile area assigned to any other Wetzel's Pretzels concession truck or trailer owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of Confidant's employment or ownership of Confidant in a franchise or (b) a Transfer, as defined in the franchise agreement, if applicable; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 5, and (iv) within five (5) miles of the outer boundaries of the mobile area assigned to any other Wetzel's Pretzels concession truck or trailer owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of Confidant's employment or ownership of Confidant in a franchise or (b) a Transfer, as defined in the franchise agreement, if applicable; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 5.

6. Saving Provision

Confidant agrees and stipulates that the agreements and covenants not to compete contained in the preceding paragraph are fair and reasonable in light of all the facts and circumstances of the relationship between Confidant and Wetzel's Pretzels. Nevertheless, Confidant and Wetzel's Pretzels are aware that in certain circumstances courts have refused to enforce certain agreements not to compete. Therefore, in furtherance of the provisions of the preceding paragraph, Confidant and Wetzel's Pretzels agree that if a court or arbitrator should decline to enforce the provisions of the preceding paragraph, that paragraph must be considered modified to restrict Confidant's competition with Wetzel's Pretzels to the maximum extent, in both time and geography, which the court or arbitrator finds enforceable.

7. Irreparable Harm to Wetzel's Pretzels

Confidant understands and agrees that Wetzel's Pretzels will suffer irreparable injury that cannot be precisely measured in monetary damages if Confidential Information or proprietary information is obtained by any person, firm, or corporation and is used in competition with Wetzel's Pretzels. Accordingly, Confidant agrees that it is reasonable and for the protection of the business and goodwill of Wetzel's Pretzels for Confidant to enter into this Agreement. If there is a breach of this Agreement by Confidant, Confidant consents to entry of a temporary restraining order or other injunctive relief and to any other relief that may be granted by a court having proper jurisdiction.

8. Binding Effect

This Agreement will be binding on Confidant's heirs, executors, successors, and assignees as though originally signed by those people.

9. Applicable Law

The validity of this Agreement will be governed by the laws of the State where Confidant lives. If any provision of this Agreement is void or unenforceable in that State, the remainder of the Agreement will be fully enforceable according to its terms.

CONFIDANT

By: _____
Name, an individual

CONFIDANT

By: _____
Name, an individual

CONFIDANT

ENTITY, a[n] _____

By: _____
Name, Title

By: _____
Name, Title

LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE

You have requested that the real estate department of Wetzel's Pretzels, L.L.C. and/or its affiliate ("Company") assist you in the initial negotiations and/or review and negotiations of the master lease ("Lease") for your Bakery at the Approved Location (collectively the "Franchised Business"), which may include participation in the negotiation of the business terms of the master lease with the landlord and/or broker/agent of the landlord for the Approved Location (collectively the "Lease Assistance"). Pursuant to your *Wetzel's Pretzels* Franchise Agreement dated _____ for store number _____ ("Franchise Agreement"), you have agreed to pay the Company a fee ranging between Three Thousand Five Hundred Dollars (\$3,500) and Seven Thousand Dollars (\$7,000) for the Lease Review Fee (as defined in the Franchise Agreement). However, with respect to the Lease Assistance as it relates to the initial negotiations in connection with material terms of the Lease, the Company agrees to charge no fee at this time.

Any capitalized terms not specifically defined in this LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE shall have the meaning ascribed to such terms in the Franchise Agreement.

Although, Company must review your selection of an Approved Location and the Lease to confirm it meets Company's requirements, the provisions, final approval and execution of the Lease remain your sole responsibility. You may require or elect to seek additional information or guidance of others, including, without limitation, independent business and legal advisors of your own choosing, other than what is provided by Company. This would be your sole responsibility. You will be fully involved and included in Company's Lease Assistance and will be required to approve any and all terms and conditions related thereto and it will be your sole and absolute discretion to accept or reject any of Company's recommendations in connection with the Lease Assistance prior to you executing any Lease.

The undersigned understands and acknowledges that: (i) notwithstanding any provision by Company and/or its subsidiaries, parent, or affiliated companies, agents or employees, including, without limitation, its area representatives or brand leaders, in the Lease Assistance for the Approved Location of the Bakery, you are solely responsible for conducting a review of the proposed site, the Letter Of Intent ("LOI") and Lease terms, and for final site selection based upon your review, your individual business plan and model; (ii) you have not relied solely upon the Lease Assistance of Company in reviewing, negotiating, or approving if an LOI or Lease for the Approved Location, or in your decision to select any proposed site; (iii) each site for the Bakery is unique and provides different risks and benefits, which may impact the performance of the Franchised Business; and (iv) as part of your analysis of the proposed site for the operation of the Bakery, it is your sole responsibility to conduct such due diligence reviews of the geographic area

and the shopping center in which the Bakery is to be located as you, in your sole discretion, deem necessary and advisable, including, without limitation, meeting with the local officials to determine, among other things, whether any street, highway, interchange, city, or other changes are planned in the area or access to the proposed site that could negatively affect the performance of the Bakery.

In consideration of the agreement of Company to provide Lease Assistance to you, the undersigned hereby fully releases, discharges, and acquits Kahala Management, L.L.C., Company, and its respective predecessors, successors and assigns, parents, subsidiaries and affiliated corporations, their respective officers, directors, agents, employees and representatives, past and present, of any and all of such corporations (collectively "Franchisor Parties"), and/or their area representatives and brand leaders, from and against any and all claims, demands and causes of action (whether now existing or hereafter arising, known or unknown) that he/she/it, or any of his/her/its parent, affiliate, or subsidiary companies, agents, representatives, members, officers, directors, or employees, may now or in the future have against Franchisor Parties, and/or their area representatives and brand leaders (or any of them), including, without limitation, claims, demands and causes of action that resulted, result or may result from, arise out of or relate to, in whole or in part, directly or indirectly, the Lease Assistance.

Acknowledged and accepted:

By: _____

Print Name: _____

Corporation or Entity: _____

Date: _____

By: _____

Print Name: _____

Date: _____

By: _____

Print Name: _____

Date: _____

By: _____

Print Name: _____

Date: _____

EXHIBIT D

INTENTIONALLY OMITTED

EXHIBIT E-1

Company Owned Locations, as of November 30, 2024³

Store #	Center Name	State / Province	Zip	Phone
<u>S-061S-061</u>	<u>Cherry Creek Shopping Center</u> Cherry Creek Shopping Center	<u>Colorado</u> Colorado	<u>80206</u> 80206	<u>(303) 388-2323</u> (303) 388-2323
<u>S-108S-108</u>	<u>Downtown Disney Anaheim</u> Downtown Disney Anaheim	<u>California</u> California	<u>92802</u> 92802	<u>(714) 535-5994</u> (714) 535-5994
<u>S-136S-136</u>	<u>Grove</u> Grove	<u>California</u> California	<u>90036</u> 90036	<u>(323) 746-5373</u> (323) 746-5373
<u>S-154S-154</u>	<u>Disney Springs West Side</u> Disney Springs West Side	<u>Florida</u> Florida	<u>32830</u> 32830	<u>(407) 560-0871</u> (407) 560-0871
<u>S-157S-157</u>	<u>Disney Springs Marketplace</u> Disney Springs Marketplace	<u>Florida</u> Florida	<u>32830</u> 32830	<u>(407) 938-0400</u> (407) 938-0400
<u>S-166S-166</u>	<u>Galleria at Tyler #1</u> Galleria at Tyler #1	<u>California</u> California	<u>92503</u> 92503	<u>(951) 470-1010</u> (951) 470-1010
<u>S-235S-235</u>	<u>Park Meadows</u> Park Meadows	<u>Colorado</u> Colorado	<u>80124</u> 80124	<u>(303) 799-1840</u> (303) 799-1840
<u>S-327S-327</u>	<u>Ontario Mills #1</u> Ontario Mills #1	<u>California</u> California	<u>91764</u> 91764	<u>(909) 481-3657</u> (909) 481-3657
<u>S-332S-332</u>	<u>Las Vegas South Premium Outlets</u> Las Vegas South Premium Outlets	<u>Nevada</u> Nevada	<u>89123</u> 89123	<u>(702) 260-1001</u> (702) 260-1001
<u>S-356S-356</u>	<u>Galleria at Tyler #2</u> Galleria at Tyler #2	<u>California</u> California	<u>92503</u> 92503	<u>(951) 299-2491</u> (951) 299-2491
<u>S-429S-429</u>	<u>Downtown Summerlin</u> Downtown Summerlin	<u>Nevada</u> Nevada	<u>89135</u> 89135	<u>(702) 912-4775</u> (702) 912-4775
<u>S-466S-466</u>	<u>Victoria Gardens</u> Victoria Gardens	<u>California</u> California	<u>91739</u> 91739	<u>(909) 899-3060</u> (909) 899-3060
<u>S-470S-470</u>	<u>Downtown Disney Anaheim Cart</u> Downtown Disney Anaheim Cart	<u>California</u> California	<u>92802</u> 92802	<u>(714) 535-5994</u> (714) 535-5994
<u>S-471S-471</u>	<u>ESPN Wide World Of Sports Stadium Cart</u> ESPN Wide World Of Sports Stadium Cart	<u>Florida</u> Florida	<u>34747</u> 34747	<u>(407) 912-5917</u> (407) 912-5917
<u>S-472S-472</u>	<u>ESPN Wide World of Sports Visa Center</u> ESPN Wide World of Sports Visa Center	<u>Florida</u> Florida	<u>34747</u> 34747	<u>(407) 938-9450</u> (407) 938-9450
<u>S-473S-473</u>	<u>ESPN Wide World of Sports HP Fieldhouse</u> ESPN Wide World of Sports HP Fieldhouse	<u>Florida</u> Florida	<u>34747</u> 34747	<u>(407) 938-9449</u> (407) 938-9449
<u>S-488S-488</u>	<u>Downtown Disney Springs Haagen Dazs</u> Downtown Disney Springs Haagen Dazs	<u>Florida</u> Florida	<u>32830</u> 32830	<u>(407) 560-0870</u> (407) 560-0870
<u>S-503S-503</u>	<u>Las Vegas South Premium Outlets</u> Las Vegas South Premium Outlets	<u>Nevada</u> Nevada	<u>89123</u> 89123	<u>(702) 914-1960</u> (702) 914-1960

<u>S-511</u> S-505	<u>Ontario Mills #2</u> Diggity Dog-Cart	<u>California</u> California	<u>91764</u> 92802	<u>(909) 581-1777</u> (714)-535-5994
<u>S-522</u> S-511	<u>ESPN Wide World of Sports Field Lemonade Cart</u> Ontario-Mills #2	<u>Florida</u> California	<u>34747</u> 91764	<u>(407) 912-1104</u> (909)-581-1777
<u>S-561</u> S-522	<u>Walmart North Las Vegas</u> ESPN-Wide World of Sports Field-Lemonade Cart	<u>Nevada</u> Florida	<u>89131</u> 34747	<u>(702) 395-2335</u> (407)-912-1104
<u>S-591</u> S-561	<u>Galleria at Sunset</u> Walmart-North Las Vegas	<u>Nevada</u> Nevada	<u>89014</u> 89131	<u>(702) 451-0900</u> (702)-395-2335
<u>S-599</u> S-591	<u>Denver Premium Outlets</u> Galleria at Sunset	<u>Colorado</u> Nevada	<u>80023</u> 89014	<u>(303) 254-6887</u> (702)-451-0900
<u>S-619</u> S-599	<u>Orlando International Premium Outlets</u> Denver-Premium Outlets	<u>Florida</u> Colorado	<u>32819</u> 80023	<u>(407) 352-6385</u> (303)-254-6887
<u>S-636</u> S-619	<u>Park Meadows Kiosk</u> Orlando-International Premium Outlets	<u>Colorado</u> Florida	<u>80124</u> 32819	<u>(303) 799-4996</u> (407)-352-6385
<u>S-637</u> S-636	<u>Park Meadows RMU</u> Park-Meadows Kiosk	<u>Colorado</u> Colorado	<u>80124</u> 80124	<u>(303) 799-1840</u> (303)-799-4996
<u>S-638</u> S-637	<u>Ontario Mills # 4</u> Park-Meadows RMU	<u>California</u> Colorado	<u>91764</u> 80124	<u>(909) 481-3657</u> (303)-799-1840
<u>S-642</u> S-638	<u>ESPN Arena North Concession - Wetzels</u> Ontario Mills # 4	<u>Florida</u> California	<u>34747</u> 91764	<u>(407) 560-0073</u> (909)-481-3657
<u>S-643</u> S-642	<u>ESPN Arena North Concession - Haagen Dazs</u> ESPN Arena-North Concession - Wetzels	<u>Florida</u> Florida	<u>34747</u> 34747	<u>(407) 560-0073</u> (407)-560-0073
<u>S-656</u> S-643	<u>Colorado Mills</u> ESPN Arena-North Concession - Haagen-Dazs	<u>Colorado</u> Florida	<u>80401</u> 34747	<u>(303) 590-1412</u> (407)-560-0073
<u>S-691</u> S-656	<u>Miracle Mile Shops</u> Colorado-Mills	<u>Nevada</u> Colorado	<u>89109</u> 80401	<u>(702) 331-6529</u> (303)-590-1412
<u>S-695</u> S-691	<u>Victoria Gardens RMU</u> Miracle-Mile Shops	<u>California</u> Nevada	<u>91739</u> 89109	<u>(909) 689-8153</u> (702)-331-6529
<u>S-716</u> S-695	<u>Macy's South Coast Plaza</u> Victoria Gardens RMU	<u>California</u> California	<u>92726</u> 91739	<u>(657) 655-3386</u> (909)-689-8153
<u>S-733</u> S-716	<u>Walmart Kissimmee</u> Macy's-South Coast Plaza	<u>Florida</u> California	<u>34746</u> 92726	<u>(407) 598-0705</u> (657)-655-3386
<u>S-745</u> S-727	<u>Orlando FL Food Trucks</u> San-Bernardino Food Truck #1	<u>Florida</u> California	<u>32801</u> 92507	<u>(689) 258-7004</u> (909)-201-3441
<u>S-905</u> S-733	<u>Wetzels Southgate CA - Azalea Shopping Center (Formerly Twisted T-003 - Corp)</u> Walmart Kissimmee	<u>California</u> Florida	<u>90280</u> 34746	<u>(323) 605-1770</u> (407)-598-0705
<u>S-745</u>	<u>Orlando FL Food Truck</u>	<u>Florida</u>	<u>32801</u>	<u>(689) 258-7004</u>
<u>S-769</u>	<u>San Bernardino Food Truck 2</u>	<u>California</u>	<u>91103</u>	<u>(909) 201-3441</u>
<u>T-001</u>	<u>Twisted - La Habra</u>	<u>California</u>	<u>90631</u>	<u>(626) 720-7348</u>
<u>T-003</u>	<u>Twisted - Azalea Center</u>	<u>California</u>	<u>90280</u>	<u>(626) 432-6900</u>

Franchised Locations, as of November 30, 2024³

<u>Owner First Name</u>	<u>Owner Last Name</u>	<u>Phone</u>	<u>Street Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
<u>Marlon & Marissa</u>	<u>Moore</u>	<u>251-442-1416</u>	<u>2601 S Mckenzie St, Space #240</u>	<u>Foley</u>	<u>Alabama</u>	<u>36535</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>41650 W Maricopa Casa Grande Hwy</u>	<u>Maricopa</u>	<u>Arizona</u>	<u>85138</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>Southeast Corner of Waddell Road & Loop 303</u>	<u>Surprise</u>	<u>Arizona</u>	<u>85379</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>623-202-7114</u>	<u>5845 W Bell Rd</u>	<u>Glendale</u>	<u>Arizona</u>	<u>85308</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>5870 E. Broadway Blvd., #K12</u>	<u>Tucson</u>	<u>Arizona</u>	<u>85711</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>623-202-7114</u>	<u>411 S Packard Drive</u>	<u>Tempe</u>	<u>Arizona</u>	<u>85281</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>5842 N 38th Place</u>	<u>Phoenix</u>	<u>Arizona</u>	<u>85253</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>2501 S Market Street</u>	<u>Gilbert</u>	<u>Arizona</u>	<u>85295</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>5842 N 38th Place</u>	<u>Phoenix</u>	<u>Arizona</u>	<u>85253</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>201 East Jefferson, Space #217</u>	<u>Phoenix</u>	<u>Arizona</u>	<u>85004</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>5842 N 38th Place</u>	<u>Phoenix</u>	<u>Arizona</u>	<u>85253</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>827 S. Rural Road</u>	<u>Tempe</u>	<u>Arizona</u>	<u>85281</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>6751 N. Sunset Blvd., Space #KSK4</u>	<u>Glendale</u>	<u>Arizona</u>	<u>85305</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>6555 E. Southern Ave.,#G14</u>	<u>Mesa</u>	<u>Arizona</u>	<u>85206</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>1703 W. Bethany Home Rd., Space #F35A</u>	<u>Phoenix</u>	<u>Arizona</u>	<u>85015</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>3499 W. Chandler Blvd., Space #K106</u>	<u>Chandler</u>	<u>Arizona</u>	<u>85226</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>7635 N. La Cholla Blvd.</u>	<u>Tucson</u>	<u>Arizona</u>	<u>85741</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>21055 E. Rittenhouse Road</u>	<u>Queen Creek</u>	<u>Arizona</u>	<u>85142</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>401 E. Jefferson,Space 321</u>	<u>Phoenix</u>	<u>Arizona</u>	<u>85004</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>7000 E. Camelback Road Space #K7</u>	<u>Scottsdale</u>	<u>Arizona</u>	<u>85251</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>7700 W. Arrowhead Towne Center #1260</u>	<u>Glendale</u>	<u>Arizona</u>	<u>85308</u>
<u>Steve</u>	<u>Leibsohn</u>	<u>(623) 202-7114</u>	<u>6401 W. Marana Center Blvd.</u>	<u>Tucson</u>	<u>Arizona</u>	<u>85742</u>

			Suite 802			
Steve	Leibsohn	(623) 202-7114	6800 No. 95th Avenue, #980	Glendale	Arizona	85305
Steve	Leibsohn	(623) 202-7114	401 E. Jefferson, Space #124	Phoenix	Arizona	85004
Steve	Leibsohn	(623) 202-7114	7611 W. Thomas Road, Space #G021	Phoenix	Arizona	85033
Steve	Leibsohn	(623) 202-7114	4976 Premium Outlets Way, #702	Chandler	Arizona	85226
Steve	Leibsohn	(623) 202-7114	6800 No. 95th Avenue, #892	Glendale	Arizona	85305
Steve	Leibsohn	(623) 202-7114	5000 Arizona Mills Circle, Space #TT35	Tempe	Arizona	85282
Steve	Leibsohn	(623) 202-7114	4500 N. Oracle Road, Space #K-2	Tucson	Arizona	85705
Steve	Leibsohn	(623) 202-7114	9400 W. Maryland Avenue, Stand 224	Glendale	Arizona	85305
Steve	Leibsohn	(623) 202-7114	201 East Jefferson, Space #104	Phoenix	Arizona	85004
Steve	Leibsohn	(623) 202-7114	201 East Jefferson, Space #115	Phoenix	Arizona	85004
Steve	Leibsohn	(623) 202-7114	9400 W. Maryland Avenue, Stand 101	Glendale	Arizona	85305
Steve	Leibsohn	(623) 202-7114	9400 W. Maryland Avenue, Stand 113	Glendale	Arizona	85305
Steve	Leibsohn	(623) 202-7114	5000 Arizona Mills Circle, Space 310	Tempe	Arizona	85282
Steve	Leibsohn	(623) 202-7114	7000 E. Camelback Road, #2242	Scottsdale	Arizona	85251
Steve	Leibsohn	(623) 202-7114	7700 W. Arrowhead Towne Ctr., #1150	Glendale	Arizona	85308
Steve	Leibsohn	(623) 202-7114	2268 E. Williams Road, Space #720	Gilbert	Arizona	85296
Steve	Leibsohn	(623) 202-7114	5000 Arizona Mills Circle, Space 462	Tempe	Arizona	85282
Steve	Leibsohn	(623) 202-7114	5870 E. Broadway Blvd., #426	Tucson	Arizona	85711
Steve	Leibsohn	(623) 202-7114	15355 North Northsight Blvd.	Scottsdale	Arizona	85260
Steve	Leibsohn	(623) 202-7114	3499 W. Chandler Blvd., #2302	Chandler	Arizona	85226
Rod	Rezvani	(951) 990-0580	14283 Frontage Road North	Ehrenberg	Arizona	85334
Ayman	Abdulhadi	(708) 789-3223	1640 Camino del Rio North, Space #9012	San Diego	California	92108
Ayman	Abdulhadi	(708) 789-3223	1640 Camino del Rio North, Space #1220	San Diego	California	92108
Varuzh	Abgaryan	818-239-2808	800 N. Alameda Street, Space #3	Los Angeles	California	90012
Varuzh	Abgaryan	818-239-2808	60 31st Avenue Space #2370	San Mateo	California	94403

Varuzh	Abgaryan	818-239-2808	1275 Broadway Plaza, Space #K01	Walnut Creek	California	94596
Varuzh	Abgaryan	818-239-2808	2469 Stoneridge Mall K116	Pleasanton	California	94588
Varuzh	Abgaryan	818-239-2808	292 Sun Valley Mall, #K205	Concord	California	94520
Varuzh	Abgaryan	818-239-2808	800 N. Alameda Street, Space #K1	Los Angeles	California	90012
Varuzh	Abgaryan	818-239-2808	Sixty 31st Avenue,#1040	San Mateo	California	94403
Varuzh	Abgaryan	818-239-2808	292 Sun Valley Mall, F-106	Concord	California	94520
Varuzh	Abgaryan	818-239-2808	2469 Stoneridge Mall E-206	Pleasanton	California	94588
Varuzh & Harout	Abgaryan	818-239-2808	459 Lagunita Drive, #118	Stanford	California	95128
Varuzh & Harout	Abgaryan	818-239-2808	459 Lagunita Drive, #108	Stanford	California	95128
Varuzh & Harout	Abgaryan	818-239-2808	459 Lagunita Drive, #133	Stanford	California	95128
Ranjit & Nirmal/ Ramneek / Prabhdeep	Ahluwalia / Singh / Mann	(209) 918-9602	3960 Mitchell Rd	Ceres	California	95307
Manjurul	Alam	(559) 341-8394	7065 N Ingram Ave.	Fresno	California	93650
Manjurul	Alam	(559) 341-8394	250 S 12th Ave	Hanford	California	93230
Manjurul	Alam	(559) 341-8394	4950 Pacific Avenue, Space #114	Stockton	California	95207
Manjurul	Alam	(559) 341-8394	645 East Shaw Ave, Space KK28	Fresno	California	93710
Manjurul	Alam	(559) 341-8394	244 Paseo Del Centro	Fresno	California	93720
Manjurul	Alam	(559) 341-8394	2031 South Mooney Blvd. #5521	Visalia	California	93277
Manjurul	Alam	(559) 341-8394	645 East Shaw Avenue, #KK1	Fresno	California	93710
Manjurul	Alam	(559) 341-8394	1855 41st Avenue,#R11	Capitola	California	95010
Manjurul	Alam	(559) 341-8394	4950 Pacific Avenue, Space #K-11	Stockton	California	95207
Manjurul	Alam	(559) 341-8394	645 East Shaw Avenue, #K12	Fresno	California	93710
Rafiq "Ricky"	Alam	323-240-0441	26471 Carl Boyer Dr	Santa Clarita	California	91350
Rafiq "Ricky"	Alam	323-240-0441	14440 Bear Valley Road Space #K06	Victorville	California	92392
Rafiq "Ricky"	Alam	323-240-0441	27931 Kelly Johnson Parkway	Santa Clarita	California	91355

Rafiq "Ricky"	Alam	323-240-0441	12721 Moreno Beach Dr.	Moreno Valley	California	92555
Rafiq "Ricky"	Alam	323-240-0441	1540 E. 2nd Street	Beaumont	California	92223
Rafiq "Ricky"	Alam	323-240-0441	14440 Bear Valley Road,#K19	Victorville	California	92392
Rafiq "Ricky"	Alam	323-240-0441	14006 Riverside Drive, #9090	Sherman Oaks	California	91423
Rafiq "Ricky"	Alam	323-240-0441	500 Inland Center Drive, Space 314	San Bernardino	California	92408
Rafiq "Ricky"	Alam	323-240-0441	14440 Bear Valley Road, #657	Victorville	California	92392
Rafiq "Ricky"	Alam	323-240-0441	14006 Riverside Drive, #9240	Sherman Oaks	California	91423
James	Armstrong	(310) 889-8515	84320 Acqua Ct	Indio	California	92203
Maryam	Arsanjani	7143151552	39460 Murrieta Hot Springs Road	Murrieta	California	92563
Frank & Sharon	Arthofer	626-695-7784	7007 Friars Road, Space #KI05	San Diego	California	92108
Frank & Sharon	Arthofer	626-695-7784	7007 Friars Road, #863	San Diego	California	92108
Samad	Attisha	(619) 227-2933	2615-L Sweetwater Springs Blvd.	Spring Valley	California	91978
Angels	Baseball LP	760-213-0731	2000 Gene Autry Way	Anaheim	California	92806
David	Bermudez	(951) 437-7083	10358 Mountain View Ave, Suite 101	Loma Linda	California	92354
David	Bermudez	(951) 437-7083	1231 S Sanderson Ave	Hemet	California	92545
David	Bermudez	(951) 437-7083	710 N. Sanderson Ave.,	Hemet	California	92545
Lorna / Alexis, Jady, Stacey	Braley / Hooper	(951) 233-5213	1641 W Imperial Hwy, Suite A	La Habra	California	90631
Lorna / Alexis, Jady, Stacey	Braley / Hooper	(951) 233-5213	800 N State College Blvd	Fullerton	California	92831
Jesveer "Navi"	Brar	661-345-9810	28005 Seco Canyon Road	Santa Clarita	California	91390
Somonea & Lisa	Cheng	(209) 298-5281	1350 Travis Blvd. Space #V13	Fairfield	California	94533
Bum	Cho	(760) 809-7605	5620 Paseo Del Norte, #14	Carlsbad	California	92008
Bum	Cho	760-809-7605	5620 Paseo Del Norte, #C122	Carlsbad	California	92008
Jung & Bum	Cho	760-419-1205	2525 El Camino Real Space #145	Carlsbad	California	92008
Jung & Bum	Cho	760-419-1205	200 E. Via Rancho Pkwy. Space #353	Escondido	California	92025
Jung & Bum	Cho	760-419-1205	200 E. Via Rancho Pkwy., #B303	Escondido	California	92025
Jung & Bum	Cho	760-419-1205	2525 El Camino Road, #234C	Carlsbad	California	92008

Junghyun	Choi	(858) 231 - 0615	823 Parkway Plaza, Space #4714	El Cajon	California	92020
Junghyun	Choi	(858) 231 - 0615	823 Parkway Plaza #K22	El Cajon	California	92020
Young	Choi	(213) 321-6589	201 E. Magnolia Blvd., Space #5601	Burbank	California	91502
Alekhya & Sowjanya	Desu & Puvvada	(408) 594-8775	3251 20th Ave., Space #102	San Francisco	California	94132
Anthony & Kim	Dinh	714-260-1746	555 The Shops at Mission Viejo,#K116	Mission Viejo	California	92691
Anthony & Kim	Dinh	714-260-1746	594 The Shops at Mission Viejo	Mission Viejo	California	92691
Jeff	Dunn	760-200-8400 Ex: 7108	78200 Miles Avenue	Indian Wells	California	92210
Benjamin	Elias	(510) 366-6888	414 K Street	Sacramento	California	95814
Benjamin	Elias	(510) 366-6888	170 O'Farrell St, Space #B1	San Francisco	California	94102
Benjamin	Elias	(510) 366-6888	170 O'Farrell St, Space #S1	San Francisco	California	94102
Kara	Felberg	619-788-2423	2015 Birch Road,#909	Chula Vista	California	91915
Kara	Felberg	619-788-2423	5005 Willows Road	Alpine	California	91901
Alejandro	Felix	661-595-7880	530 Woollomes Ave	Delano	California	93215
Julie	Friedman	626-393-5857	8500 Beverly Blvd., Space #7752	Los Angeles	California	90048
Marlene & Juan	Garcia	(909) 753-4879	1731 E Avenue J	Lancaster	California	93535
Paul	Garnica	(323) 691-8697	380 Santa Monica Pier	Santa Monica	California	90401
Paul	Garnica	(323) 691-8697	380 Santa Monica Pier	Santa Monica	California	90401
Peyton, Paige, Deborah, & Bradley	Geysler	(909) 908-0360	26502 Towne Center Dr.	Foothill Ranch	California	92610
Peyton, Paige, Deborah, & Bradley	Geysler	(909) 908-0360	3302 Pintado	Irvine	California	92618
Andy	Hirmez	6194026100	42250 Jackson Street	Indio	California	92203
Andy	Hirmez	6194026100	102 E Carmel St	San Marcos	California	92078
Andy	Hirmez	619-402-6100	30535 S. Temecula Parkway	Temecula	California	92592
Phil	Holliday	(562) 773-3955	37140 47th E	Palmdale	California	93552
Phil	Holliday	(562) 773-3955	1233 Rancho Vista Blvd. Space #757	Palmdale	California	93551
Sonny & Susie	Hong	323-246-2797	6000 Sepulveda Blvd., #9000	Culver City	California	90230
Sonny & Susie	Hong	323-246-2797	6000 Sepulveda Blvd., #9014	Culver City	California	90230
Saihum	Hossain	(310) 633 - 3941	5075 Gosford Rd.	Bakersfield	California	93313
Saihum	Hossain	(310) 633 - 3941	660 Stanford Shopping Center, #228A	Palo Alto	California	94304

Saihum	Hossain	(310) 633 - 3941	6600 Topanga Canyon, #2096C	Canoga Park	California	91303
Saihum	Hossain	(310) 633 - 3941	301 Montara Rd	Barstow	California	92311
Saihum	Hossain	(310) 633 - 3941	1366 S. Riverside Avenue	Rialto	California	92376
Saihum	Hossain	(310) 633 - 3941	755 Riverpoint Court	West Sacramento	California	95605
Saihum	Hossain	(310) 633 - 3941	34500 Monterey Ave.	Palm Desert	California	92211
Saihum	Hossain	(310) 633 - 3941	447 Great Mall Dr. #K113	Milpitas	California	95035
Saihum	Hossain	(310) 633 - 3941	9301 Tampa Avenue, Space #5543	Northridge	California	91324
Saihum	Hossain	(310) 633 - 3941	3301 E. Main Street, Space #K206	Ventura	California	93003
Saihum	Hossain	(310) 633 - 3941	1611 E. Main Street	Barstow	California	92311
Saihum	Hossain	(310) 633 - 3941	567 Great Mall Drive #108A	Milpitas	California	95035
Saihum	Hossain	(310) 633 - 3941	500 Lakewood Center Mall, #K211	Lakewood	California	90712
Saihum	Hossain	(310) 633 - 3941	3250 Big Dalton Avenue	Baldwin Park	California	91706
Saihum	Hossain	(310) 633 - 3941	2774 Livermore Outlets Dr., Space #K104	Livermore	California	94551
Saihum	Hossain	(310) 633 - 3941	48400 Seminole Drive, Space #1110	Cabazon	California	92230
Saihum	Hossain	(310) 633 - 3941	1689 Arden Way,Space #1102	Sacramento	California	95815
Saihum	Hossain	(310) 633 - 3941	1689 Arden Way,Space #L52	Sacramento	California	95815
Saihum	Hossain	(310) 633 - 3941	9301 Tampa Avenue, Space #6506	Northridge	California	91324
Saihum	Hossain	(310) 633 - 3941	3298 Paragon Outlets Dr., #605	Livermore	California	94551
Saihum	Hossain	(310) 633 - 3941	8401 Van Nuys Blvd., #43	Panorama City	California	91402
Saihum	Hossain	(310) 633 - 3941	740 E. Ventura Boulevard, #148	Camarillo	California	93010
Saihum	Hossain	(310) 633 - 3941	5131 Montclair Plaza Lane #2190	Montclair	California	91763
Saihum	Hossain	(310) 633 - 3941	3301 E. Main Street, Space #1078	Ventura	California	93003
Saihum	Hossain	(310) 633 - 3941	740 E. Ventura Boulevard, #1220	Camarillo	California	93010
Saihum	Hossain	(310) 633 - 3941	2701 Ming Avenue, #137	Bakersfield	California	93304
Saihum	Hossain	(310) 633 - 3941	112 Plaza Drive, Space #9026	West Covina	California	91790
Saihum	Hossain	(310) 633 - 3941	950 Camarillo Center Drive	Camarillo	California	93010

Saihum	Hossain	(310) 633 - 3941	112 Plaza Drive, Space #4660	West Covina	California	91790
Saihum	Hossain	(310) 633 - 3941	2701 Ming Avenue, #137	Bakersfield	California	93304
Saihum	Hossain	(310) 633 - 3941	6600 Topanga Canyon, #9004	Canoga Park	California	91303
Saihum	Hossain	(310) 633 - 3941	132 Stonewood Street, #P13	Downey	California	90241
Saihum	Hossain	(310) 633 - 3941	5131 Montclair Plaza Lane #5131	Montclair	California	91763
Saihum	Hossain	(310) 633 - 3941	500 Lakewood Center Mall, #206	Lakewood	California	90712
Saihum	Hossain	(310) 633 - 3941	24201 W. Valencia Blvd., #156	Valencia	California	91355
Saihum	Hossain	(310) 633 - 3941	925 Blossom Hill Road, #9118	San Jose	California	95123
Saihum	Hossain	(310) 633 - 3941	2855 Stevens Creek Blvd.#A329/1331	Santa Clara	California	95050
Saihum	Hossain	(310) 633 - 3941	865 Market Street,#9008	San Francisco	California	94103
Stephen & Lisa	Hurson	(213) 392-1657	237 Town Center West, RMB 269	Santa Maria	California	93458
Jim & Katie	Keen	720-234-5535	4545 La Jolla Village Drive, Space #9050	San Diego	California	92122
Jim & Katie	Keen	720-234-5535	839 West Harbor Dr., Suite F	San Diego	California	92101
Jim & Katie	Keen	720-234-5535	40820 Winchester Road, #K-2	Temecula	California	92591
Jim & Katie	Keen	720-234-5535	40820 Winchester Road, #1440	Temecula	California	92591
Hyun AE "Christina"	Kim	(818) 317-2681	3943 Grand Ave	Chino Hills	California	91710
Andy	Kim	714-747-7490	3525 Carson Street Space #229B	Torrance	California	90503
Andy	Kim	714-747-7490	3525 Carson Street, Space #174	Torrance	California	90503
Andy	Kim	714-747-7490	3525 Carson Street, Space #335A	Torrance	California	90503
Andy	Kim	714-747-7490	13925 City Center Drive, Suite 2055	Chino Hills	California	91709
Daniel	Kim	(310) 325-4974	20 City Blvd. West, #E-705	Orange	California	92868
Johnny	Kim	310-387-0186	5500 Grossmont Center Drive, FC-1	La Mesa	California	91942
Ken	Kim	310-387-0186	5800 Northgate Mall,Space #102	San Rafael	California	94903
Andy/Kweon/Hyun	Kim/Lee/Kim	(714) 747-7490	239 Los Cerritos Center, Space 9013	Cerritos	California	90703
Andy/Kweon/Hyun	Kim/Lee/Kim	(714) 747-7490	239 Los Cerritos Center, Space 9030	Cerritos	California	90703
Abhi/Brunda/Sande ep	Kommareddy	(818) 730-0440	2179 Glendale Galleria Way, Space #6511	Glendale	California	91210

Abhi/Brunda/Sande ep	Kommareddy	(818) 730-0440	2179 Glendale Galleria Way, Space #5524	Glendale	California	91210
Abhi/Brunda/Sande ep	Kommareddy	(818) 730-0440	689 Americana Way	Glendale	California	91210
Abhi/Brunda/Sande ep	Kommareddy	(818) 730-0440	1000 Universal Studios Blvd, Ste H102	Universal City	California	91608
Abhi/Brunda/Sande ep	Kommareddy	(818) 730-0440	2179 Glendale Galleria Way, #0BU07	Glendale	California	91210
Peggy	Kong	(916) 849-4560	900 Pleasant Grove Blvd	Roseville	California	95678
Alex & Cindy	Lau	626-400-8756	400 S. Baldwin Avenue, #9265	Arcadia	California	91007
Alex & Cindy	Lau	626-400-8756	400 S. Baldwin Avenue, #9019	Arcadia	California	91007
Duke	Lee	714-458-5551	71 Fortune Drive, #836	Irvine	California	92618
Hyun & Terrie	Lee	714-458-5551	1815 Hawthorne Blvd.,#K17	Redondo Beach	California	90278
Hyun & Terrie	Lee	714-458-5551	1815 Hawthorne Blvd.,#336	Redondo Beach	California	90278
Hyungwoo (Tom)	Lee	(805) 890-8167	416 West Hillcrest Drive, Space #S002	Thousand Oaks	California	91360
Hyungwoo (Tom)	Lee	(805) 890-8167	196 West Hillcrest Drive, Space #E129	Thousand Oaks	California	91360
Sue	Lee	714-458-5551	2800 N. Main Street, #9075	Santa Ana	California	92705
Sue	Lee	714-458-5551	2800 N. Main Street, #194	Santa Ana	California	92705
David, Sharon, Calvin and Brandon	Lee and Iwata	858-205-2789	4211 Camino de la Plaza, #K101	San Ysidro	California	92173
David, Sharon, Calvin and Brandon	Lee and Iwata	858-205-2789	4211 Camino de la Plaza, #151	San Ysidro	California	92173
Lida	Lim	(209) 244-6594	1151 Galleria Blvd., #1224	Roseville	California	95678
Lida	Lim	(209) 244-6594	1151 Galleria Blvd., #9004	Roseville	California	95678
Muhammed	Molla	559-293-9743	10355 Trinity Pkwy.,	Stockton	California	95219
Isaac	Muhammad	(949) 306-4485	1065 Brea Mall, #K134A-2	Brea	California	92821
Isaac	Muhammad	949-306-4485	1065 Brea Mall, #2157	Brea	California	92821
Robert	Munakash	(310) 266-8241	15400 Sunset Blvd.,	Pacific Palisades	California	90272
Jesse	Nava	(951) 250-4893	7221 Whiskey Creek Cir.	Corona	California	92881
Jesse	Nava	(951) 250-4893	7221 Whiskey Creek Cir.	Corona	California	91103
Sheila	Nemer	(347) 905-3664	2601 Preston Rd, #5516	San Francisco	California	75034
Parth Nrupesh	Patel	831-884-8896	751 Cannery Row Ste 105	Monterey	California	93940

Gregory	Plummer	310 717 3150	1 World Way, Terminal 1	Los Angeles	California	90045
Sam	Porter	(219) 381-5395	1111 S. Figueroa St., Section 103	Los Angeles	California	90001
Sam	Porter	(219) 381-5395	1111 S. Figueroa St., Section 113	Los Angeles	California	90001
Sam	Porter	(219) 381-5395	1111 S. Figueroa St., Section 316	Los Angeles	California	90001
Sam	Porter	(219) 381-5395	1111 S. Figueroa St.,	Los Angeles	California	90001
Sam	Porter	(219) 381-5395	1111 S. Figueroa St.,	Los Angeles	California	90001
Wasim & Leroy	Rahman & Gonzales	(909) 263-3277	852 Higuera St.	San Luis Obispo	California	93401
Jose	Ramirez	(310) 794-2220	308 Westwood Plaza Ackerman Union	Los Angeles	California	90024
Lola	Ramirez	(559) 696-5471	11719 E Ashlan	Sanger	California	93657
Lola	Ramirez	(559) 696-5471	11719 E Ashlan	Sanger	California	93657
Ron & Jamie / Kelsie & Kevin	Reger / Travis	(714) 231-5922	1010 Fairway Dr	City of Industry	California	91789
Ron & Jamie / Kelsie & Kevin	Reger / Travis	(714) 231-5922	3180 Hamner Ave.	Norco	California	92860
Eyal	Reich	619-565-4151	34800 Bob Wilson Dr	San Diego	California	92134
Eyal & Pinchas Richurd	Reich & Furst	619-565-4151	Naval Air Station North Island, Building No. 2017	San Diego	California	92135
Eyal & Pinchas Richurd	Reich & Furst	619-565-4151	3147 Mission Blvd #PK1	San Diego	California	92110
Eyal & Pinchas Richurd	Reich & Furst	619-565-4151	3147 Mission Blvd #FB35	San Diego	California	92109
Eyal & Pinchas Richurd	Reich & Furst	619-565-4151	3146 Mission Blvd #FB38	San Diego	California	92109
Eyal & Pinchas Richurd	Reich & Furst	619-565-4151	2745 Otay Pacific Drive	San Diego	California	92154
John	Rodriguez	(858) 663-2446	12906 Hideaway Lane	San Diego	California	92131
Teddy	Rojas	(707) 628-0328	512 Davis st	Vacaville	California	95688
Wisam	Sabbah	818-430-3583	6670 Betty Dr.	Visalia	California	
Somo	Salem	(619) 247-9189	8170 Broadway	Lemon Grove	California	91945
Sapna	Shah	949-7016086	2134 Montebello Town Center Space #K109	Montebello	California	90640
Sapna	Shah	949-7016086	20700 Avalon Blvd.,#K07	Carson	California	90746
Sapna	Shah	949-7016086	2134 Montebello Town Center, Space #CU01	Montebello	California	90640
Sapna	Shah	949-7016086	20700 Avalon Blvd., #F02	Carson	California	90746

Franklin & Suzanne	Shao	408-910-5150	796 Northridge Dr., Space #4740	Salinas	California	93906
Christopher	Shin	(858) 750-5966	17600 Collier Ave.	Lake Elsinore	California	92530
Christopher	Shin	(858) 750-5966	555 Broadway, Space #1090	Chula Vista	California	91910
Christopher	Shin	(858) 750-5966	17600 Collier Avenue, #182A	Lake Elsinore	California	92530
Young T & Young S	Song	714-336-0582	440 N. Euclid St.	Anaheim	California	92801
Reginald, Brian & Grant	Soriano, Avilez & Peterson	(310) 493-0929	10 Luminosa	Lake Forest	California	92630
Reginald, Brian & Grant	Soriano, Avilez & Peterson	(310) 809-5226	10 Luminosa	Lake Forest	California	92630
Reginald, Brian & Grant	Soriano, Avilez & Peterson	(310) 493-0929	10 Luminosa	Lake Forest	California	92630
Abu	Taher	559-205-3560	6801 Hollywood Blvd., #1-1A-103	Hollywood	California	90028
Abu	Taher	559-205-3560	1185 Herndon Ave	Clovis	California	93612
Alex	Tan	(707) 529-2431	235 Santa Rosa Plaza, #2053A	Santa Rosa	California	95401
Antonius	Tan	(213) 595-8311	1600 AzUnited States Avenue,Space #170	City of Industry	California	91748
Mark & Jodi	Vettese	626-221-6750	72840 Highway 111, #9008	Palm Desert	California	92260
Mark & Jodi	Vettese	626-221-6750	72840 Highway 111, #325	Palm Desert	California	92260
Moneshia	Washington	(559) 709-3560	790 W Shaw Avenue, #0050	Fresno	California	93704
Alex & Cindy / Cindy & Seth	Winder / Teague	801-635-9619	1632 N 2000 W	Clinton	California	84015
Kevin	Yun	619-471-7898	3030 Plaza Bonita Road, #9264	National City	California	91950
Kevin	Yun	619-471-7898	3030 Plaza Bonita Road, #9120	National City	California	91950
Kevin	Yun	619-471-7898	3030 Plaza Bonita Road, #2032	National City	California	91950
Tony	Zaia	(209) 595-3597	217 Stewart Rd.	Modesto	California	95356
Tony	Zaia	(209) 595-3597	1598 Robsheal Drive	San Jose	California	95125
Tony	Zaia	(209) 595-3597	3140 Countryside Dr. Unit 3140	Turlock	California	95380
Tony	Zaia	(209) 595-3597	217 Stewart Rd.	Modesto	California	95356
Tony	Zaia	(209) 595-3597	721 Merced Mall	Merced	California	95348
Tony	Zaia	(209) 595-3597	3401 Dale Rd., Space No. Z07	Modesto	California	95356
Tony	Zaia	(209) 595-3597	3401 Dale Road, #Z01	Modesto	California	95356
Juveisa	Prada	(720) 755-4349	5650 S Chambers Road	Aurora	Colorado	80015
Dilip, Janki & Harsha/ Radhika	Amin / Patel	(908) 227 - 2745	194 Buckland Hills Drive, #1176	Manchester	Connecticut	06042
Dilip, Janki & Harsha/ Radhika	Amin / Patel	(908) 227 - 2745	194 Buckland Hills Drive, #5531	Manchester	Connecticut	06042

Kamal	Raza	631-680-3773	1201 Boston Post Road, #2108	Milford	Connecticut	06460
Mike	Robertson	305-763-9379	12801 West Sunrise Blvd., #E1051	Sunrise	Florida	33323
Mike	Robertson	305-763-9379	12801 West Sunrise Blvd., #170	Sunrise	Florida	33323
Mike	Robertson	305-763-9379	12801 W. Sunrise Blvd. #263	Sunrise	Florida	33323
Claudia & Alvarito	Roca & Parra	(714) 293-9593	11401 NW 12th Street, #248	Weston	Florida	33172
Daniel & Mike	Rohanna & Baccaro	(724)-255-2366	1040 Malabar Rd Se	Palm Bay	Florida	32907
Troy	Akers	706-426-3051	1024 Peninsula Xing	Evans	Georgia	30809
Samir	Patel	(678) 770-0128	5900 Sugarloaf Pkwy., #130	Lawrenceville	Georgia	30043
Hui "Ricky"	Zhao	828-962-6838	3333 Buford Dr., K113A	Buford	Georgia	30519
Raymond	Beffa	(208) 488-8118	350 N. Milwaukee, #2112	Boise	Idaho	83704
Raymond	Beffa	(208) 488-8118	350 N. Milwaukee, #2183	Boise	Idaho	83704
Raymond	Beffa	(208) 488-8118	5875 E. Franklin Rd.	Nampa	Idaho	83687
Raymond	Beffa	(208) 488-8118	350 N. Milwaukee St. Space #1147	Boise	Idaho	83704
Patricia & Robert	Murphy	(206) 612-4890	1947 N Sky Blue Drive	Post Falls	Idaho	83854
Ayman	Abdulhadi	(708) 789-3223	5220 Fashion Outlets Way , Space #8090 (Relo to #8065)	Rosemont	Illinois	60018
Ayman	Abdulhadi	(708) 789-3223	7200 Harrison Ave., Space #E-07A	Rockford	Illinois	61112
Ayman	Abdulhadi	(708) 789-3223	5220 Fashion Outlets Way, Space No. F-10	Rosemont	Illinois	60018
Ayman	Abdulhadi	(708) 789-3223	444 Chicago Ridge Mall, Space #K14	Chicago Ridge	Illinois	60415
Ayman	Abdulhadi	(708) 789-3223	5 Woodfield Mall, Space #F122	Schaumburg	Illinois	60173
Raed	Abuyousef	(312) 866-6663	17625 Torrence Ave	Lansing	Illinois	60438
Raed	Abuyousef	312-866-8664	9265 159th Street	Orland Hills	Illinois	60487
Mohannad "Mike"	Alkaki	708-833-1994	288 Orland Square, #92	Orland Park	Illinois	60462
Mohannad "Mike"	Alkaki	708-833-1994	288 Orland Square #B-23A	Orland Park	Illinois	60462
Walid	Matariyeh	(708) 407-6530	7050 S Cicero Ave	Bedford Park	Illinois	60638
Daintry	McFadden	708-415-8385	1 Oakbrook Center	Oak Brook	Illinois	60523
Satish	Thirumalai	630-670-3651	3930 44th Avenue Ave.	Moline	Illinois	61265
Satish	Thirumalai	630-670-3651	6170 W. Grand Avenue, Space #K101	Gurnee	Illinois	60031

Satish	Thirumalai	630-670-3651	6170 W. Grand Avenue, Space #335	Gurnee	Illinois	60031
Ayman	Abdulhadi	(708) 789-3223	2109 Southlake Mall #328	Merrillville	Indiana	46420
Ayman	Abdulhadi	(708) 789-3223	2109 Southlake Mall, Space #5544	Merrillville	Indiana	46420
Myungjoo	Yom	(317) 865-3355	6020 E. 82nd Street, #K125	Indianapolis	Indiana	46250
Myungjoo	Yom	(317) 865-3355	1251 US 31 North, Space #L04A	Greenwood	Indiana	46142
Satish	Thirumalai	630-670-3651	320 W. Kimberly Road, Suite 88	Davenport	Iowa	52806
Bruce	Dash	443-974-4431	1106 Old Westminster Road	Westminster	Maryland	21157
Mike	Kelly	(443) 613-3635	7000 Arundel Mills Circle	Hanover	Maryland	21076
			Space #409			
Mike	Kelly	(443) 613-3635	7000 Arundel Mills Circle, #552	Hanover	Maryland	21076
Raed	Abuyousef	(312) 866-6663	210 Andover Street, #W131	Cambridge	Massachusetts	01960
Raed	Abuyousef	(312) 866-6663	250 Granite Street, #K101A	Quincy	Massachusetts	02184
Noor	Aqel	(616) 821-0883	3700 Rivertown Pkwy SW, Space #5574	Grandville	Michigan	49418
Noor & Basel	Aqel	(616) 821-0883	12156 S Beyer Road, Suite V013	Birch Run	Michigan	48415
Noor & Basel	Aqel	(616) 821-0883	3700 Rivertown Parkway #2084	Grandville	Michigan	49418
Alicia	Powell	313-220-0235	19061 LaCrosse Ave.	Lathrup Village	Michigan	48076
Tyler	Dutton	(909) 480-9090	60 East Broadway, Space #W1805	Bloomington	Minnesota	55425
Laurie	Jungwirth	(952) 465-7336	1850 Adams Street, Suite 111	Mankato	Minnesota	56001
Tim	Schneider	314-484-0749	18511 Outlet Blvd., #822	West Valley City	Missouri	63005
Todd & Melissa	Lemoine	702-245-4636	5200 S Fort Apache Rd	Las Vegas	Nevada	89148
Tom	Martin	702-369-2544	3150 So. Paradise Road	Las Vegas	Nevada	89013
Tom	Martin	702-369-2544	3700 Flamingo#18	Las Vegas	Nevada	89103
Haihua/Shawn	Oleston	702 469 7691	540 Marks St	Henderson	Nevada	89014
Haihua/Shawn	Oleston	702 469 7691	300 E. Lake Mead Parkway	Henderson	Nevada	89015
Organes "Joe"	Petikyan	(818) 515-2865	7684 golden lantern ct	Las Vegas	Nevada	89139
Resty	Reyes	(775) 354-9747	5665 Meadowood Mall Circle, #K104	Reno	Nevada	89502
Rafiq "Ricky"	Alam	323-240-0441	651 Kapkowski Road, Space 2056	Elizabeth	New Jersey	07201

Dilip	Amin	(908) 227 - 2745	308 Woodbridge Center Drive	Woodbridge	New Jersey	07095
Dilip	Amin	(908) 227 - 2745	3710 Route 9	Freehold Township	New Jersey	07728
Hesham & Kaled	El-Dewak & Refaat	908-392-3209	42 East 41st Street	Bayonne	New Jersey	07002
Bonnie	Graziano	908-420-7176	3117 Willowbrook Mall., #5503	Wayne	New Jersey	07470
Bonnie	Graziano	908-420-7176	3117 Willowbrook Mall #5560	Wayne	New Jersey	07470
Bonnie	Graziano	908-420-7176	3117 Willowbrook Mall,#1230	Wayne	New Jersey	07470
Siddarth	Kapur	516-754-2004	1 American Dream Way #G147	East Rutherford	New Jersey	07073
Siddarth	Kapur	516-754-2004	1 American Dream Way #A184	East Rutherford	New Jersey	07073
Doaa	Mohamed	973-337-7342	700 Paramus Park	Paramus	New Jersey	07652
Babu & Nirmala	Panachayil	(201) 281-0694	One Bergen Town Center,Space # 40-A	Paramus	New Jersey	07652
Maninder	Prahar	(347) 257-6041	1 Garden State Plaza, Space #2302	Paramus	New Jersey	07652
Maninder	Prahar	(347) 257-6041	1 Garden State Plaza, Space #1233A	Paramus	New Jersey	07652
Maninder	Prahar	(347) 257-6041	1 Garden State Plaza, Space #9133	Paramus	New Jersey	07652
Maninder	Prahar	(347) 257-6041	1 Garden State Plaza Space #9158	Paramus	New Jersey	07652
Maninder	Prahar	(347) 257-6041	1 Garden State Plaza, Space #T-1	Paramus	New Jersey	07652
MD Abul & Tamanna	Azad & Sayed	(213) 820-0730	6600 Menaul Blvd., #5508	Albuquerque	New Mexico	87110
MD Nawshad	Alam	(347) 445-6521	271 Greece Ridge Center Dr., Suite J17	Rochester	New York	14626
MD Nawshad	Alam	(347) 445-6521	1 Walden Galleria, Space #A213	Buffalo	New York	14225
Rafiq "Ricky"	Alam	323-240-0441	9001 Queens Blvd	Elmhurst	New York	11373
Rafiq "Ricky"	Alam	323-240-0441	139 Flatbush Ave., Space #10	Brooklyn	New York	11217
Rafiq "Ricky"	Alam	323-240-0441	139 Flatbush Ave., Space #6	Brooklyn	New York	11217
Rafiq "Ricky"	Alam	323-240-0441	139 Flatbush Ave., Space #160	Brooklyn	New York	11217
Siddarth	Kapur	561-754-2004	5400 Avenue U	Brooklyn	New York	11234
Marc	Koenigsberger	516-647-4090	498 Red Apple Ct. Space #K114	Central Valley	New York	10917
Eva	Lee	714-458-5551	1333 Palisades Center Drive, #Z124	West Nyack	New York	10994

Eva	Lee	714-458-5551	1333 Palisades Center Drive, #Z-323	West Nyack	New York	10994
Eva	Lee	714-458-5551	1333 Palisades Center Drive, #Z-116	West Nyack	New York	10994
Leonard	Linar	(917) 690-8346	55 Richmond Terrace Space #102C	Staten Island	New York	10301
Maninder & Siddarth	Parhar / Kapur	347-257-6041	2034 Green Acres Mall, Space 042AC, Sunrise Hwy	Valley Stream	New York	11581
Maninder & Siddarth	Parhar / Kapur	516-754-2004	1000 S 8th Ave,#31	New York	New York	10019
Manjurul	Alam	(559) 341-8394	293 Valley River Center., #G-030	Eugene	Oregon	97401
Manjurul	Alam	(559) 341-8394	1600 N. Riverside Ave.,Space No. 2061	Medford	Oregon	97501
Manjurul	Alam	(559) 341-8394	293 Valley River Center Space #K0013	Eugene	Oregon	97401
Scott	Putman	323-854-2218	9585 SW Washington Square, Space #J03	Portland	Oregon	97223
Scott	Putman	323-854-2218	9585 SW Washington Square Rd., Space #Y06	Portland	Oregon	97223
Mike	Chung	(215) 531-4565	1101 Market Street, Space #2025	Philadelphia	Pennsylvania	19107
Clarimar & Omar	Arrufat-Berastain & Diaz	787-645-6831	1 Premium Outlets Blvd	Barceloneta	Puerto Rico	00617
Edsyl Marie	Espinosa Melendez	787-501-6941	State Road #2 Km. 29.7 Espinosa Ward	Vega Alta	Puerto Rico	00692
Elisabet	Romero	787-463-0714	18400 State Road, #53	Canóvanas	Puerto Rico	00729
Wilson Manuel & Maritere (Maria)	Ronda Feliciano & Figueroa	787-691-0703	9410 Avenida Los Romeros, Space K15	San Juan	Puerto Rico	00926
Wilson Manuel & Maritere (Maria)	Ronda Feliciano & Figueroa	787-691-0703	725 W Main Ave, Unit KK13	Bayamón	Puerto Rico	00961
Wilson Manuel & Maritere (Maria)	Ronda Feliciano & Figueroa	787-691-0703	9410 Avenida Los Romeros	San Juan	Puerto Rico	00927
Wilson Manuel & Maritere (Maria)	Ronda Feliciano & Figueroa	787-691-0703	400 Calle Betances,Lote #720	Caguas	Puerto Rico	00726
Wilson Manuel & Maritere (Maria)	Ronda Feliciano & Figueroa	787-691-0703	Plaza Centro Mall, Ave. Munoz Marin, Lote 1580,	Caguas	Puerto Rico	00725
Bradley	Okeson	440-279-3888	433 Opry Mills Drive #740	Nashville	Tennessee	37214
Michael & Selim Farag	Selim & Selim Hanna	(713) 689-9002	1800 Galleria Blvd, Space 4016	Franklin	Tennessee	37067

Kenneth	Vance	(423) 956-2086	101 Redwood Road	Bristol	Tennessee	37620
Ben	Adams	(617) 850-5628	13375 Noel Rd	Dallas	Texas	75240
Ben	Adams	(617) 850-5628	305 W FM 1382, Suite K2	Cedar Hill	Texas	75104
Marvin	Cruz	818- 304-1751	11124 Silver Horn Dr.	Fort Worth	Texas	76108
Christy & Christie	Dang & Cao	(817) 891-4618	3811 S Cooper St.	Arlington	Texas	76015
Gustavo	Gutierrez	(915) 253-8481	8401 Gateway Blvd	El Paso	Texas	79925
Mike	Karowalia	713-894-0439	1201 Lake Woodlands Dr. #5512	The Woodlands	Texas	77380
Mike	Karowalia	713-894-0439	8687 N. Central Expressway #2368	Dallas	Texas	75225
Mike	Karowalia	713-894-0439	500 Baybrook Mall Space #1176	Friendswo od	Texas	77546
Mike	Karowalia	713-894-0439	6121 W. Park Blvd., #A119A	Sanborn	Texas	75093
Mike	Karowalia	713-894-0439	20131 Highway 59 North, #6500	Humble	Texas	77338
Mike	Karowalia	713-894-0439	5000 Katy Mills Circle, #742	Katy	Texas	77494
Mike	Karowalia	713-894-0439	16535 SW Fwy, Space #80	Sugar Land	Texas	77479
Mike	Karowalia	713-894-0439	5015 Westheimer #1395	Houston	Texas	77056
Mike	Karowalia	713-894-0439	5000 Katy Mills Circle, #500	Katy	Texas	77494
Narayan/Ram	Mahato	(512) 965-6519	11200 Lakeline Mall Drive, Suite VC1	Cedar Park	Texas	78613
Narayan/Ajaya/Ma nish/Pankaj	Mahato/Silwal/Sing h/Kumar	(512) 965-6519	2901 S Capital of Texas Hwy, K112	Austin	Texas	78746
Imran	Mahesania	(832) 228-3532	15900 La Cantera Pkwy, Space #5524	San Antonio	Texas	78256
Eyal	Reich	619-565-4151	Bldg. 4250 Clear Creek Blvd.	Fort Cavazos	Texas	76544
Tara & Romell	Tran-Viray	(206) 669-0620	152 Pear Tree Lane	Austin	Texas	78737
Van	UK	972-974-1997	15853 N. Fwy Service Rd. #1085	Fort Worth	Texas	76177
Van	UK	972-974-1997	820 W. Stacy Road, Suite #618	Allen	Texas	75013
Alan / Michael / Benny	Wilson / Manoj / Kallarackal	956-878-9552	2800 W Nolana Ave	McAllen	Texas	78504
Alex	Winder	801-635-9619	652 E St. George Blvd.	St. George	Utah	84770

Alex	Winder	801-635-9619	3180 S 5600 W	West Valley City	Utah	84120
Manjurul	Alam	(559) 341-8394	8700 Northeast Vancouver Mall Drive, Suite 179	Vancouver	Washington	98662
Mohammad "Ruhul"	Amin	(206) 734-2574	575 Bellevue Square	Bellevue	Washington	98004
Steve	Chavarria	(253) 874-6884	625 Blacklake Blvd., SW.#N-29	Olympia	Washington	98502
Steve	Chavarria	(253) 874-6884	625 Blacklake Blvd., Space #4642	Olympia	Washington	98502
Mariom	Sultana	(310) 633 - 3941	100 Southcenter Blvd #9240	Seattle	Washington	98188
Mariom	Sultana	(310) 633 - 3941	1928 S. Commons, MGP Unit #730-H01A	Federal Way	Washington	98003
Mariom / Akther	Sultana / Hossain	(310) 633 - 3941	3000 184th St. SW, Space #5544	Lynnwood	Washington	98037

EXHIBIT E-2

Former Franchisees, as of November 30, 2024³

<u>Center Name</u>	<u>Owner First Name</u>	<u>Owner Last Name</u>	<u>Street Address</u>	<u>City</u>	<u>State / Province</u>	<u>Zip</u>	<u>Phone Number</u>
<u>Desert Hills Premium Outlets RMU</u>	<u>Saihum*</u>	<u>Hossain</u>	<u>48400 Seminole Drive, Space #23</u>	<u>Cabazon</u>	<u>California</u>	<u>92230</u>	<u>(310) 633 - 3941</u>
<u>Westminster Mall RMU</u>	<u>Saihum*</u>	<u>Hossain</u>	<u>1025 Westminster Mall, Space #76</u>	<u>Westminster</u>	<u>California</u>	<u>92683</u>	<u>(310) 633 - 3941</u>
<u>Westminster Mall</u>	<u>Saihum*</u>	<u>Hossain</u>	<u>1025 Westminster Mall, Space #1102</u>	<u>Westminster</u>	<u>California</u>	<u>92683</u>	<u>(310) 633 - 3941</u>
<u>Corona 76 - Green River</u>	<u>Ron*</u>	<u>Reger</u>	<u>4350 Green River Rd</u>	<u>Corona</u>	<u>California</u>	<u>92880</u>	<u>(714) 231-5922</u>
<u>Parkway Plaza RMU 1</u>	<u>Junghyun*</u>	<u>Choi</u>	<u>823 Parkway Plaza, Space #4582</u>	<u>El Cajon</u>	<u>California</u>	<u>92020</u>	<u>(858) 231 - 0615</u>
<u>Superstition Springs Center 2</u>	<u>Steve*</u>	<u>Leibsohn</u>	<u>6555 E. Southern Avenue, Space #112</u>	<u>Mesa</u>	<u>Arizona</u>	<u>85206</u>	<u>(623) 202-7114</u>
<u>Mesa Mall</u>	<u>Todd</u>	<u>Hendricks</u>	<u>2424 Highway 6 & 50.#156</u>	<u>Grand Junction</u>	<u>Colorado</u>	<u>81505</u>	<u>(623) 202-7114</u>
<u>Eagle Rock Plaza Kiosk</u>	<u>Saihum*</u>	<u>Hossain</u>	<u>2700 Colorado Blvd., Space #9002</u>	<u>Los Angeles</u>	<u>California</u>	<u>90041</u>	<u>(310) 633 - 3941</u>
<u>Emerald Square</u>	<u>Raed*</u>	<u>Abuyousef</u>	<u>999 S. Washington Street, #W313</u>	<u>North Attleborough</u>	<u>Massachusetts</u>	<u>02760</u>	<u>(312) 866-6663</u>
<u>Twisted - Village at Prasada</u>	<u>Steve*</u>	<u>Leibsohn</u>	<u>Southeast Corner of Waddell Road & Loop 303</u>	<u>Surprise</u>	<u>Arizona</u>	<u>85379</u>	<u>(623) 202-7114</u>

<u>Center Name</u>	<u>Owner First Name</u>	<u>Owner Last Name</u>	<u>Street Address</u>	<u>City</u>	<u>State / Province</u>	<u>Zip</u>
<u>Third Street Promenade</u>	<u>Young & Jenny</u>	<u>Kim</u>	<u>1403 Third Street Promenade</u>	<u>Santa Monica</u>	<u>California</u>	<u>90401</u>
<u>St. Louis Outlet Mall</u>	<u>Tim*</u>	<u>Schneider*</u>	<u>5555 St. Louis Mills Blvd., Space #352</u>	<u>Hazelwood</u>	<u>Missouri</u>	<u>63042</u>
<u>Westfield Garden State Plaza Kiosk 1</u>	<u>Susan & Steve*</u>	<u>Edelstein*</u>	<u>1 Garden State Plaza Space #9240</u>	<u>Paramus</u>	<u>New Jersey</u>	<u>7652</u>

Walmart— West Covina	Atul	Desai	2753 Eastland- Center Drive	West Covina	California	91791
Poughkeepsie- Galleria	Mark & Jodi*	Vettese*	2001 South- Road, Space- #PK12	Poughkeepsie	New York	12601
Hub Mall	Paige*	Fitzsimmons*	Hub Mall- 9012 112th St- NW	Edmonton	Alberta	T6G 2C5
Los Angeles- Food Truck #1	Lindsie	Luna	14524 Ibex- Ave	Norwalk	California	90650
Orlando- International- Premium- Outlets RMU	Corporate*	Office*	4957- International- Drive	Orlando	Florida	32819
Indio CA-Extra- Mile—Jackson- St	Lawrence	Kourie	42250 Jackson- Street	Indio	California	92203
Salt Lake City— Food Truck	Alex*	Winder*	1314 west- 11400 south- #102B	South Jordan	Utah	84095
Bronx—Yankee Stadium- Station	Tai	Kim	E 161 St	The Bronx	New York	10451
Jamaica Center	Yaseen & Amarjit	Rowzani & Multani	159-02- Jamaica Ave	Jamaica	New York	11433

* Denotes franchise still owns other operating Wetzel's Pretzels as of November 30, 2024³

Transfers, as of November 30, 2024³

<u>Center Name</u>	<u>Owner First Name</u>	<u>Owner Last Name</u>	<u>Street Address</u>	<u>City</u>	<u>State / Province</u>	<u>Zip</u>	<u>Phone Number</u>
<u>Stonestown Galleria</u>	<u>Nirmal & Ranjit</u>	<u>Ahluwalia</u>	<u>3251 20th Ave., Space #102</u>	<u>San Francisco</u>	<u>California</u>	<u>94132</u>	<u>(209) 918-9602</u>
<u>Las Americas Premium Outlets Kiosk</u>	<u>Diane</u>	<u>Kim</u>	<u>4211 Camino de la Plaza, #K101</u>	<u>San Ysidro</u>	<u>California</u>	<u>92173</u>	<u>858-366-8491</u>
<u>Las Americas Premium Outlets</u>	<u>Diane</u>	<u>Kim</u>	<u>4211 Camino de la Plaza, #151</u>	<u>San Ysidro</u>	<u>California</u>	<u>92173</u>	<u>858-366-8491</u>
<u>Boise Towne Square 1</u>	<u>Roger</u>	<u>Hawkins</u>	<u>350 N. Milwaukee, #2112</u>	<u>Boise</u>	<u>Idaho</u>	<u>83704</u>	<u>(623) 202-7114</u>
<u>Boise Towne Square 2</u>	<u>Roger</u>	<u>Hawkins</u>	<u>350 N. Milwaukee, #2183</u>	<u>Boise</u>	<u>Idaho</u>	<u>83704</u>	<u>(623) 202-7114</u>
<u>Walmart - Nampa</u>	<u>Roger</u>	<u>Hawkins</u>	<u>5875 E. Franklin Rd.</u>	<u>Nampa</u>	<u>Idaho</u>	<u>83687</u>	<u>(623) 202-7114</u>
<u>Boise Towne Square 3</u>	<u>Roger</u>	<u>Hawkins</u>	<u>350 N. Milwaukee St.</u>	<u>Boise</u>	<u>Idaho</u>	<u>83704</u>	<u>(623) 202-7114</u>

			Space #1147				
Westfield Southcenter Kiosk	Alex & Ester	Kim	100 Southcenter Blvd #9240	Seattle	Washington	98188	425-357-8887
Bay Area South Food Truck	Stanislav	Mojaisky	1598 Robsheal Drive	San Jose	California	95125	(510) 355-6062
Westfield Garden State Plaza	Richard	Edelstein	1 Garden State Plaza, Space #T1	Paramus	New Jersey	07652	(201) 401 - 3556
Westfield Garden State Plaza Kiosk 4	Richard	Edelstein	1 Garden State Plaza, Space #9133	Paramus	New Jersey	07652	(201) 401 - 3556
Westfield Garden State Plaza Kiosk 3	Richard	Edelstein	1 Garden State Plaza Space #9158	Paramus	New Jersey	07652	(201) 401 - 3556
Lakewood Center Kiosk 2	Kate	Lee	500 Lakewood Center Mall, #K211	Lakewood	California	90712	(213) 290-8688
Lakewood Center Kiosk 1	Kate	Lee	500 Lakewood Center Mall, #206	Lakewood	California	90712	(213) 290-8688
Los Cerritos Center RMU	Ichiro	Fujita	239 Los Cerritos Center, Space 9013	Cerritos	California	90703	unknown
Los Cerritos Center Kiosk	Ichiro	Fujita	239 Los Cerritos Center, Space 9030	Cerritos	California	90703	unknown
Alderwood Mall Kiosk	Tyler	Dutton	3000 184th St. SW, Space #5544	Lynnwood	Washington	98037	(909) 480-9090

Store #	Center Name	Owner First Name	Owner Last Name	Street Address	City	State/Province	Zip
S-098	Sunvalley Shopping Center	Mike & Fhani	Jacobs	292 Sun Valley Mall, F-106	Concord	California	94520
S-099	Stoneridge Shopping Center	Mike & Fhani	Jacobs	2469 Stoneridge Mall E-206	Pleasanton	California	94588
S-315	Del Amo Fashion Center 1	Daniel*	Kim*	3525 Carson Street, Space #335A	Torrance	California	90503
S-316	Del Amo Fashion Center 2	Daniel*	Kim*	3525 Carson Street, Space #174	Torrance	California	90503
S-405	Stoneridge Shopping Center RMU	Mike & Fhani	Jacobs	2469 Stoneridge Mall K116	Pleasanton	California	94588
S-408	Commons at Federal Way	Manjural*	Alam*	1928 S. Commons, MGP Unit #730-H01A	Federal Way	Washington	98003

S-440	Del Amo Fashion Center 3	Daniel*	Kim*	3525 Carson Street Space #229B	Torrance	California	90503
S-485	Sunvalley Shopping Center RMU	Mike & Fhani	Jacobs	292 Sun Valley Mall, #K205	Concord	California	94520
S-571	Allen Premium Outlets	Ben*	Adams*	820 W. Stacy Road, Suite #618	Allen	Texas	75013
S-590	Tanger Outlets Fort Worth	Ben*	Adams*	15853 N. Fwy Service Rd. #1085	Fort Worth	Texas	76177
S-635	Temecula CA 76 S Temecula Parkway	Lawrence	Kourie	30535 S. Temecula Parkway	Temecula	California	92592
S-660	Los Angeles Food Truck # 2	Oganes "Joe"	Antikyan	3345 Winlock Road	Torrance	California	90505
S-664	Opry Mills	Imran*	Mahesania*	433 Opry Mills Drive #740	Nashville	Tennessee	37214
S-688	ASU Tempe	Alfred	Younan	827 S. Rural Road	Tempe	Arizona	85281

Exhibit F

Intentionally Omitted

Exhibit G
Sublease Agreement

SUBLEASE AGREEMENT

This SUBLEASE AGREEMENT (“Sublease”) is entered into as of _____, _____ (“Effective Date”) by and between WETZEL’S PRETZELS, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY (“Sublandlord”), and _____, _____, (“Sublessee”), with their principal address at _____. Sublandlord and Sublessee are collectively referred to hereinafter as the “Parties” to this Sublease.

RECITALS

A. On or about _____, _____, Sublandlord and _____ (“Master Landlord”) entered into that certain lease agreement dated _____, _____ (“Master Lease”), pursuant to which Master Landlord agreed to lease to Sublandlord the leased premises consisting of approximately ____ square feet of floor space in the store commonly referred to by Master Landlord as _____, in the City of _____, State of _____ (the “Leased Premises”).

B. The Parties have entered into a franchise agreement (the “Franchise Agreement”) for the ownership and operation of a Wetzel’s Pretzels bakery at the Leased Premises.

C. Sublandlord agrees to sublease to Sublessee, and Sublessee agrees to sublease from Sublandlord, the entire Leased Premises upon the terms and conditions set forth in this Sublease.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth above and below, the receipt and sufficiency of which the parties hereby acknowledge, the parties hereby agree as follows:

1. SUBLEASE OF LEASED PREMISES. Subject to the terms and conditions of this Sublease, Sublandlord hereby subleases to Sublessee and Sublessee hereby subleases from Sublandlord the Leased Premises.

2. MASTER LEASE AND OTHER AGREEMENTS.

2.1 Subordinate to Master Lease. Except as specifically set forth herein, this Sublease is subject and subordinate to all of the terms and conditions of the Master Lease. Sublessee hereby assumes and agrees to perform the obligations of “Tenant” under the Master Lease as more particularly set forth hereafter. Unless otherwise defined, all capitalized terms used herein shall have the same meanings as given them in the Master Lease. A copy of the Master Lease is attached hereto as **Exhibit A** and incorporated herein by this reference. Sublessee shall not commit or permit to be committed any act or omission which would violate any term, covenant, or condition set forth in the Master Lease. Sublessee shall neither do nor permit anything to be done which would cause the Master Lease to be terminated or forfeited by reason of any right of termination or forfeiture reserved or vested in Sublandlord under the Master Lease, and Sublessee shall indemnify, defend (with counsel reasonably acceptable to Sublandlord) and hold Sublandlord harmless from and against any and all claims, liabilities, judgments, costs, demands, penalties, liquidated damages, penalties, expenses, and damages of any kind whatsoever, including, without limitation, attorneys’ fees, consultants’ fees, expert witness fees, and costs and court costs, (“Losses”) by reason of any failure on the part of Sublessee to perform any of the obligations of “Tenant” under the Master Lease which Sublessee has become obligated hereunder to perform, and such indemnity, defense, and hold harmless shall survive the expiration or sooner termination of this Sublease. In the event of the termination of the Master Lease for any reason, then this Sublease shall terminate automatically upon such termination without any liability owed to Sublessee by Master Landlord, or by Sublandlord unless the termination is

due to Sublandlord's breach of the Master Lease and not due to Sublessee's breach of the Sublease. Sublessee represents and warrants to Sublandlord and Master Landlord that it has thoroughly read and is familiar with and understands the terms, conditions, and covenants set forth in the Master Lease.

2.2 Applicable Provisions. All of the terms and conditions contained in the Master Lease as they may apply to the Leased Premises are incorporated herein and shall be terms and conditions of this Sublease, *except those directly contradicted by the terms and conditions contained in this Sublease*. Each reference therein to "Landlord", "Tenant", and "Lease" to be deemed to refer to Sublandlord, Sublessee, and Sublease, respectively, as appropriate.

2.3 Modifications. For the purposes of incorporation herein, the terms of the Master Lease are subject to the following additional modifications:

(a) In all provisions of the Master Lease (under the terms thereof and without regard to modifications thereof for purposes of incorporation into this Sublease) requiring the approval or consent of Master Landlord, Sublessee shall be required to obtain the approval or consent of both Sublandlord and Master Landlord, under the same standards of consent as set forth in the Master Lease and the approval of Sublandlord may be withheld if Master Landlord's consent is not obtained.

(b) In all provisions of the Master Lease requiring "Tenant" to submit, exhibit to, supply or provide Master Landlord with evidence, certificates, or any other matter or thing, Sublessee shall be required to submit, exhibit to, supply or provide, as the case may be, the same to both Master Landlord and Sublandlord.

(c) Sublandlord shall have no obligation to restore, relocate, or rebuild any portion of the Leased Premises after any destruction, casualty, or taking by eminent domain or condemnation or to maintain, repair, restore or control any portion of the Leased Premises or the building or shopping center in which the Leased Premises is located or any common areas of the building or shopping center in which the Leased Premises is located.

(d) Sublandlord shall not be obligated to perform those obligations of Master Landlord which Sublandlord cannot immediately and unilaterally perform as "Landlord", nor shall Sublandlord be deemed to have adopted as its own any representations or warranties made by Master Landlord in the Master Lease.

(e) Sublandlord shall not be obligated to maintain any building systems (unless such maintenance is the obligation of "Tenant" under the Master Lease and not the obligation of Sublessee herein), any common area or any other repair or maintenance obligations which are Master Landlord's obligations under the Master Lease.

(f) Sublandlord shall have no obligation to construct or pay for any improvements, alterations, additions, or fixtures.

(g) In all provisions of the Master Lease requiring "Tenant" to designate Master Landlord as an additional or named insured on its insurance policy, Sublessee shall be required to so designate Master Landlord, Sublandlord and any individual, party or entity as required by Master Landlord or Sublandlord on its insurance policy.

(h) If and to the extent that Sublandlord's rental obligation is abated or reduced pursuant to the Master Lease due to a casualty, condemnation or other interference with the use and/or enjoyment of the Leased Premises, the Rent hereunder shall be abated or reduced in the same proportion

and period as the abatement or reduction under the Master Lease. Sublessee shall not be entitled to any further abatement or reduction in Rent, or any other remedies afforded by law.

(i) Whenever in the Master Lease a time is specified for the giving of any notice or the making of any demand by the “Tenant” thereunder, such time is hereby changed, for the purpose of this Sublease only, by adding two (2) business days thereto and whenever in the Master Lease a time is specified for the giving of any notice or the making of any demand by the “Landlord”, such time is hereby changed, for the purpose of this Sublease only, by subtracting two (2) business days therefrom. It is the purpose and intent of the foregoing provisions to provide Sublandlord with time within which to transmit to Master Landlord any notices or demands received from Sublessee and to transmit to Sublessee any notices or demands received from Master Landlord.

2.4 Exclusions. Sublessee shall have no rights under any of the following provisions of the Master Lease: (i) any rights or options to expand, extend, renew or terminate the Master Lease, this Sublease or the Premises, and (ii) any rights of first offer, rights of first negotiation, or similar rights, or any rights to any tenant improvement allowance (except for the tenant improvement allowance as expressly provided herein). All of the incorporated terms of the Master Lease as referenced and qualified above along with all of the following terms and conditions set forth in this document shall constitute the complete terms and conditions of this Sublease.

2.5 Obligations of Sublandlord. Notwithstanding anything herein contained, the only services or rights to which Sublessee is entitled hereunder are those to which Sublandlord is entitled under the Master Lease, and for all such services and rights Sublessee shall look solely to the Master Landlord under the Master Lease, and the obligations of Sublandlord hereunder shall be limited to using its reasonable good faith efforts to obtain the performance by Master Landlord of its obligations, provided Sublessee shall reimburse Sublandlord for all reasonable costs incurred by Sublandlord in such efforts, including, but not limited to reasonable attorneys’ fees. Sublandlord shall have no liability to Sublessee or any other person for damage of any nature whatsoever as a result of the failure of Master Landlord to perform said obligations except for Master Landlord’s termination of the Sublandlord’s interest as “Tenant” under the Master Lease in the event of Sublandlord’s breach of the Master Lease (without cause of Sublessee).

3. LEASE TERM.

3.1 Lease Term. The term of this Sublease (“Lease Term”) shall commence within _____ days of full execution of this Sublease, but in no event earlier than Sublandlord’s receipt of Master Landlord’s consent of this Sublease (“Commencement Date”), and shall end upon the expiration of the Master Lease (“Expiration Date”), unless sooner terminated pursuant to any provision of the Master Lease applicable to the Leased Premises or the terms of this Sublease.

3.2 Extension Option. Sublessee shall have no right or option to extend or renew this Sublease.

3.3 Sublandlord’s Inability to Deliver the Leased Premises. In the event Sublandlord is unable to deliver possession of the Leased Premises on or before the Commencement Date, Sublandlord shall not be liable for any damage, loss, or expense caused thereby, nor shall this Sublease be void or voidable, and the term hereof shall not be extended by such delay.

3.4 Early Access. If Sublessee, with Sublandlord’s and Master Landlord’s consent, takes possession of the Leased Premises prior to the Commencement Date, Sublessee shall do so subject to all the covenants and conditions of this Sublease and the Master Lease.

4. RENT.

4.1 Generally. Sublessee shall pay or upon the order of Sublandlord each month during the Lease Term of this Sublease, as rent for the Leased Premises, at the places that Sublandlord designates in writing from time-to-time, without notice or any prior demand and without any deduction or set-off, all rental required to be paid by Sublandlord under the Master Lease from and after the Effective Date, including (without limitation) all fixed minimum rent, percentage rent, plus any additional or other rent, interest, tax, charge, or other sum the Master Lease obligates Sublandlord to pay Master Landlord, including, without limitation any common area maintenance fees, operating expenses, taxes, insurance, utilities, construction related fees and chargebacks (collectively, "Rent"), payable within five (5) days before the date specified in the Master Lease for the payment of such Rent. Rent for partial months at the commencement or termination of this Sublease shall be prorated. Rent shall be paid to the Sublandlord at its notice address noted herein, or at any other place Sublandlord may from time to time designate by written notice mailed or delivered to Sublessee.

4.2 Utilities and Services. *To the extent that utility charges or other services provided to the Leased Premises are not included in Rent*, Sublessee shall pay all utilities and services supplied to the Leased Premises.

4.3 Additional Services. If Sublessee shall procure any additional services from Master Landlord, including, but not limited to, after-hours HVAC or security, or if additional rent or other sums are incurred under the Master Lease, Sublessee shall make such payment to Sublandlord or Master Landlord, as Sublandlord shall direct.

4.4 Interest on Late Payments. All Rent payments and other amounts which Sublessee is required to pay Sublandlord under this Sublease will bear interest from and after their respective due dates until paid in full at a rate equal to twelve percent (12%) per annum, calculated and payable weekly, or the highest amount permitted by applicable law, whichever is less. Sublessee acknowledges that this provision is not Sublandlord's agreement to accept late payments or commitment by Sublandlord to extend credit or otherwise finance Sublessee's operation of the WETZEL'S PRETZELS bakery at the Leased Premises. Sublessee further acknowledges that Sublessee's failure to pay all amounts when due will constitute a material breach of this Sublease and be grounds for its termination. Further, acceptance of any interest payment will not be construed as a waiver by Sublandlord of its right in respect of the default giving rise to payment and will not diminish Sublandlord's right to terminate this Sublease on the basis of such default.

5. SECURITY DEPOSIT & ADMINISTRATIVE CHARGE.

5.1 Security Deposit. Concurrently with Sublessee's execution and delivery of this Sublease, Sublessee shall provide to Sublandlord a security deposit equal to the form and amount of the security deposit or other form of security (e.g., letter of credit) required per the terms and conditions of the Master Lease. ("Security Deposit"). The Security Deposit shall be held by Sublandlord as evidence of the full and faithful performance by Sublessee of all of the terms, covenants and conditions of this Sublease to be performed by Sublessee during the Lease Term. If Sublessee defaults with respect to any of its obligations under this Sublease, Sublandlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any Rent or any other sum in default, or for the payment of any other amount, loss or damage which Sublandlord may spend, incur or suffer by reason of Sublessee's default. If any portion of the Security Deposit is so used or applied, Sublessee shall, within ten (10) days after written demand therefor, deposit cash with Sublandlord in an amount sufficient to restore the Security Deposit to its original amount. Sublandlord shall not be required to keep the Security Deposit separate from its general funds, and Sublessee shall not be entitled to interest on the Security Deposit. If Sublessee shall fully and faithfully perform every provision of this Sublease to be performed by Sublessee, the

Security Deposit or any balance thereof shall be returned to Sublessee within thirty (30) days following the expiration of the Lease Term, provided that Sublandlord may retain the Security Deposit until such time as any amount due from Sublessee in accordance with this Sublease has been determined and paid in full. If Sublandlord sells its interest in the Leased Premises during the Lease Term and if Sublandlord deposits with or credits to the purchaser the Security Deposit (or balance thereof), then, upon such sale, Sublandlord shall be discharged from any further liability with respect to the Security Deposit. To the maximum extent permitted by law, Sublessee hereby waives the provisions of Section 1950.7 of the California Civil Code or similarly applicable state law, code, rule, or regulation of the state where the Leased Premises is situated and agrees that the provisions of this **Section 5.1** shall govern the treatment of Sublessee's Security Deposit in all respects for this Sublease.

5.2 Administrative Charge. Sublessee agrees to pay Sublandlord a monthly administrative charge in the amount of Two Hundred and No/100 Dollars (\$200.00) during the Lease Term. This administrative charge is intended to reimburse Sublandlord for additional administrative costs incurred by Sublandlord to procure insurance and process and administer this Sublease. Sublandlord may increase the monthly administrative charge, from time to time, upon written notice to Subtenant, but in no event shall Sublandlord increase the monthly administrative charge by more than \$100 per month in any given twelve (12) month period.

6. LEASED PREMISES.

6.1 Condition of the Leased Premises. Sublessee acknowledges that as of the Effective Date, Sublessee shall have inspected the Leased Premises, and every part thereof, and by taking possession shall have acknowledged that the Leased Premises is in good condition and without need of repair, and Sublessee accepts the Leased Premises "as is", Sublessee having made all investigations and tests it has deemed necessary or desirable in order to establish to its own complete satisfaction the condition of the Leased Premises. Sublessee accepts the Leased Premises in their condition existing as of the Effective Date, subject to all applicable zoning, municipal, county and state laws, ordinances, and regulations governing and regulating the use of the Leased Premises and any covenants, conditions, or restrictions of record. Sublessee acknowledges that neither Sublandlord nor Master Landlord have made any representations or warranties as to the condition of the Leased Premises or its present or future suitability for Sublessee's purposes. Furthermore, Sublessee represents and warrants that it has not entered into this Sublease in reliance on any representations, warranties or financial projections prepared or furnished to Sublessee by Sublandlord or Master Landlord, or their respective brokers, employees, representatives, or agents.

6.2 Maintenance and Surrender. Sublessee shall keep the Leased Premises in good order and repair and perform all maintenance, repair and replacement obligations of "Tenant" required under the Master Lease. Upon termination or expiration of this Sublease for any reason whatsoever, Sublessee will immediately surrender the Leased Premises to Sublandlord in the same condition as existed at the Effective Date, except for reasonable wear and tear, and will immediately remove from the Leased Premises all unattached personal property, inventory, furnishings, fixtures, and equipment owned by Sublessee and in which Sublandlord has no security interest. However, all such personal property, inventory, fixtures, furnishings, and equipment will be and remain subject to: (a) the Master Landlord's rights under the Master Lease; and (b) Sublandlord's rights under the Franchise Agreement, Master Lease, and/or Site Development Agreement.

7. INSURANCE.

7.1 Sublessee's Insurance. With respect to the "Tenant's" insurance under the Master Lease, the same is to be provided and maintained by Sublessee as described in the Master Lease, and such policies

of insurance shall include as additional insureds Master Landlord and Sublandlord, any individual, party or entity as required by Master Landlord or Sublandlord.

7.2 Waiver of Subrogation. With respect to the waiver of subrogation contained in the Master Lease, such waiver shall be deemed to be modified to constitute an agreement by and among Master Landlord, Sublandlord and Sublessee (and Master Landlord's consent to this Sublease shall be deemed to constitute its approval of this modification).

8. USE AND ALTERATIONS.

8.1 Use of Leased Premises. Sublessee agrees that the Leased Premises shall be used exclusively for the purpose of operating a franchised WETZEL'S PRETZELS bakery in accordance with the Franchise Agreement, Master Lease, and all applicable laws, regulations and ordinances and for no other purposes without the express written consent of the Master Landlord and Sublandlord, which consent may be withheld in Master Landlord and Sublandlord sole and absolute discretion.

8.2 Alterations. Sublessee shall not make any improvements, additions, or alterations to the Leased Premises without the express prior written consent of Sublandlord and of Master Landlord (to the extent Master Landlord's consent is required under the Master Lease), which consent by Sublandlord shall not be unreasonably withheld. Sublessee shall reimburse Sublandlord for all costs which Sublandlord may incur in connection with reviewing Sublessee's plans for such Improvements for any alterations and additions and shall pay for all costs charged by Master Landlord under the Master Lease incurred as a result of Sublessee's request for consent and construction of such improvements, additions, or alterations. On termination of this Sublease, if required by Master Landlord, Sublessee shall remove any or all of such improvements, additions, or alterations and restore the Leased Premises (or any part thereof) to the same condition as of the date Sublandlord provided Sublessee with access; provided however, if this Sublease terminates, for any reason, prior to the expiration of the Master Lease, then Sublandlord shall have the right to require Sublessee to remove such improvements, additions, or alterations. Should Sublessee fail to remove such improvements, additions, or alterations and restore the Leased Premises on termination of this Sublease unless as otherwise set forth above, Sublandlord shall have the right to do so, and charge Sublessee therefor, plus a service charge of ten percent (10%) of the costs incurred by Sublandlord in addition to any costs or expenses charged by Master Landlord under the Master Lease.

8.3 Signage. All signs shall comply with the terms of the Master Lease and Franchise Agreement.

8.4 Parking. Sublessee shall comply with all terms of the Master Lease with respect to parking at the Leased Premises.

9. ASSIGNMENT, SUBLETTING AND ENCUMBRANCES.

9.1 Consent Required. Sublessee shall not assign this Sublease or any interest therein nor shall Sublessee sublet, license, encumber or permit the Leased Premises or any part thereof to be used or occupied by others, without Sublandlord's and Master Landlord's prior written consent, which Master Landlord and/or Sublandlord may withhold in their sole and absolute discretion. Sublandlord's withholding of consent shall in all events be deemed reasonable if for any reason Master Landlord's consent is not obtained. The consent by Sublandlord and Master Landlord to any assignment or subletting shall not waive the need for Sublessee (and Sublessee's assignee or sublessee) to obtain the consent of Sublandlord and Master Landlord to any different or further assignment or subletting. All conditions and standards set forth in the Master Lease regarding assignments and subletting shall apply.

9.2 Transfer. In addition to the restrictions set forth in **Section 9.1** of this Sublease, Sublessee agrees that Sublessee may not assign this Sublease or any interest therein nor shall Sublessee sublet, license, encumber or permit the Leased Premises or any part thereof to be used or occupied by others, except in connection with a transfer of the Franchise Agreement and upon the terms and conditions contained in the Franchise Agreement and the Master Lease. This Sublease and the Sublessee's interest in it will not be assignable by operation of law.

9.3 Transfer Premium. To the extent there is any Transfer Premium (as defined below), such Transfer Premium shall first be split with Sublandlord in the same manner as set forth in the Master Lease. If Master Landlord is also entitled to any such Transfer Premium under the Master Lease, then Sublessee shall be responsible to pay such Transfer Premium to Master Landlord. The term "Transfer Premium" means: (a) the total Rent and other consideration of any kind or nature allocable to the leasehold and payable by the assignee, sublessee, or other transferee; (b) less the total amount of Rent payable by Sublessee under this Sublease from and after the effective date of the assignment or sublet; (c) after subtracting Sublessee's recapture from such consideration of Sublessee's actual out-of-pocket costs reasonably and customarily incurred in connection with the applicable assignment or sublease.

9.4 No Release of Sublessee. Regardless of Master Landlord's and Sublandlord's consent, no subletting or assignment shall release Sublessee of Sublessee's obligation or alter the primary liability of Sublessee to pay the Rent and to perform all other obligations to be performed by Sublessee hereunder. The acceptance of Rent by Sublandlord from any other person shall not be deemed to be a waiver by Sublandlord of any provision hereof. In the event of default by any assignee, sublessee or any other successor of Sublessee, in the performance of any of the terms hereof, Sublandlord may proceed directly against Sublessee without the necessity of exhausting remedies against such assignee, sublessee or successor.

9.5 Default. An involuntary assignment shall constitute a default and Sublandlord shall have the right to elect to terminate this Sublease, in which case this Sublease shall not be treated as an asset of Sublessee.

9.6 Recapture. Notwithstanding the foregoing, in the event Sublessee requests Sublandlord's consent to sublet all or any portion of the Leased Premises, or to assign this Sublease, Sublandlord may in its sole discretion, elect to terminate this Sublease within fifteen (15) days after receipt of Sublessee's request by written notification to Sublessee of such election, in which case the Sublease shall terminate effective thirty (30) days following such election.

10. DEFAULT AND TERMINATION.

10.1 Events of Default & Termination. Notwithstanding anything to the contrary contained in this Sublease, Sublandlord shall have the right to terminate this Sublease upon the happening of any of the following events:

(a) If Sublessee fails to pay Rent or any other amount, to which Sublessee is obligated by this Sublease to pay when due and payable, within three (3) days after written notice from Sublandlord that such payment is past due;

(b) If the Franchise Agreement entered into by Sublessee expires and is not renewed or is terminated for any reason whatsoever;

(c) If any other agreement between Sublessee and Sublandlord or any of its affiliates should be terminated by Sublessee or by reason of Sublessee's material default thereof;

(d) If the Master Lease should be cancelled or terminated for any reason whatsoever prior to its expiration date;

(e) If Sublessee should suffer or permit the occurrence of any act or omission which would constitute an event of default by Sublandlord under the terms of the Master Lease which remain uncured after one-half (1/2) of the cure period provided in the Master Lease;

(f) If Sublessee breaches any other provision of this Sublease, and that breach remains uncured after fifteen (15) days written notice from Sublandlord detailing the nature of the breach;

(g) If Sublessee admits in writing Sublessee's inability to pay debts generally as they become due;

(h) If Sublessee makes a general assignment for the benefit of creditors;

(i) If Sublessee institutes proceedings to be adjudicated a voluntary bankrupt, or consents to the filing of a petition of bankruptcy against it;

(j) If Sublessee is adjudicated by a court of competent jurisdiction as being bankrupt or insolvent; or

(k) If Sublessee has a decree entered against it by a court of competent jurisdiction appointing a receiver, liquidator, trustee or assignee in bankruptcy or in insolvency.

10.2 Sublandlord's Remedies. In the event of a default, Sublandlord shall have the remedies set forth in the Master Lease as if Sublandlord is Master Landlord. These remedies are not exclusive; they are cumulative and in addition to any remedies now or later allowed by law. In addition to any other remedies available to Sublandlord at law or in equity for default, Sublandlord shall have the following remedies:

(a) Sublandlord shall have the immediate option to terminate this Sublease and the rights of Sublessee by written notice to Sublessee. If Sublandlord elects to terminate, Sublandlord shall have the right to recover from Sublessee as damages:

(i) The worth at the time of the award of any unpaid rental which has been earned at the time of termination; and

(ii) The worth at the time of the award of the amount by which the unpaid rental which would have been earned after termination until the time of award exceeds the amount of rental loss Sublessee proves could have been reasonably avoided; and

(iii) The worth at the time of award of the amount by which the unpaid rental for the balance of the Lease Term after the time of award exceeds the amount of rental loss Sublessee proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Sublandlord for the detriment proximately caused by Sublessee's failure to perform Sublessee's obligations (including the costs and expenses of recovering the Leased Premises and reasonable attorneys' fees) or which would be likely to result from Sublessee's failure; and

(b) The word "rental" shall mean the rental and all other sums required to be paid by Sublessee under this Sublease. The word "award" means a judgment issued or rendered in favor of Sublandlord in a proceeding or action to recover damages from Sublessee. The phrase "at the time of the award" means the date of entry of such a judgment. All sums, other than base rent, shall be computed based on the average monthly amount accruing during the 24 month period preceding the event of default. However, if it becomes necessary to compute the rental before the 24 month period has occurred, the rental shall be computed on the basis of the average monthly amount accruing during that shorter period. As used in paragraphs (i) and (ii) above, the "worth at the time of the award" is computed by allowing interest at twelve percent (12%) per annum or the maximum rate of interest allowed by the law in the state where the Leased Premises is located. As used in paragraph (iii) above, the "worth at the time of the award" is computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco, at the time of award, plus 1%. In order to determine the amounts payable under **Section 10**, any percentage rental shall be included as additional rental and determined based on the average annual gross sales for the 36 months (or, if Sublessee has been operating in the Leased Premises less than 36 months, on the average gross sales for the 12 month period) preceding the termination of Sublessee's right to possession of the Leased Premises.

(c) **Sublessee's Right to Possession Not Terminated.** To the extent permitted by law, Sublandlord shall also have the remedy described in California Civil Code Section 1951.4 (or similarly applicable law, statute, code, rule, or regulation of the state where the Leased Premises is situated) (i.e., Sublandlord may continue the Sublease in effect after Sublessee's breach and abandonment and recover Rent as it becomes due, if Sublessee has right to sublet or assign, subject only to reasonable limitations). To this end (if elected), Sublandlord may continue this Sublease in full force and effect, and Sublandlord shall have the right to collect Rent and other sums when due. During the period Sublessee is in default, Sublandlord may enter the Leased Premises and relet them, or any part of them, to third parties for Sublessee's account and alter or install locks and other security devices at the Leased Premises. Sublessee shall be liable immediately to Sublandlord for all costs Sublandlord incurs in reletting the Leased Premises, including, without limitation, attorneys' fees, brokers' commissions, expenses of remodeling the Leased Premises required by the reletting, and like costs. Reletting may be for a period equal to, shorter or longer than the remaining Lease Term of this Sublease and rent received by Sublandlord shall be applied to (i) first, any indebtedness from Sublessee to Sublandlord other than Rent due from Sublessee; (ii) second, all costs incurred by Sublandlord in reletting, including, without limitation, brokers' fees or commissions and attorneys' fees, the cost of removing and storing the property of Sublessee or any other occupant, and the costs of repairing, altering, maintaining, remodeling or otherwise putting the Leased Premises into condition acceptable to a new sublessee or sublessees; (iii) third, Rent due and unpaid under this Sublease. After deducting the payments referred to in this **Section 10.2(c)**, any sum remaining from the Rent Sublandlord receives from reletting shall be held by Sublandlord and applied in payment of future Rent and other amounts as Rent and such amounts become due under this Sublease. In no event shall Sublessee be entitled to any excess rent received by Sublandlord.

10.3 All Sums Due and Payable as Rent. Sublessee shall also pay without notice, or where notice is required under this Sublease, immediately upon demand without any abatement, deduction, or setoff, as additional rent all sums, impositions, costs, expenses, and other payments which Sublessee in any of the provisions of this Sublease assumes or agrees to pay, and, in case of any nonpayment thereof, Sublandlord shall have, in addition to all other rights and remedies, all the rights and remedies provided for in this Sublease or by law in the case of nonpayment of rent.

10.4 No Waiver. Sublandlord may accept Sublessee's payments without waiving any rights under the Sublease, including rights under a previously served notice of default. No payment by Sublessee or receipt by Sublandlord of a lesser amount than any installment of rent due or other sums shall be deemed as other than a payment on account of the amount due, nor shall any endorsement or statement on any check or accompanying any check or payment be deemed an accord and satisfaction; and Sublandlord may accept such check or payment without prejudice of Sublandlord's right to recover the balance of such rent or other sum or pursue any other remedy provided in this Sublease, at law or in equity. If Sublandlord accepts payments after serving a notice of default, Sublandlord may nevertheless commence and pursue an action to enforce rights and remedies under the previously served notice of default without giving Sublessee any further notice or demand. Furthermore, Sublandlord's acceptance of Rent from Sublessee when the Sublessee is holding over without express written consent does not convert Sublessee's tenancy from a tenancy at sufferance to a month-to-month tenancy. No waiver of any provision of this Sublease shall be implied by any failure of Sublandlord to enforce any remedy for the violation of that provision, even if that violation continues or is repeated. Any waiver by Sublandlord of any provision of this Sublease must be in writing. Such waiver shall affect only the provisions specified and only for the time and in the manner stated in the writing. No delay or omission in the exercise of any right or remedy by Sublandlord shall impair such right or remedy or be construed as a waiver thereof by Sublandlord. No act or conduct of Sublandlord, including, without limitation the acceptance of keys to the Leased Premises shall constitute acceptance or the surrender of the Leased Premises by Sublessee before the Expiration Date. Only written notice from Sublandlord to Sublessee of acceptance shall constitute such acceptance or surrender of the Leased Premises. Sublandlord's consent to or approval of any act by Sublessee which requires Sublandlord's consent or approval shall not be deemed to waive or render unnecessary Sublandlord's consent to or approval of any subsequent act by Sublessee.

10.5 Sublandlord's Right to Cure Defaults. At any time during the Lease Term of this Sublease and without notice to Sublessee, Sublandlord may, but will not be obligated to, cure or otherwise discharge any default by Sublessee under this Sublease. Any and all costs or expenses (including reasonable attorneys' fees) which Sublandlord may incur for this purpose will be immediately due and payable in full without further notice or communication to Sublessee of any type, kind, or nature. Sublandlord will have the same remedies for the recovery of these costs and expenses as for the recovery of Rent under this Sublease.

10.6 Sublandlord Default. For purposes of this Sublease, Sublandlord shall not be deemed in default hereunder unless and until Sublessee shall first deliver to Sublandlord forty-five (45) days' prior written notice which specifies in reasonable detail the breach, and Sublandlord shall fail to cure said default within said forty-five (45) day period, or in the event Sublandlord shall reasonably require in excess of forty-five (45) days to cure said default, shall fail to commence said cure with said forty-five (45) day period, and thereafter diligently prosecute the same to completion.

10.7 Notice of Event of Default under Master Lease. Sublandlord shall notify Sublessee of any default under the Master Lease, or of any other event of which Sublandlord has actual knowledge which will impair Sublessee's ability to conduct its normal business at the Leased Premises, as soon as reasonably practicable following Sublandlord's receipt of notice from Master Landlord of a default or Sublandlord's actual knowledge of such impairment.

11. CONSENT OF MASTER LANDLORD. SUBLESSEE ACKNOWLEDGES THAT THE MASTER LEASE REQUIRES THAT SUBLANDLORD OBTAIN THE CONSENT OF MASTER LANDLORD TO ANY SUBLETTING BY SUBLANDLORD. THIS SUBLEASE SHALL NOT BE EFFECTIVE UNLESS AND UNTIL MASTER LANDLORD SIGNS A CONSENT TO THIS SUBLETTING SATISFACTORY TO SUBLANDLORD. SUBLESSEE WILL SIGN SUCH CONSENT IF REQUIRED BY MASTER LANDLORD AS REASONABLY PRESENTED BY MASTER LANDLORD.

12. MISCELLANEOUS.

12.1 Notices and Payments. Any notice, demand, request, consent, approval, submittal or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class certified mail or commercial overnight delivery service, and shall comply with the notice provisions of Section 11.3 of the Franchise Agreement between the Parties to the Sublease, which are hereby incorporated by reference. Such Notice shall be effective on the date of actual receipt (in the case of personal service or commercial overnight delivery service) or two days after deposit in the United States mail, to the following addresses:

To the Sublandlord: WETZEL'S PRETZELS, LLC
35 Hugus Alley, Suite 300
Pasadena, CA 91103
Attn: Cecilia Medrano

With Copy To: Attn: Legal Dept.
9311 E Via de Ventura
Scottsdale, AZ 85258

To the Sublessee: At the Leased Premises, whether or not Sublessee has abandoned or vacated the Leased Premises or notified the Sublandlord of any other address

When this Sublease requires service of a notice, that notice shall replace rather than supplement any equivalent or similar statutory notice, including any notices required by Code of Civil Procedure Section 1161 or any similar or successor statute, law, code, rule, or regulation. When a statute requires service of a notice in a particular manner, service of that notice (or a similar notice required by this Sublease) shall replace and satisfy the statutory service-of-notice procedures, including those required by Code of Civil Procedure Section 1162 or any similar or successor statute, law, code, rule, or regulation of the state where the Leased Premises is situated.

12.2 Confidentiality. To the maximum extent allowed by law, the Parties agree to maintain the confidentiality of the terms, covenants, and conditions of this Sublease and the Master Lease. No party shall make any further disclosure of these matters except: (a) to Master Landlord; (b) to their own directors, members, employees, attorneys, accountants, brokers, and insurers on an as need to know basis; (c) in state or federal tax returns or proceedings; (d) in proceedings to enforce this Sublease; (e) to prospective and actual purchasers of, investors in, and/or lenders to, the Leased Premises; or (f) as otherwise required by law. Any party who believes that he/she/it is or may be required by law to disclose any matter that is the subject of this Sublease shall provide all other parties to this Sublease with advance notice of the proceeding or circumstances in which disclosure is or may be required, and with an opportunity to object to the disclosure or otherwise seek a protective order.

12.3 Conflict with Master Lease; Interpretation. In the event of any conflict between the provisions of the Master Lease and this Sublease, the Master Lease shall govern and control except to the extent directly contradicted by the terms of this Sublease. No presumption shall apply in the interpretation or construction of this Sublease as a result of Sublandlord having drafted the whole or any part hereof.

12.4 Remedies Cumulative. Notwithstanding anything contained in this Sublease to the contrary, the rights, privileges, elections, and remedies of Sublandlord in this Sublease, at law, and in equity are cumulative and not alternative.

12.5 Waiver of Redemption. Sublessee hereby expressly waives any and all rights of redemption to which it may be entitled by or under any present or future laws in the event Sublandlord shall obtain a judgment for possession of the Leased Premises.

12.6 Damage and Destruction; Condemnation. In the event of any damage, destruction, casualty, condemnation or threat of condemnation affecting the Leased Premises, Rent payable hereunder shall be abated but only to the extent that Rent is abated under the Master Lease with respect to the Leased Premises. Sublessee shall have no right to terminate this Sublease in connection with any damage, destruction, casualty, condemnation or threat of condemnation except to the extent the Master Lease is also terminated as to the Leased Premises or any portion thereof.

12.7 Holding Over. Sublessee shall have no right to holdover. If Sublessee does not surrender and vacate the Leased Premises at the Expiration Date of this Sublease, Sublessee shall be a tenant at sufferance, or at the sole election of Sublandlord, a month-to-month tenancy, and the Parties agree in either case that the reasonable rental value, if at sufferance, or the Rent if a month-to-month tenancy shall be Rent at the greater of (1) the monthly rate of one hundred fifty percent (150%) of the monthly Rent set forth in **Section 4**, or (2) the rate of one hundred fifty percent (150%) of any and all Rent due to Master Landlord from Sublandlord under the holdover provisions of the Master Lease, including, but not limited to, operating expenses, impositions, and property taxes due and payable during such holdover period of time. In connection with the foregoing, Sublandlord and Sublessee agree that the reasonable rental value of the Leased Premises following the Expiration Date of the Sublease shall be the amounts set forth above per month. Sublandlord and Sublessee acknowledge and agree that, under the circumstances existing as of the Effective Date, it is impracticable and/or extremely difficult to ascertain the reasonable rental value of the Leased Premises on the Expiration Date and that the reasonable rental value established herein is a reasonable estimate of the damage that Sublandlord would suffer as the result of the failure of Sublessee to timely surrender possession of the Leased Premises. The parties acknowledge that the liquidated damages established herein is not intended as a forfeiture or penalty within the meaning of California Civil Code sections 3275 or 3369 (or similarly applicable law, statute, code, rule, or regulation of the state where the Leased Premises is situated), but is intended to constitute liquidated damages to Sublandlord pursuant to California Civil Code sections 1671, 1676, and 1677 (or similarly applicable law, statute, code, rule, or regulation of the state where the Leased Premises is situated). Notwithstanding the foregoing, and in addition to all other rights and remedies on the part of Sublandlord if Sublessee fails to surrender the Leased Premises upon the termination or expiration of this Sublease, in addition to any other liabilities to Sublandlord accruing therefrom, Sublessee shall indemnify, defend and hold Sublandlord harmless from all Losses resulting from such failure, including, without limitation, any Losses by any third parties based on such failure to surrender and any lost profits to Sublandlord resulting therefrom.

12.8 Effect of Conveyance. As used in this Sublease, the term “Sublandlord” means the holder of the “Tenant’s” interest under the Master Lease. In the event of any assignment or transfer of the “Tenant’s” interest under the Master Lease, which assignment or transfer may occur at any time during the Lease Term hereof in Sublandlord’s sole and absolute discretion, Sublandlord shall be and hereby is entirely relieved of the future performance of all covenants and obligations of Sublandlord hereunder if such future performance is assumed by the transferee in a writing and a copy thereof is delivered to Sublessee. Sublandlord may transfer and deliver any security of Sublessee to the transferee of the Tenant’s interest under the Master Lease, and thereupon Sublandlord shall be discharged from any further liability with respect thereto if such transferee assumes in writing Sublandlord’s obligations with regard to such security in a writing delivered to Sublessee.

12.9 Governing Law. This Sublease shall be governed by and construed and interpreted in accordance with the laws of the state where the Leased Premises is situated.

12.10 Exhibits. All exhibits affixed to this Sublease are made a part of, and are incorporated into, this Sublease. In particular, the Sublease Rider, attached as **Exhibit B**, reflects certain provisions particular to the Leased Premises and the state in which the Leased Premises are located. If there are any inconsistencies between this Sublease and the provisions of **Exhibit B**, the provisions of **Exhibit B** shall prevail.

12.11 Offer. Preparation of this Sublease by either Sublandlord or Sublessee or either party's agent and submission of same to Sublandlord or Sublessee shall not be deemed an offer to Sublease. This Sublease is not intended to be binding until executed and delivered by all Parties hereto.

12.12 Indemnification. In addition to the indemnification afforded to Sublandlord via the Master Lease, Sublessee agrees Sublessee shall indemnify and hold harmless Sublandlord and its parent, subsidiaries, affiliates, and each of their respective shareholders, members, managers, directors, officers, employees, and agents from and against all Loses which arise out of or are in connection with Sublessee's use and occupancy of the Leased Premises or this Sublease in any manner not expressly authorized by this Sublease or the Franchise Agreement.

12.13 Due Authority. If Sublessee signs as a corporation, each of the persons executing this Sublease on behalf of Sublessee represent and warrant that they have the authority to bind Sublessee, Sublessee has been and is qualified to do business in the state where the Leased Premises is situated, that the corporation has full right and authority to enter into this Sublease, and that all persons signing on behalf of the corporation were authorized to do so by appropriate corporate actions. If Sublessee signs as a partnership, trust or other legal entity, each of the persons executing this Sublease on behalf of Sublessee represent and warrant that they have the authority to bind Sublessee, Sublessee has complied with all applicable laws, rules and governmental regulations relative to its right to do business in the state where the Leased Premises is Situated and that such entity on behalf of the Sublessee was authorized to do so by any and all appropriate partnership, trust or other actions. Sublessee agrees to furnish promptly upon request a corporate resolution, proof of due authorization by partners, or other appropriate documentation evidencing the authorization of Sublessee to enter into this Sublease.

12.14 Attorney Fees. In the event any action or proceeding at law or in equity, bankruptcy court or any arbitration proceeding be instituted by either party, for an alleged breach of any obligation of a party under this Sublease, to recover Rent, to terminate the tenancy of Sublessee at the Leased Premises, or to enforce, protect, or establish any right or remedy of a party to this Sublease, the prevailing party (by judgment or settlement) in such action or proceeding shall be entitled to recover as part of such action or proceeding such reasonable attorneys' fees, expert witness fees, and court costs as may be fixed by the court or jury, but this provision shall not apply to any cross-complaint filed by anyone other than Sublandlord in such action or proceeding.

12.15 Sublandlord's Costs. In any case where Sublessee requests permission from Sublandlord and/or Master Landlord to assign, sublet, make improvements, additions or alterations, or receive any other consent or obtain any waiver from or modification to the terms of this Sublease, Sublessee shall pay to Sublandlord or Master Landlord, as the case maybe, a reasonable administrative charge and reasonable attorney's fees incurred in reviewing such request or such amount as set forth in this Sublease or Master Lease as the case may be.

12.16 Waiver of Damages. IN NO EVENT SHALL SUBLANDLORD BE LIABLE FOR, AND SUBLESSEE HEREBY WAIVES ANY CLAIM FOR, ANY INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING LOSS OF PROFITS OR BUSINESS OPPORTUNITY, ARISING UNDER OR IN CONNECTION WITH THIS SUBLEASE.

12.17 Certified Access Specialist Disclosure [California Only]. A Certified Access Specialist (“CASp”) can inspect the Leased Premises and determine whether it complies with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the Leased Premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the Leased Premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises. As of the Effective Date, the Leased Premises has not been inspected by a CASp, pursuant to California Civil Code §1938.

12.18 Construction. Each party acknowledges for itself/himself/herself that: (a) he/she/it has had full and fair opportunity to consult with and be represented by legal and other counsel of his/her/its choice in connection with all matters relating to this Sublease, all related agreements, and all contemplated transactions under this Sublease and such related agreements; and (b) he/she/it has sought and used all such counsel fully to the extent he/she/it thought necessary and/or desirable. This Agreement has been jointly prepared by the Parties, and any uncertainty or ambiguity existing in it shall not be interpreted against any party under the presumptions of state law, but rather shall be interpreted according to the rules generally governing the interpretation of contracts.

12.19 Exhibits and Attachments. All exhibits and attachments to this Sublease are a part hereof and incorporated herein by reference.

12.20 Multiple Counterparts. This Sublease may be executed in two counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same agreement. This Sublease may be executed by a party's signature transmitted by facsimile (“fax”) or by electronic mail in pdf format (“pdf”), and copies of this Sublease executed and delivered by means of faxed or pdf signatures shall have the same force and effect as copies hereof executed and delivered with original signatures. All parties hereto may rely upon faxed or pdf signatures as if such signatures were originals. Any party executing and delivering this Sublease by fax or pdf shall promptly thereafter deliver a counterpart of this Sublease containing said party's original signature. All parties hereto agree that a faxed or pdf signature page may be introduced into evidence in any proceeding arising out of or related to this Sublease as if it were an original signature page.

[Remainder of Sublease Intentionally Left Blank]

12.21 Joint and Several Liability. IF SUBLESSEE IS OR BECOMES A PARTNERSHIP, CORPORATION, LIMITED LIABILITY COMPANY OR OTHER ENTITY, OR IF THIS SUBLEASE IS ASSIGNED TO A PARTNERSHIP, CORPORATION, LIMITED LIABILITY COMPANY OR OTHER ENTITY, ALL GENERAL PARTNERS, SHAREHOLDERS, OR MEMBERS MUST SIGN THIS SUBLEASE AND BE BOUND JOINTLY AND SEVERALLY BY ALL ITS PROVISIONS. THE SIGNATORIES TO THIS SUBLEASE REPRESENT AND WARRANT THAT THEY ARE THE SOLE OWNERS OF THE SUBLESSEE.

IN WITNESS WHEREOF, Sublandlord and Sublessee have executed and delivered this Sublease on the date first set forth above.

SUBLANDLORD

Wetzel's Pretzels, LLC, a California limited liability company

SUBLESSEE

_____, a

By: _____
Name:
Title:

By: _____
Name:
Title: Principal Equity Owner & Authorized Agent

By: _____
Name:
Title: Principal Equity Owner & Authorized Agent

PURSUANT TO SECTION 12.21 OF THIS SUBLEASE, THE SHAREHOLDERS, MEMBERS, PARTNERS, OR EQUITY OWNERS OF SUBLESSEE HEREBY AGREE TO BE BOUND BY, ADHERE TO, AND BE LIABLE FOR, JOINTLY AND SEVERALLY, THE TERMS AND CONDITIONS OF THIS SUBLEASE AND THE PERFORMANCE THEREOF AS OF THE EFFECTIVE DATE.

PRINCIPAL EQUITY OWNER OF SUBLESSEE

PRINCIPAL EQUITY OWNER OF SUBLESSEE

By: _____
Name:

By: _____
Name:

EXHIBIT A

MASTER LEASE

[Master Lease on Following Page]

EXHIBIT B

SUBLEASE RIDER

1. GENERAL PROVISIONS.

Purpose. This **Exhibit B** sets forth certain provisions particular to the Leased Premises and the state in which the Leased Premises are located.

Prevailing Provisions. If there are any inconsistencies between the Sublease and the provisions of this **Exhibit B**, the provisions of this **Exhibit B** shall prevail.

Definitions. Unless otherwise expressly defined in this **Exhibit B**, all capitalized words shall have the meanings specified in the Sublease.

2. AMENDMENT & SUPPLEMENTS.

The following Articles and Sections of the Sublease are amended and supplemented as follows:

[_____]

[_____]

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EXHIBIT I

State Effective Dates

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

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

State	Effective Date
California	March 28, 202 5 <u>4</u>
Hawaii	Not Registered
Illinois	March 28, 202 5 <u>4</u>
Indiana	March 28, 202 5 <u>4</u>
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending <u>March 28, 2025</u>
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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 J-1
RECEIPT FOR WETZEL'S PRETZELS DISCLOSURE DOCUMENT

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 we offer you a franchise, we 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.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the signing 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 signing of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do 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 state agency listed in Exhibit A-1.

The franchisor is Wetzel's Pretzels, LLC, located at 35 Hugus Alley, Suite 300, Pasadena, CA 91103, Telephone (626) 432-6900.

Issuance Date: March 28, 2025⁴

We authorize the agents listed in Exhibit A-2 to this disclosure document to receive service of process for us. On _____, I received a disclosure document dated March 28, 2025⁴ that included the following exhibits:

ADDENDUM: STATE SPECIFIC DISCLOSURES

A-1: State Administrators

A-2: Agents for Service of Process

B-1: Financial Statements

B-2: Performance Guaranty

C-1: Franchise Agreement

ATTACHMENTS:

1: Approved Location, Bakery Type and Protected Area (or Development Territory)

2: Special Release of Claims (Sample)

3: Authorization Agreement for Prearranged Payment

4: Assignment of Telephone Numbers, Email Address and URL's and Special Power of Attorney

5: Lease Provisions

6: Nondisclosure and Noncompetition Agreement

7: Personal Guaranty and Subordination Agreement

8: Remote Mobile Unit Addendum to Franchise Agreement
(for existing franchisees whose Franchise Agreements provide for Remote Mobile Units)

9: Concession Truck or Trailer Amendment

D: Intentionally Omitted

E-1: Current Franchisees

E-2: Former Franchisees

F: Intentionally Omitted

G: Sublease Agreement

H: Manual Table of Contents

I: State Effective Dates

J-1: Receipt (Your copy)

J-2: Receipt (Our copy)

Signature of Prospective Franchisee

Print Name of Prospective Franchisee

The seller(s) of this franchise is/are [Name, address and telephone number of each seller]:

- Jon Fischer, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900
- Adam Lueras, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900
- Ross Duggal, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900
- Diana Krankl, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900
- _____

EXHIBIT J-2

RECEIPT FOR WETZEL'S PRETZELS DISCLOSURE DOCUMENT

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 we offer you a franchise, we 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.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the signing 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 signing of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do 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 state agency listed in Exhibit A-1.

The franchisor is Wetzel's Pretzels, LLC, located at 35 Hugus Alley, Suite 300, Pasadena, CA 91103, Telephone (626) 432-6900.

Issuance Date: March 28, 2025⁴

We authorize the agents listed in Exhibit A-2 to this disclosure document to receive service of process for us. On _____, I received a disclosure document dated March 28, 2025⁴ that included the following exhibits:

ADDENDUM: STATE SPECIFIC DISCLOSURES

A-1: State Administrators

A-2: Agents for Service of Process

B-1: Financial Statements

B-2: Performance Guaranty

C-1: Franchise Agreement

ATTACHMENTS:

1: [1. State Specific Addendum to Wetzel's Pretzels® Franchise Agreement](#)

2: [Approved Location, Bakery Type and Protected Area \(or Development Territory\)](#)

23: [Special Release of Claims \(Sample\)](#)

34: [Authorization Agreement for Prearranged Payment](#)

45: [Remote Mobile Unit Addendum to Franchise Agreement](#)

6: [Assignment of Telephone Numbers, Email Address and URL's and Special Power of Attorney](#)

57: [Lease Provisions](#)

68: [Nondisclosure and Noncompetition Agreement](#)

79: [Personal Guaranty and Subordination Agreement](#)

8: [Remote Mobile Unit Addendum to Franchise Agreement](#)

~~(for existing franchisees whose Franchise Agreements provide for Remote Mobile Units)~~

910: [Concession Truck or Trailer Amendment](#)

11. 10.11. [Lease Review and/or Negotiation Agreement and Release](#)

D: Intentionally Omitted

E-1: Current Franchisees

E-2: Former Franchisees

F: Intentionally Omitted

G: Sublease Agreement

H: Manual Table of Contents

I: State Effective Dates

J-1: Receipt (Your copy)

J-2: Receipt (Our copy)

Signature of Prospective Franchisee

Print Name of Prospective Franchisee

The seller(s) of this franchise is/are [Name, address and telephone number of each seller]:

- Jon Fischer, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900
- Adam Lueras, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900
- Ross Duggal, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900
- Diana Krankl, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900
