FRANCHISE DISCLOSURE DOCUMENT

Kahala Franchising, L.L.C.
dba *Cold Stone Creamery*
an Arizona limited liability company
9311 E. Via De Ventura
Scottsdale, Arizona 85258
Telephone: (480) 362-4800
Website: www.kahalamgt.com
www.coldstonecreamery.com
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~~Twitter~~X: @ColdStone

We offer *Cold Stone Creamery*® franchises. As a franchisee, you will operate a restaurant called *Cold Stone Creamery* specializing in super-premium fresh made ice cream, cakes, pies, smoothies, shakes, specialty beverages, soft drinks and other frozen dessert products (prepared using proprietary recipes) and an assortment of complementary toppings and mix-ins on a take-out or eat-in basis, and branded, licensed products. ~~You also have the option of having a yogurt bar and selling Cold Stone Yogurt Bar products in your *Cold Stone Creamery* restaurant.~~

The total investment necessary to begin operation of a *Cold Stone Creamery* franchise ranges from $3~~22~~35,675 to $6~~27~~55,~~7~~275 for a traditional restaurant, and from $~~57~~120,~~27~~00 to $~~484~~507,275 for a non-traditional restaurant. This includes $27,500 to $59,500 for a traditional restaurant and $18,500 to $47,500 for a non- traditional restaurant that must be paid to the franchisor or its affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Kahala Franchising, L.L.C., Attn: John Wuycheck, 9311 E. Via De Ventura, Scottsdale, Arizona 85258 and (480) 362-4800.

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

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

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

Issuance Date: March 28, ~~2024~~2025

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how tofind 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 thisinformation from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit U.
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 theinitial investment to open. Item 8 describes the suppliersyou must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit V includes financial statements.Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number ofcompany-owned and franchised outlets.
Will my business be the only*Cold Stone Creamery* business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and otherfranchisees 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 orbankruptcy proceedings.
What's it like to be a *Cold Stone Creamery* franchisee?	Item 20 or Exhibit U lists current and former franchisees.You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosuredocument 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 feeseven 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 requireyou 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 limitedgroup 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. Someexamples 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, thefranchisor 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 mayhave 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 landlordor 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 agencyinformation in Exhibit B.

Your state also may have laws that require special disclosures or amendments bemade 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 resolvedisputes with the franchisor by mediation, arbitration and/or litigation only in Arizona.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 Arizona 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 SpecificAddenda" (if any) to see whether your state requires other risks to be highlighted.

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B Directory of State Agencies and Administrators

C Franchisor's Agent for Service of Process

D Asset Purchase Agreement (For Sale of a Corporate Store to a Franchisee) with Promissory Note and Security Agreement and Guaranty (if applicable)

E-1 Franchise Agreement (New)

E-2 Franchise Agreement (Renewal)

E-3 Franchise Agreement (Transfer)

F-1 Guaranty of Franchise Agreement

F-2 Non-Disclosure and Non-Competition Agreement

G Collateral Assignment and Irrevocable Special Power of Attorney

H Amendment to Franchise Agreement (for non-traditional locations excluding those co-branded with another affiliated brand)

H-1 Rocky Mountain Chocolate Factory Addendum to Franchise Disclosure Document and Amendment to Franchise Agreement

I Amendment to Franchise Agreement (for co-branded non-traditional locations)

J In-Store Training Release and Waiver of Liability Agreement

K Addendum to the Franchise Agreement for SBA Loans

L Required Lease Terms (Lease Addendum to Lease Agreement)

L-1 RMCF Required Lease Terms (Lease Addendum to Lease Agreement)

M Lease Guaranty Acknowledgment

N Lease Review and/or Negotiation Agreement and Release and State Addenda

O ~~-1~~ Sublease and Guaranty of Sublease ~~(Franchisee pays rent directly to Landlord)~~

~~O-2 Sublease and Guaranty of Sublease (Franchisor or its affiliate collects rent from Franchisee and pays to Landlord)~~

P Pre-Authorized Electronic Funds Transfer Form

P-1 Participation Agreement

Q General Release for Renewal of Franchise Agreement

R-1 Consent to Transfer and Release Agreement (without Sublease)

R-2 Consent to Transfer and Release Agreement (with Sublease)

S State Addenda to Franchise Documents

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U List of Franchise Owners

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W Performance Guaranty

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Y Receipts

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

The franchisor is Kahala Franchising, L.L.C. To simplify the language in this "Disclosure Document," Kahala Franchising, L.L.C. may be referred to as "Kahala Franchising," "we," "us," "our" and "Franchisor." "You" and "your" mean the person(s), partnership, corporation, limited liability company, or other entity that buys the *Cold Stone Creamery*® unit franchise. If "you" are a business entity, "you" includes the shareholders, members or owners of the business to the extent each guaranties or otherwise agrees to perform or be bound by the obligations of the business entity.

The Franchisor, Parents and Predecessors

Kahala Franchising is an Arizona limited liability company which was formed on December 29, 2008. Kahala Franchising is in the business of franchising to others the right to own and operate quick service restaurants.

Our parent company is Kahala Brands, Inc., formerly known as Kahala Brands, Ltd., ("Kahala Brands"). Kahala Brands was formerly known as Kahala Corp. but changed its name to Kahala Brands in December 2014.

On July 26, 2016, Kahala Brands merged with a wholly-owned subsidiary of MTY Food Group, Inc. ("MTY") having an address at 8150 Transcanada Highway, Suite 200, Saint Laurent, Québec H4S 1MF. Kahala Brands' parent company became MTY Franchising USA, Inc. ("MTY USA"), originally known as The Extreme Pita Franchising USA, Inc., and having an address of 9311 E Via De Ventura, Scottsdale, AZ 85258. MTY USA's parent corporation is MTY Franchising Inc. ("MTY Canada"), a Canadian corporation and a wholly owned subsidiary of MTY, formerly known as MTY Tiki Ming Enterprises Inc., and having an address at 8150 Route Transcanadienne, Suite 200, Ville Saint-Laurent, Quebec, H4S 1M5, Canada.

In addition to the concepts franchised by Kahala Franchising or its current or former US-based affiliates, 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 Crémière, La Diperie (and Cakes & 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, Sushiman, Sushi Shop, Thai Express, Thaïzone, 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. MTY is a publicly-traded company headquartered in Montreal, Québec, Canada.

Effective March 1, 2018, MTY through the merger of a wholly-owned subsidiary with Imvescor Restaurant Group Inc. ("IRG"), acquired all the outstanding shares of IRG. At closing IRG operated 5 brands in Canada and had 261 locations in operation.

The name and principal business address of any predecessors for Cold Stone Creamery brand during the 10-year period immediately before the close of Kahala Franchising's most

recent fiscal year is: Kahala Franchise Corp., 9311 E. Via De Ventura, Scottsdale, Arizona 85258. Our predecessor, Kahala Franchise Corp., did not conduct the type of business the franchisee will operate, but its affiliate, CSC Restaurants has been conducting the type of business the franchisee will operate by operating corporate Cold Stone Creamery stores since April 1994; its affiliate, Kahala Holdings, LLC ("Kahala Holdings") has been conducting the type of business the franchisee will operate by operating corporate Cold Stone Creamery stores since January 2008; and another affiliate, Kahala Restaurants, L.L.C., an Arizona limited liability company ("Kahala Restaurants"), has been conducting the type of business the franchise will operate by operating corporate Cold Stone Creamery stores since January 2010. Kahala Franchise Corp. offered franchises providing the type of business the franchisee will operate from March 2008 until March 2010. The name and principal business address of another predecessor for Cold Stone Creamery during the 10-year period immediately before the close of Kahala Franchising's most recent fiscal year is: Cold Stone Creamery, Inc., 9311 E. Via De Ventura, Scottsdale, Arizona 85258. Predecessor, Cold Stone Creamery, Inc., conducted the type of business the franchisee will operate from April 1994 until March 2008. Predecessor, Cold Stone Creamery, Inc., offered traditional franchises providing the type of business the franchisee will operate from April 1994 until March 2008, and offered non-traditional franchises providing the type of business the franchisee will operate from November 2002 until March 2008. Cold Stone Creamery, Inc. did not operate businesses of the type being franchised, but rather, Cold Stone Creamery Restaurants, LLC ("CSC Restaurants"), its affiliate, did conduct the type of business the franchisee will operate by operating corporate Cold Stone Creamery since April 1994. Neither Cold Stone Creamery, Inc., nor any of its affiliates had offered franchises in any other line of business. Kahala Franchise Corp. offered franchises under the following names, which are now being offered by Kahala Franchising as of August 2010: Surf City Squeeze, Rollerz Rolled Sandwiches, Frullati Cafe & Bakery, Ranch One, Samurai Sam's Teriyaki Grill, TacoTime, Great Steak, Johnnie's New York Pizzeria, NrGize Lifestyle Cafe, Blimpie, and Cereality cereal bar & cafe.

As of November 30, ~~2023~~2024, there were ~~1,348~~1,427 franchises, ~~952~~ 994 in the United States, ~~plus~~ including ~~an additional 396~~ 435 Cold Stone Creamery's internationally, plus an additional ~~15~~ 13 licensed outlets in the United States and ~~1~~ 2 company-owned restaurants in the United States. There were also ~~100~~ 105 Rocky Mountain Chocolate Factory stores and 1 Tim Hortons store that are co-branded in Cold Stone Creamery restaurants in the United States. The license agreement allowing selected Cold Stone Creamery franchisees to sell Tim Hortons products in their Cold Stone Creamery restaurants has been terminated, so no additional Cold Stone Creamery franchisees may amend their franchise agreement to allow them to sell Tim Hortons products in their restaurants. We have a Master License Agreement dated August 17, 2009 with Rocky Mountain Chocolate Factory, Inc. ("RMCF") under which selected franchised and company-owned Cold Stone Creamery restaurants will be allowed to sell RMCF's products in addition to the Cold Stone Creamery product offering (See Exhibit H-1). We have been offering *Cold Stone Creamery* franchises since August 2010 under the name of Kahala Franchising. Kahala Franchising does not operate businesses of the type being franchised, but rather, Kahala Holdings and Kahala Restaurants, affiliates of Kahala Franchising, operate many of our corporate-owned restaurants, including businesses of the type being franchised. Any corporate-owned *Cold Stone Creamery* restaurants may compete with franchised restaurants in its vicinity.

Other Franchises Offered by Kahala Franchising or its affiliate

KAHALA FRANCHISING IS ONLY OFFERING A *COLD STONE CREAMERY* UNIT FRANCHISE UNDER THIS DISCLOSURE DOCUMENT. EACH OF THE FRANCHISES

DETAILED BELOW ARE OFFERED BY KAHALA FRANCHISING OR A U.S. AFFILIATE UNDER SEPARATE DISCLOSURE DOCUMENTS FOR EACH BRAND.

We have the following U.S.-based affiliates through common ownership by MTY Food Group, that also offer franchises in the United States and internationally: (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 its 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 an 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) BQ Concepts, LLC, an Arizona limited liability company having a principal address at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164; (10) Wetzel's Pretzels, LLC, a California limited liability company with a principal business office at 35 Hugus Alley, Suite 300, Pasadena, CA 91103; and Famous Dave's of America, Inc., a Minnesota limited liability company having a principal address at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164. These affiliates franchise over 50 different concepts.

The following summarizes the Cold Stone Creamery and these other quick service restaurant brands as of November 30, ~~2023~~2024, including the type of restaurant business, number of franchised units in operation as of November 30, ~~2023~~2024, and the date Kahala Franchising or its current or former affiliates offered franchises in those brands:

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2023~~2024	Dates unit franchises began being offered by us or our affiliate
Blimpie	Restaurants serving submarine sandwiches and salads	~~106~~ 100 franchised units (~~104~~ 97 in the United States and ~~2internationally~~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.

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2023~~2024	Dates unit franchises began being offered by us or our affiliate
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~~5~~0 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
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	5 franchised units. And 1 licensed unit.	November 2011 under Kahala Franchising

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2023~~2024	Dates unit franchises began being offered by us or our affiliate
	merchandise		
Maui Wowi	Store fronts or portable units serving fruit smoothies, Hawaiian coffee and espresso	~~97~~ 88 franchised units (~~89~~ 80 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. And 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, as of fiscal year end there were 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
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

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2023~~2024	Dates unit franchises began being offered by us or our affiliate
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, ~~2023~~2024	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

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2023~~2024	Dates unit franchises began being offered by us or our affiliate
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~~ 7 franchised units (~~7~~ 5 in the United States and 2 internationally) (plus ~~1~~ 2 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~~ 6 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~~ 5 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~~ 9 franchised units (~~14~~ 8 in the United States and 1 internationally) (plus ~~2~~ 3 company-owned units)	December 2017 under CB Franchise Systems, LLC. Then from March 2019 under MTY USA

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2023~~2024	Dates unit franchises began being offered by us or our affiliate
Built Custom Burgers	Fast casual restaurant featuring build-your-own burgers, signature burgers, side dishes, sandwiches, and salads	~~6~~ 7 franchised units (3 in the United States and ~~3~~ 4 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~~ 216 franchised units (~~216~~ 206 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: MTY USA
Ben & Florentine	Restaurant serving a superior breakfast & lunch experience	0 franchised units	From December 2018 under MTY USA
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 Papa Murphy's International LLC
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.

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2023~~2024	Dates unit franchises began being offered by us or our affiliate
Village Inn	Restaurant specializing in pancakes, omelets, skillets, 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	~~7~~ 8 company-owned units	From March 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
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
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

We or our affiliates had previously also franchised the right to purchase a defined geographic area to become an area representee in; however, as of the issuance date of this Disclosure Document, we or our affiliates are not offering area representative agreements under a separate Area Representative Franchise Disclosure Document for any brands ~~other than La Diperie, Planet Smoothie, and Blimpie~~ but may do so for additional brands in the future under a separate disclosure document.

Affiliates That Provide Products or Services to Franchisees

Kahala Management, L.L.C. ("Kahala Management"), an affiliate of Kahala Franchising, is an Arizona limited liability company that provides administrative, legal, accounting, sales, POS phone support, real estate and marketing support services to Kahala Franchising. In

December of 2019 KGC, LLC, a Colorado limited liability company ("KGC") originally created to administer gift card programs, merged into Kahala Management. Kahala Holdings and Kahala Restaurants are affiliates of Kahala Franchising that own and operate company-owned outlets detailed above. CSC Restaurants, is an affiliate of Kahala Franchising that, along with Kahala Holdings and Kahala Restaurants, owns and operates the Cold Stone Creamery company-owned outlets. Kahala Advertising, LLC, an Arizona limited liability company ("Kahala Advertising"), is an affiliate of Kahala Franchising that began administering the national advertising funds for each of the brands and the regional cooperatives in 2008. Neptune Equipment Services, LLC, an Arizona limited liability company ("Neptune Equipment"), is an affiliate of Kahala Franchising that is an approved retailer of equipment that sells, distributes, and coordinates logistics of equipment, menu boards, interior and exterior signage, and smallwares to Kahala Franchising franchisees and licensees.

Cold Stone Creamery Leasing Company, Inc. ("CSC Leasing"), another affiliate of Kahala Franchising, was incorporated for the purpose of leasing sites for Cold Stone Creamery restaurants and subleasing them to franchisees. CSC Real Estate Management, LLC, an Arizona limited liability company ("CSC Real Estate") provides real estate management services to Cold Stone Creamery, Inc. ("Cold Stone") and CSC Leasing. CSC Leasing does not operate businesses of the type being franchised nor does it offer or sell franchises of Cold Stone Creamery restaurants.

Some Blimpie restaurants are leased by subsidiaries of our affiliate ("Blimpie Leasing Affiliates") KRES Holdings, L.L.C., an Arizona limited liability company ("KRES"), and in turn, subleased by such entities to Blimpie franchisees.

Some existing Cold Stone Creamery restaurants are leased by either of our affiliates, CSC Leasing or Cold Stone (collectively, "Cold Stone Leasing Affiliates"). In these situations, our Cold Stone Leasing Affiliates enter into a direct lease with the property owner ("Master Lease") for the location of the *Cold Stone Creamery* restaurant, and then Sublease the location to the franchisee for that particular *Cold Stone Creamery* restaurant, using our standard forms of Sublease (See Exhibits O~~-1 and O-2~~: Sublease, Guaranty of Sublease and State Addenda). In most other cases, you will enter into a lease for the premises of your *Cold Stone Creamery* restaurant directly with the property owner. CSC Real Estate, our affiliate, provides real estate management services to CSC Leasing. Blimpie Leasing Affiliates and Cold Stone Leasing Affiliates shall collectively be referred to in this Disclosure Document as the "Leasing Affiliates."

Other Agreements

Kahala Franchising previously offered franchises for a take and bake pizza concept called "Pizza Fresh Take●N●Bake." It began franchising Pizza Fresh Take●N●Bake in November 2011 and ceased offering Pizza Fresh Take●N●Bake franchises in December 2014. During that time period, there were no Pizza Fresh Take●N●Bake franchises sold. Two corporately owned Pizza Fresh Take●N●Bake restaurants were opened in 2011 but both closed in 2014 and there are no Pizza Fresh Take●N●Bake restaurants currently in operation. Kahala Franchise Corp. previously offered franchises for a kiosk-style ice cream dessert concept called "Wafflō." It began franchising Wafflō in 2005 and ceased offering Wafflō franchises in December 2007. During that time period, there were 21 Wafflō franchises sold. ~~As of November 30, 2023~~2024, nNo Wafflō restaurants are currently open, nor have been open ~~were open~~during the ten year period prior to the issuance date of this FDD. Additionally, Kahala Franchise Corp. previously offered franchises for a premium soft serve frozen dessert product called "Tango." It began offering Tango franchises in May 2007 and ceased selling Tango

franchises in November 2007. During that time, there were no Tango franchises sold, and there are no Tango franchise locations currently in operation. Tasti D-Lite LLC is an affiliate of Kahala Franchising that previously franchised the Tasti D-Lite frozen dessert brand. Kahala Franchising is now offering Tasti D-Lite products as a menu offering in Planet Smoothie restaurants. As of November 30, ~~2023~~ 2024 there were 2 Tasti D-Lite franchises in the United States.

Taco Time International, Inc. ("TTI") was a predecessor franchisor of the TacoTime brand. TTI's rights and obligations under a Master Franchise Agreement it entered into on March 13, 1978 ("MFA") were assigned to Kahala Franchising. Under the MFA, MTY Canada operates as the master franchisor of the TacoTime brand for the entire country of Canada. As of the date of this Disclosure Document, the MFA is still in effect.

TTI also entered into a Western Washington Area Franchise Agreement with Accord, Inc. ("Accord") dated April 30, 1979, as amended ("Western Washington Agreement") under which TTI assigned its rights to franchise TacoTime in several counties and cities in the state of Washington to Accord ("Accord Territory"). The Western Washington Agreement was ultimately assigned from TTI to Kahala Franchising. Accord is not an affiliate of Kahala Franchising. As of November 30, ~~2023~~2024, there were 78 TacoTime licensed restaurants in operation in the Accord Territory. As of the date of this Disclosure Document, the Western Washington Agreement is still in effect. TTI did not enter into any other territory agreements that are currently in effect. We are not offering TacoTime franchises under this Disclosure Document.

Blimpie International, Inc. ("BI") was a predecessor franchisor of the Blimpie brand. BI entered into a trademark distribution agreement with Blimpie of California, Inc. dated July 18, 1984, as amended ("TDA") under which Blimpie of California, Inc. operates as a subfranchisor for the Blimpie brand in a portion of Southern California. The TDA was ultimately assigned from BI to Kahala Franchising. Blimpie of California, Inc. is not an affiliate of Kahala Franchising. As of November 30, ~~2023~~2024, there were ~~2~~ 0 Blimpie franchises in operation in Blimpie of California, Inc.'s territory. As of the date of this Disclosure Document, the TDA is ~~still~~ no longer in effect. BI did not enter into any other trademark distribution agreements that are currently in effect. We are not offering any Blimpie franchises under this Disclosure Document.

On August 8, 2022, MTY Franchising USA, Inc. and its wholly owned subsidiary Grill Merger Sub, Inc. ("Merger Sub") entered into an agreement with BBQ Holdings, Inc. ("BBQ"), a Minnesota corporation, providing for the acquisition of BBQ by MTY Franchising USA, Inc., consisting of a tender offer (the "Offer") for all of the outstanding shares of BBQ common stock, followed by a subsequent merger of Merger Sub with and into BBQ (the "BBQ Merger"), with BBQ surviving the BBQ Merger as a wholly-owned subsidiary of MTY Franchising USA, Inc. This transaction included the rights to franchise and/or operate the Barrio Queen, Famous Dave's, Village Inn, Bakers Square, Granite City Food and Brewery, Real Urban BBQ, Craft Republic Bar & Grill, Champps Kitchen + Bar, Fox & Hound, and Tahoe Joe's Famous Steakhouse brands. BBQ, through its subsidiary, VI BrandCo, LLC a Delaware limited liability company, offers Village Inn restaurants. As of November 30, ~~2023~~2024, there were 114 Village Inn restaurants (including franchised and company-owned) in the United States. BBQ, through its subsidiary, Famous Dave's of America, Inc., a Minnesota corporation, offers Famous Dave's restaurants. As of November 30, ~~2023~~2024, there were ~~116~~ 109 Famous Dave's restaurants (including franchised and company-owned) in the United States, and ~~7~~ 8 franchised restaurants internationally ~~(in the UAE and Canada)~~. With the merger closing that took place on September 27, 2022, MTY Franchising USA, Inc. is the parent company of both VI BrandCo, LLC and Famous Dave's of America, Inc.

On December 8, 2022, MTY Franchising USA, Inc. and its wholly owned subsidiary Twisted Merger Sub, Inc. ("WP Merger Sub"), a Delaware corporation, entered into an agreement with COP WP Parent, Inc. ("COP"), a Delaware corporation, providing for the acquisition of COP by MTY Franchising USA, Inc., consisting of a merger of WP Merger Sub with and into COP (the "COP Merger"), with COP surviving the COP Merger as a wholly-owned subsidiary of MTY Franchising USA, Inc.–, under the name Twisted Merger Sub, Inc. In November 2023, MTY Franchising USA, Inc. became the parent company of Wetzel's Pretzels, LLC ("Wetzel's Pretzels"), a California limited liability company. This transaction included the rights to franchise and/or operate the Wetzel Pretzel's brand, through Wetzel's Pretzels. As of November 30, ~~2023~~2024, there were ~~386~~ 425 Wetzel Pretzels restaurants (including franchised and company-owned) in the United States and ~~10~~ 17 franchised restaurants internationally. With the merger closing that took place on December 8, 2022, MTY Franchising USA, Inc. is the parent company of Wetzel's Pretzels, LLC.

On December 15, 2022, MTY Franchising USA, Inc. via its wholly owned subsidiary Sauce Restaurants, LLC ("Sauce Restaurants"), an Arizona limited liability company, simultaneously signed and closed an asset purchase agreement with Sauce, LLC, an Arizona limited liability company, Sauce Holdings, LLC, a Delaware limited liability company, and several other of their affiliates (collectively, "Sauce Sellers"), providing for the acquisition of the assets of Sauce Sellers by Sauce Restaurants. This transaction included the rights to operate (and ultimately franchise should Sauce Restaurants so desire) the Sauce Pizza and Wine brand.- As of November 30, ~~2023~~2024, there were 13 Sauce Pizza and Wine restaurants (all of which were company-owned) in the United States. BBQ Holdings, Inc., a subsidiary of MTY Franchising USA, Inc., is the direct parent company of Sauce Restaurants.

Except as described above, neither we nor any of our affiliates, have offered any other franchises in any other line of business.

The principal place of business of Kahala Franchising and its affiliates Kahala Management, Kahala Advertising, KRES, TTSM, KAHA Acquisition V, Kahala Holdings, Kahala Restaurants, Cold Stone, CSC Restaurants, CSC Leasing, CSC International, CSC Real Estate, Neptune Equipment, and Kahala Brands is 9311 E. Via De Ventura, Scottsdale, Arizona 85258. The identity and principal business address of Kahala Franchising's agent for service of process is listed in Exhibit C to this Disclosure Document.

The Franchise

If you qualify, you may (i) construct a new *Cold Stone Creamery* restaurant; (ii) purchase one of our *Cold Stone Creamery* franchises by acquiring an existing business from another franchisee or from us; or (iii) convert all of your existing retail operations from another brand to our *Cold Stone Creamery* brand.

The business you will operate is a single traditional or non-traditional *Cold Stone Creamery* restaurant specializing in super-premium fresh made ice cream, cakes, pies, smoothies, shakes, specialty beverages, soft drinks and other frozen dessert products (prepared using proprietary recipes) and an assortment of complementary toppings and mix-ins on a take-out, delivery or eat-in basis, at a specific location approved by us, and using the trademarks Cold Stone Creamery®, and other trademarks, trade names, service marks, logotypes, and other commercial symbols we adopt and authorize. –The ice cream is used to prepare cakes, pies, smoothies, shakes, specialty beverages, and other frozen dessert products. –A "traditional" *Cold Stone Creamery* restaurant is a *Cold Stone Creamery* restaurant

that is easily accessible by the general public, such as a free-standing building, inline retail shop, shopping mall or street front location. A traditional *Cold Stone Creamery* restaurant normally offers a full *Cold Stone Creamery* menu. A "non-traditional" *Cold Stone Creamery* restaurant is a restaurant that is located in a non-traditional marketplace (as determined in franchisor's sole discretion) such as an airport, amusement park, sports or entertainment venue, train station, travel plaza, toll roads, cafeteria, retail store, convenience store, military base, hospital, office building, movie theater, hotel, casino, kiosk, cart or high school or college campus. A non-traditional *Cold Stone Creamery* restaurant generally offers a limited version of the full *Cold Stone Creamery* menu. A *Cold Stone Creamery* restaurant, whether traditional or non-traditional, is also referred to as the "Franchised Business."

Cold Stone Creamery restaurants serve the general public, and people of all ages consume the products offered by *Cold Stone Creamery* restaurants. Most *Cold Stone Creamery* restaurants may be operated throughout the year; however, the restaurant market for the products offered by *Cold Stone Creamery* restaurants is seasonal, as consumption of ice cream, cakes, pies, smoothies, shakes, specialty beverages and other frozen dessert products is typically higher in the summer and lower in the winter. You will have to compete with other restaurants, fast food outlets, supermarkets and other food retailers located in your venue or market area. Some of your competitors may include *Cold Stone Creamery* restaurants operated by other franchisees or by our affiliates. The extent to which you may succeed at any particular location cannot be predicted. Because of the highly competitive nature of the business involved, successful operation of the *Cold Stone Creamery* restaurant will depend in part upon the best efforts, capabilities, management, and efficient operation by the franchisee; as well as the general economic trend and other local marketing conditions.

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, *Cold Stone Creamery* franchised businesses are 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, Kahala Brands, or any one or more affiliated companies.

~~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.

Senior Vice President of Restaurant Operations: Anthony Crosby

Mr. Crosby joined Kahala Brands in October 2009 as the Vice President of Restaurant Operations. He assumed his current role in August 2011.

Vice President of Restaurant Operations: Blake Borwick

Mr. Borwick was a Cold Stone Creamery franchisee in Cedar Falls and Waterloo, Iowa from April 2005 to March 2014. From March of 2014 to January 2017, he was the Regional Director of Operations of Cold Stone Creamery and Blimpie. He was promoted to Vice President of Operations for the Blimpie brand in January 2017 and then became Vice President of Operations for the Cold Stone Creamery brand in March 2018. In May of 2021 he was promoted to Vice President of Restaurant Operations for Kahala Brands.

Vice President of Restaurant Operations: Logan Reves

Mr. Reves joined Kahala Brands in May 2021 in his current role. Prior to joining Kahala Brands, Mr. Reves was an Independent Restaurant Consultant from March 2020 through April 2021. Prior to that, Mr. Reves was with Tilted Kilt Franchise Operating, LLC in Tempe, Arizona as Vice President of Operations from January 2014 to July 2016, Chief Operating Officer from July 2016 through December 2018, and as Senior Vice President of Franchise Operations of the Dick's Wings & Grill brand from January 2019 through March 2020.

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.

Vice President of Training and Customer Service: Kerri Kudla

Ms. Kudla joined the Cold Stone Creamery training team in June 2002. She became Director of Operations & Training Development in January 2009 and was promoted to Senior Director of Operations & Training Development in October 2012. In June 2014, Ms. Kudla assumed her current role.

Senior Vice President of Marketing: Steven Evans

Mr. Evans joined Kahala Brands in October 2007 as a National Marketing Manager for the Blimpie brand. In October 2009, he also became the Director of Marketing for the NrGize Lifestyle Cafe and Surf City Squeeze brands, and in January 2010, also the Director of Marketing for the TacoTime brand. In March 2011, Mr. Evans was promoted to Senior Director of Marketing, and in August 2011, he became the Vice President of Marketing. In January 2017, Mr. Evans was promoted to his current role.

Franchise Sales

Senior Vice President of Development: John Wuycheck

Mr. Wuycheck has served as Kahala Brands' Senior Vice President of Development since September 2014.

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.

Director of Franchise Development: Doug Merenda

Mr. Merenda joined Kahala Brands' sales team in October 2015 as a Director of Franchise Development and was a franchise broker for Kahala Brands from April 2015 through October 2015.

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.

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.

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.

Manager of Franchise Development: Marilyn Bower

Ms. Bower joined Kahala Brands as Manager of Franchise Development 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.

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.

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

~~Jon~~ Mr. Fischer serves as Head of Development - Wetzel's Pretzels as of March 2023. Previously, Mr. Fischer served as ~~our~~ the Wetzel's Pretzels Chief Development Officer from October 2019. ~~Previous~~ In his role, Mr. Fischer is responsible for Wetzel's Pretzels franchise development, including real estate development for franchised outlets. Prior to 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.

~~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, ~~SD~~ 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, ~~AL~~ Alabama from March 2015 through May 2020.

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

~~Diana Krankl became~~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.

ITEM 3: LITIGATION

LITIGATION INVOLVING FRANCHISOR AND ITS PREDECESSORS

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 This 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 Ladang 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 Schneiter; 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 Schneiter; 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) recission and restitution for intentional misrepresentation, (ii) recission 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~~ was ~~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 information is required to be disclosed in this Item.

ITEM 5: INITIAL FEES

The initial franchise fee ("Initial Franchise Fee") for your first *Cold Stone Creamery* traditional restaurant is $27,000. The Initial Franchise Fee is reduced for your second and each subsequent traditional restaurant to $15,000. The Initial Franchise Fee for your non-traditional *Cold Stone Creamery* restaurant location ranges from $10,000 to $20,000 for each restaurant.

If you are currently an active or active reserve member of the U.S. Armed Forces, have been honorably discharged from the U.S. Armed Forces ("Eligible Military"), or are a 501(c)(3) organization ("501(c)(3)"), you will receive a 20% discount on the Initial Franchise Fee.

The initial fees to be paid to us and/or our affiliate(s) before the franchisee's *Cold Stone Creamery* business opens are indicated on the chart below and in the notes to the chart. The initial fees to be paid to us and/or our affiliate(s) before the franchisee's business opens are the total of the Initial Franchise Fee, Grand Opening Marketing, lease review fee (if any) and a portion of the cost of equipment, furniture, millwork, menu boards, wall decor and smallwares (which may or may not be paid to us and/or our affiliate(s).), and ranges from $18,500 to $47,500 for a non-traditional location and from $27,500 to $59,500 for a traditional location. These amounts do not include the Document Administration Fee.

For the ~~2021~~ 2024 fiscal year, the formula used to calculate the range of initial fees paid to us and/or our affiliate(s) before the franchisee's business opened was: the total of the Initial Franchise Fee, lease review fee (if any), and the cost of equipment, furniture, menu boards, wall décor and/or smallwares purchased from Neptune Equipment. The factors that determined these amounts were: (i) if the Initial Franchise Fee was discounted or waived; (ii) if the restaurant was traditional or non-traditional; (iii) if the restaurant was the franchisee's first or subsequent traditional restaurant (iv) the lease review fee if the franchisee requested a full lease review (v) the lease guarantee fee if the franchisee requested we guarantee their lease and Kahala Franchising or its affiliate agreed to be a guarantor on their lease; and (vi) the cost of

equipment, furniture, menu boards, wall décor and smallwares purchased from our affiliate, Neptune Equipment.

There are no refunds of the Initial Franchise Fee under any circumstances. We may periodically reduce the Initial Franchise Fee in connection with limited time promotions, new concepts and/or operational programs. We may vary the terms of our franchises in connection with testing new marketing, branding and/or operational programs. These tests are generally conducted with experienced, existing franchisees and may include incentives and other rights which are not available to all franchisees. If you sign the Franchise Agreement in connection with a transfer or renewal, you will not pay the Initial Franchise Fee.

We may offer you the option to purchase a license to sell additional signature products in your *Cold Stone Creamery* restaurant and to use the signature products trademark(s) as signature products are developed. —The signature products that would be available for *Cold Stone Creamery* franchisees to sell in their restaurants are currently under development. We estimate that the fees associated with acquiring license(s) to sell additional products will be between $2,500 and $5,000 although these license fees may be modified from time to time.

CATEGORY	AMOUNT	METHOD OF PAYMENT	DUE DATE	TO WHOM PMT IS MADE	REFUNDABILITY
Initial Franchise Fee – first traditional restaurant	$27,000 (reduced to $21,600 for Eligible Military and 501(c)(3))	Lump Sum	Signing of the Franchise Agreement	Kahala Franchising	See Note (1)
Initial Franchise Fee – second traditional restaurant and each afterward	$15,000 (reduced to $12,000 for Eligible Military and 501(c)(3))	Lump Sum	Signing of the Franchise Agreement	Kahala Franchising	See Note (1)

CATEGORY	AMOUNT	METHOD OF PAYMENT	DUE DATE	TO WHOM PMT IS MADE	REFUNDABILITY
Initial Franchise Fee – non-traditional restaurants ~~(Note 2)~~	$10,000 to $20,000 (reduced to $8,000 to $16,000 for Eligible Military and 501(c)(3))	Lump Sum	Signing of the Franchise Agreement	Kahala Franchising	See Note (1)
Grand Opening Marketing	$10,000 for a traditional store and $5,000 for a non-traditional store	Lump Sum	Earlier of; prior to execution of a lease or prior to construction of premise	Kahala Franchising or its affiliate	See Note (1)
Lease Guarantee Fee (optional) (Note 2)	10% of the total amount guaranteed, up to a maximum payment of $10,000 (if applicable) (Note 2)	Lump Sum	Signing of the lease guarantee agreement (if applicable)	Kahala Franchising or its affiliate who guarantees the lease	See Note (1)
Lease Review Fee (optional)	$0 to $2,500(Note 3)	Lump Sum	When you request review by Kahala Management's real estate department	Kahala Franchising	See Note (1)
Equipment, interior ~~and exterior~~ signage, menu boards, ~~millwork, and/or smallwares~~wall graphics, acrylics	$~~5~~6,500 to $11~~0~~,000 (Note 4)	Lump sum	When invoiced	Neptune Equipment	See Note (1)

Notes:

(1) There are no refunds under any circumstances. Kahala Franchising does not offer any financing of the Initial Franchise Fee. We may periodically reduce the Initial Franchise Fee in connection with limited time promotions, new concepts and/or operational programs.

(2) If, after a request by you, Kahala Franchising or any of its affiliates agree, in their sole and absolute discretion, to guarantee your lease with the applicable third party landlord for the *Cold Stone Creamery* restaurant you are developing, you will pay Kahala Franchising or its affiliate a lease guarantee fee in the amount of 10% of the total amount of the rental obligations being guaranteed under the lease upon the execution of the lease and associated guarantee with the third party landlord, up to a maximum payment of $10,000. This fee is not refundable (See Exhibit M: Lease Guaranty Acknowledgement).

(3) If, prior to executing the lease, you request Kahala Management's real estate department review your lease and provide suggested changes to you, a $2,500 lease review fee shall be paid by you to Kahala Franchising ("Lease Review Fee") upon your request to Kahala Management's real estate department. The Lease Review Fee is non-refundable. This is an optional service, with the determination of whether to utilize Kahala Management's real estate department to be made in your sole discretion.

(4) Certain of your equipment, ~~furniture,~~ menu boards, ~~millwork,~~ wall graphics and ~~smallwares~~ acrylics will be purchased from Neptune Equipment, an affiliate of Kahala Franchising.

ITEM 6: OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee and Surcharge (Notes 1 and 13)	6% of Gross Sales plus a maximum Surcharge of $10 per week (Note 2)	Withdrawn electronically from your Depository Account weekly (Note 3)	"Gross Sales" include all revenue from your restaurant excluding sales tax and authorized refunds, credits and allowances.
Advertising Fees (Note 1)	3% of weekly Gross Sales	Same as Royalty Fee (Note 3)	The Advertising Fees are deposited as follows: 2% to the National Fund and 1% to the Regional Fund for your Cooperative or your store (Note 4).
Additional Persons Training Fee (Note 1)	$1,750 per person ($1,000 per person ($500/40 hour week) for the In-Store portion of the Training Program, and $750 per person for the New Owner Training portion of the Training Program)	2 weeks prior to beginning of training	The training of two individuals is included in the Initial Franchise Fee. The Additional Persons Training Fee is for any additional persons who attend the Training Program.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Additional Training Fee (Note 1)	$300 per person per day	Prior to attendance	Payable if we require or you request additional training after attending the Training Program.
Annual Meeting Registration Fee (Notes 1 and 5)	Up to $1,000 plus incidental costs to attend	60-90 days prior to the Meeting	We will debit your Depository Account for this fee, which is non-refundable. This fee is charged to all franchisees whether or not they attend the Meeting.
Depository Account	$3,000 (must be replenished on a regular basis)	Signing of Franchise Agreement	(Note 3)
Charitable Contributions	To be determined by us	As determined by us	(Note 6)
Data Fees (Notes 1 and 7)	Up to $75 per month (subject to reasonable annual and/or service enhancement increases)	Same as Royalty Fee (Note 3)	Begins immediately after you open your restaurant.
POS Help Desk Phone Support Maintenance Contract Fee	Up to $60 per month	Last Thursday of each month	We will debit your Depository Account for this fee.
Gift Card Redemption Fee	11% of the amount of the gift card redemption (Note 14)	On or about the 25th day of each month	Fee is charged by us and collected by a third party on our behalf.
Renewal Franchise Fee – traditional and non-traditional (Note 1)	50% of the then-current Initial Franchise Fee not including any discounts or reductions	Signing of new Franchise Agreement at renewal	Applicable if you are renewing your Franchise Agreement. Renewal term is five years.
Transfer Franchise Fee – traditional location (Notes 1 and 10)	$17,500	Prior to consummation of transfer	Payable if you are purchasing your Franchised Business as a result of a full transfer. A full transfer is including, but not limited to, a transfer of 50% or more ownership or control.
Transfer Franchise Fee – non-traditional restaurant - (Notes 1 and 10)	$5,000	Prior to consummation of transfer	Payable if you are purchasing your Franchised Business as a result of a full transfer. A full transfer is including, but not limited to, a transfer of 50% or more ownership or control.
Relocation Fee (Note 1)	$500	At signing of relocation amendment to Franchise Agreement	Payable if we approve the relocation of your store.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Non-participation Fee	$100 per day if you fail or refuse to participate in any required national, local, regional, seasonal, promotional or other program, initiative and campaign or in any new or modified product or service test or offering.	Upon failing or refusing to participate	Payable to us.
Document Administration Fee	$500 (Note 11)	As incurred	Applicable if an amendment must be prepared, including for an affiliate transfer.
Default Interest (Notes 1 and 12)	$50 plus interest at 1-1/2% per month or maximum legal rate, if less ("Default Rate").	Payable upon assessment	Payable on all overdue amounts.
Document Late Charge (Notes 1 and 8)	$100 per week or partial week	Payable upon assessment	Payable if any required financial statement, report or other document is delinquent.
Draft Draw Charge (Note1 and 9)	$100 per day	As incurred	Payable to us.
Late Charge	5% of the unpaid amount or $100, whichever is greater, on royalties, advertising payments, and other amounts unpaid within 10 days.	As incurred	Payable to us.
Sublease Late Charge	5% of the late or unpaid amount plus any late charges and interest incurred under the Master Lease as a result of the late payment (where applicable).	As incurred	Payable to our affiliate if you are subleasing your restaurant space from our affiliate.
Collection Costs (Note 1)	All collection costs including, but not limited to, reasonable attorneys' fees.	Payable upon assessment	Payable only if we are required to retain an attorney or collection agency to collect delinquent payments from you. We will also collect as damages any attorneys' fees and costs incurred by us in defending claims that arise due to your actions as a *Cold Stone Creamery* franchisee.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Non-Sufficient Funds Fee (Note 1)	$50 for each electronic funds transfer returned for non-sufficient funds; $25 for each check or draft returned for non-sufficient funds.	Payable upon assessment	Payable only if your electronic funds transfer from your Depository Account or any check you remit to us is returned for non-sufficient funds.
Audit (Note 1)	Cost of Audit plus interest at Default Rate on underpayments or the maximum rate permissible by law (Note 9).	Payable upon assessment	Payable only if audit is caused by your failure to furnish reports or if audit reveals an understatement of fees or assessment of 5% or more.
Early Termination Damages (Note 1)	The average monthly Royalty and Advertising Fees paid for any consecutive 12 month period within the preceding 48 month period multiplied by the number of months remaining in the term of the Franchise Agreement, and the product is divided by 2.	30 days prior to the early closing of the restaurant	You must provide us with 90 days prior written notice of the termination of your Franchise Agreement.
Attorneys' Fees and Costs	Will vary under the circumstances.	As incurred	Payable to us.
Indemnification of us and/or our affiliates for damages suffered or incurred for your actions or omissions, including amounts paid on your behalf or to cure your breaches under the Franchise Agreement	Will vary under the circumstances.	As incurred	Payable to us.
Damages for Breach of Non-Compete Obligations under the Franchise Agreement	Will vary under the circumstances.	As incurred	Payable to us

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Management Fee	6% of the Franchised Business' Gross Sales (in addition to the Royalty Fee and Advertising Fee) plus our direct out-of-pocket costs and expenses.	Payable with Royalty and Advertising Fee	If we assume the management of your Franchised Business for any period of time.

Notes:

(1) These fees are collected by Kahala Franchising, are payable to Kahala Franchising, and are non-refundable. These fees are uniformly imposed by Kahala Franchising; however, Kahala Franchising, in its sole discretion, may reduce or waive a one-time fee (*i.e.,* transfer franchise fee, renewal franchise fee, etc.) or may waive or reduce an ongoing fee (*i.e.*, Royalty Fee or Advertising Fees) for a defined period of time.

(2) In our sole discretion, we may charge, in addition to the Royalty Fee, a Surcharge of up to $10 per week if your restaurant is located in a state that imposes additional reporting requirements on a franchisor. Currently, New York is the only state that has imposed the additional reporting requirements.

(3) At the time you sign the Franchise Agreement, you will set up a depository account of a minimum of $3,000 with your local banking institution. You are required to maintain a minimum balance of $3,000 in this account at all times. This will mean that you must replenish the depository account to $3,000 after Kahala Franchising makes any withdrawals. (A Pre-Authorized Electronic Funds Transfer Form by and payable to Franchisor is attached as Exhibit P).

(4) Kahala Franchising directs that Advertising Fees be paid to us, a national advertising fund ("National Fund") designated by us, and/or, in our sole discretion, to a designated approved regional advertising fund ("Regional Fund," and together with the National Fund, the "Advertising Fund" or "Fund"). Upon thirty (30) days' notice by us to you, we may unilaterally increase the Advertising Fee from its current level not to exceed four percent (4%) of your weekly Gross Sales. We encourage the formation of franchisee cooperative advertising associations (each a "Cooperative"). If a Cooperative is formed for your region, you must financially contribute to the Cooperative as required by us. Failure to do so will be deemed a breach of the Franchise Agreement and you may also, in Franchisor's sole discretion, lose your right to vote on decisions the Cooperative makes. The membership of the Cooperative is defined by us according to your market area. If no Cooperative exists where your restaurant is located, your store will be considered a "single store" cooperative and you must contribute to the Regional Fund for your store. Except in limited circumstances, all *Cold Stone Creamery* franchisees must contribute to the Regional Fund at the same rate, which is currently 1% of your weekly Gross Sales. In limited cases in our sole discretion (for example, certain international restaurants or non-traditional restaurants such as airport or university locations that require different advertising support), some stores may not be obligated to contribute to the Fund. For each of our company-owned or affiliate-owned restaurants, it's our policy that such restaurants make contributions to the Fund at a rate equal to the lowest rate a franchisee is then-required to contribute. Company-owned or affiliate-owned restaurants have the same

voting power as franchisee owned outlets. On our request, you must assist in establishing a Cooperative or in deciding how to allocate contributions we may make to the Cooperative. We reserve the right to establish general standards concerning the operation of a Cooperative, to specify the advertising agencies a Cooperative must retain, and to designate advertising programs a Cooperative must conduct. Notwithstanding anything to the contrary, no Cooperative may make decisions or spend advertising contributions without our prior written approval. (See Exhibit E: Franchise Agreement – Section 5.4).

(5) If we hold an annual meeting ("Meeting"), the Meeting will be held at various locations throughout the United States and/or online as we may designate in our sole discretion, and may offer valuable continuing education programs. Because the planning and funding of the Meeting must be done well in advance and requires a substantial financial commitment, we have the right to debit your Depository Account for the Annual Meeting Registration Fee up to $1,000 at any time 60 to 90 days prior to the first day of the Meeting. This fee is not refundable and will be debited from all franchisees' accounts (even if you do not attend the Meeting). If you do not attend the Meeting, we will send to you one full set of the substantive materials that were presented at the Meeting.

(6) You must participate in all programs of a charitable nature designated by us from time-to-time, including the obligation to contribute a designated percentage of opening day sales (or sales for other periods) to a charity designated by you or us, as we may elect.

(7) We may collect a weekly data polling fee for the collection of data from your restaurant sales for the POS System for your restaurant. Currently, the fee is up to $75 per month, and is subject to reasonable annual and/or service enhancement increases.

(8) If you fail to deliver or provide to us or your Area Representative (if applicable) any statement, report or other document or information required to be delivered (for example, sales reports, certificates of insurance and financial statements), by the applicable deadline, you will be assessed a late charge per week, or part thereof (until that statement, document or other information has been delivered or provided), which amount may be increased by us from time to time.

(9) If you fail to provide us with any necessary information or documentation with respect to our practice of drawing drafts against your bank accounts, you will be assessed a fee in the amount of $100 per day.

(10) If you want to transfer the restaurant or the Franchise, or if you want to sell more than 50% of the equity of your business, you must first give us a right of first refusal, at the same price offered by any bona fide buyer. Before transfer, we must approve any new franchisee, transferee, stockholder, or assignee.

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

(12) Interest begins from the date of the underpayment.

(13) Royalties may be increased to up to eighteen percent (18%) of Gross Sales with respect to any period during which Franchisee is in breach or default of its/his/her obligations under this Agreement without providing Franchisee advance notice or right to cure. The Royalties paid or owing to Franchisor with respect to the period during which Franchisee is in

breach or default are 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.

(14) This fee may be increased to cover the potential of future increased costs affecting the gift card program, such as increased production and shipping costs and costs of processing. If fees are to increase, franchisees will receive 30 day advanced notice.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Traditional Cold Stone Creamery Restaurant

Column 1 Type of Expenditure	Column 2 Traditional Low Amount	Column 3 Traditional High Amount	Column4 Method of Payment	Column 5 When Due	Column 6 To Whom Payment is to be Made
Initial Franchise Fee (Note 1)	$12,000	$27,000	Lump Sum	At Signing of Franchise Agreement	Us
Rent/Security Deposit (for 3 months) (Note 2)	$9,750	$19,500	As Incurred	Prior to Opening	Landlord(s)
Travel and Living Expenses (2 persons) while training, not including salaries, if any, for you and your employees	$3,000	$7,500	As incurred	As incurred	Airlines, hotels, car rental agency & restaurants
Real Estate	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Lease Review Fee	$0	$2,500	Lump Sum	When you request review by Kahala Management's real estate department	Us
Architectural Fees	$~~8~~10,000	$21,000	As incurred	Prior to Opening	Licensed and Approved Architect
Leasehold Improvements (Note 3)	$~~102~~107,000	$~~275,500~~292,000	As incurred	Prior to Opening	Approved Contractors and Vendors
Exterior Signage	$10,500	$~~16~~17,000	As Incurred	Prior to Opening	Approved Sign Company

Column 1 Type of Expenditure	Column 2 Traditional Low Amount	Column 3 Traditional High Amount	Column4 Method of Payment	Column 5 When Due	Column 6 To Whom Payment is to be Made
Equipment (Note 4)	$~~129~~135,000	$~~205~~215,000	Lump Sum	Prior to Opening	Approved Vendors and Suppliers
PCI Compliance Costs	$150	$1,300	As billed by third party vendor	As billed by third party vendor	Approved Vendor
Opening Inventory (Note 5)	$8,000	$8,000	Lump sum	Before opening	Vendors & suppliers
Employee Uniforms	$500	$800	Lump sum	Before opening	Vendors
Grand Opening Marketing Advertising (Note 6)	$10,000	$10,000	Lump sum	Earlier of; prior to execution of a lease or prior to construction of premise	US
Insurance Premiums (Note 7)	$500	$2,500	Lump sum	Before opening	Insurance carrier
Permits and Licenses	$2,000	$3,000	Lump sum	Before opening	Governmental entities
Telephone and Utility Deposits and Hookups (Note 8)	$250	$1,000	Lump sum	Before opening	Utility companies
Computer Training and Food Safety Certification Course	$100	$250	As needed	As incurred	Vendors, Suppliers
Miscellaneous (Note 9)	$3,925	$3,925	As incurred	As incurred	Vendors, etc.
Depository Account (Note 10)	$3,000	$3,000	Lump Sum(must be replenished on a regular basis)	Signing of Franchise Agreement	Your bank (we have the right to withdraw from this account)
Additional Funds -3 month initial period (Note 11)	$20,000	$20,000	As incurred	As incurred	Us, Employees, Various Third Parties
Total (Note 12)	$~~322,675~~335,675	$~~627,775~~655,275	*(Does not include real estate costs, construction of the building or rent for the business location except for the initial security deposit.)*		

YOUR ESTIMATED INITIAL INVESTMENT

Non-Traditional Cold Stone Creamery Restaurant

Column 1 Type of Expenditure	Column 2 Low Amount	Column 3 High Amount	Column4 Method of Payment	Column 5 When Due	Column 6 To Whom Payment is to be Made
Initial Franchise Fee (Note 1)	$8,000	$20,000	Lump Sum	At Signing of Franchise Agreement	Us
Rent/Security Deposit (for 3 months) (Note 2)	$0	$19,500	As Incurred	Prior to Opening	Landlord(s)
Travel and Living Expenses (2 persons) while training, not including salaries, if any, for you and your employees	$3,000	$7,500	As incurred	As incurred	Airlines, hotels, car rental agency & restaurants
Real Estate	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Lease Review Fee	$0	$2,500	Lump Sum	When you request review by Kahala Management's real estate department	Us
Architectural Fees	$~~3,500~~5,000	$~~16~~20,000	As incurred	Prior to Opening	Licensed Design Architect
Leasehold Improvements (Note 3)	$~~0~~ 50,000	$~~189,000~~198,500	As incurred	Prior to Opening	Approved Contractors and Vendors
Exterior Signage	$~~2~~8,000	$~~16~~17,000	As Incurred	Prior to Opening	Approved Sign Company
Equipment (Note 4)	$~~9~~15,000	$~~165,000~~173,500	Lump Sum	Prior to Opening	Approved Vendors and Suppliers
PCI Compliance Costs	$150	$1,300	As billed by third party vendor	As billed by third party vendor	Approved Vendor
Opening Inventory (Note 5)	$1,000	$8,000	Lump sum	Before opening	Vendors & suppliers
Employee Uniforms	$200	$800	Lump sum	Before opening	Vendors

Column 1 Type of Expenditure	Column 2 Low Amount	Column 3 High Amount	Column4 Method of Payment	Column 5 When Due	Column 6 To Whom Payment is to be Made
Grand Opening Marketing Advertising (Note 6)	$5,000	$5,000	Lump sum	Earlier of; prior to execution of a lease or prior to construction of premise	US
Insurance Premiums (Note 7)	$500	$2,500	Lump sum	Before opening	Insurance carrier
Permits and Licenses	$500	$3,000	Lump sum	Before opening	Governmental entities
Telephone and Utility Deposits and Hookups (Note 8)	$250	$1,000	Lump sum	Before opening	Utility companies
Computer Training and Food Safety Certification Course	$100	$250	As needed	As incurred	Vendors, Suppliers
Miscellaneous (Note 9)	$1,000	$3,925	As incurred	As incurred	Vendors, etc.
Depository Account (Note 10)	$3,000	$3,000	Lump Sum (must be replenished on a regular basis)	Signing of Franchise Agreement	Your bank (we have the right to withdraw from this account)
Additional Funds -3 month initial period (Note 11)	$20,000	$20,000	As incurred	As incurred	Us, Employees, Various Third Parties
Total (Note 12)	$~~57,200~~120,700	$~~484,275~~507,275	*(Does not include real estate costs, construction of the building or rent for the business location except for the initial security deposit.)*		

Notes:

(1) The Initial Franchise Fee includes the training fee for two individuals.

(2) If you do not own a suitable premises approved by us, you must lease or purchase the premises for your *Cold Stone Creamery* restaurant. If you decide to lease the premises, the landlord will generally require a security deposit, the amount of which generally ranges from one month of monthly rent to six months of monthly rent. The amount of your security deposit will vary according to your area, the type of location (enclosed mall, strip center, or free-standing building), and various other factors. A lease security deposit may be non-refundable and is paid directly to the landlord of the premises. If you decide to purchase land and construct your own building or buy an existing building, you can expect to add the cost of the real estate and costs of building to the total investment. Real estate costs vary considerably

depending on fair market values in your area; size, condition, and location of the premises; and municipal requirements.

(3) The Landlord may provide some leasehold improvements, but if not, they will be at your expense. The total amount of leasehold improvements for your *Cold Stone Creamery* restaurant will vary greatly, depending on the type of premises for your restaurant, condition of the premises, and what improvements you require. To avoid excessive construction costs, it is strongly recommended that you choose contractors carefully by obtaining several competitive bids before construction begins. These estimates are based on constructing a 1,200 square foot vanilla shell for a traditional location or a 500 square foot vanilla shell for a non-traditional location, electrical requirements and HVAC per site standards of the brand. This amount is based upon a national average for labor costs and does not include extensive renovations. Construction costs also vary considerably depending on 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 *Cold Stone Creamery* restaurant could be in, and therefore, a wide range for the approximate size of the property and building. Typical locations for a traditional restaurant are strip shopping centers, lifestyle centers, business centers, regional centers, malls or downtown areas that could range in size from 1,300 square feet for a stand-alone location to over one million square feet for a large regional shopping mall. Typical locations for a non-traditional restaurant are airports, kiosks, convenience stores, malls, stadiums, entertainment pavilions, amusement parks, sports or entertainment venues, train stations, travel plazas, toll roads, cafeterias, retail stores, military bases, hospitals, hotels, casinos and high school and college campuses.

(4) This amount includes estimated costs of furniture, furnishings, installations, equipment, trade fixtures, and certain other items on the restaurant premises, the amount and specific items of which will vary depending upon the location, size and condition of a particular restaurant. You must purchase restaurant equipment for your Restaurant from approved vendors according to our specifications. A list of approved distributors for our approved vendors is maintained by our purchasing department and will be provided to you during the pre-opening and/or construction phase for your Franchised Business. Updates will be provided to you as changes are made (i.e., additions and deletions) to the list of approved distributors for our approved vendors.

(5) As with any retail business, you will purchase inventory continuously as long as you operate your *Cold Stone Creamery* restaurant.

(6) You are required, to pay a Grand Opening Marketing fee of $10,000 for a Traditional store or $5,000 for a Non-Traditional store payable to US on the earlier of (i) prior to you executing a lease for the premises where the Franchised Business will be located; or (ii) prior to construction commencing at the premises where the Franchised Business will be located. We or our designated affiliate will create a marketing plan for (i) a grand opening event at your Franchised Business, and (ii) the initial advertising of your Franchised Business, and will work with you to obtain your input on the marketing plan. We or our designated affiliate will use the Grand Opening Marketing fee to pay for the grand opening and initial advertising, but may, in our sole discretion, reimburse you for some local store marketing expenses that you pay if you received our prior approval and we receive your reimbursement within six (6) months from the opening of your Franchised Business to the public. The Grand Opening Marketing fee should be used within six (6) months of the opening of your Franchised Business to the public. However, if a portion of the Grand Opening Marketing fee is not used within those six (6) months, we may, in our sole discretion and without prior notice, transfer the remaining portion of

the Grand Opening Marketing fee after six (6) months from the opening of your Franchised Business to the public to the National Advertising Fund.

(7) Initial premiums for commercial general liability insurance are subject to change due to market forces beyond either of our control. –The cost of other coverages, including workers' compensation and employer liability coverage and your discretionary purchases, varies widely.

(8) The telephone and utility deposits will generally be refundable in accordance with the terms fixed by the telephone company and the utility companies, respectively.

(9) Miscellaneous expenses include pre-opening employee training payroll, petty cash (including cash register "opening banks"), security system, interior/exterior landscaping, sound system, banking pre-opening costs, accountants, lawyers, office supplies, fees and expenses of incorporation and initial pest control fee**.**

(10) At the time you sign the Franchise Agreement, you will set up a depository account of $3,000 with your local banking institution. –You are required to maintain a minimum balance of $3,000 in this account at all times.

(11) Cash flow from your operations may not be adequate to cover operating and other costs during the initial phase of business. –The range shown estimates your expenses during the first three months of operation. –These expenses include payroll costs (excluding any wage or salary paid to you), other miscellaneous expenses and working capital. –We cannot guarantee that you will not have additional expenses starting the business. –Your costs will depend on factors such as: how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our product; the prevailing wage rate; competition; and the sales level achieved during the initial period. –The amount required for additional funds was formulated based upon our years of experience as a franchisor and our affiliate's years of experience operating company restaurants in addition to information provided by other franchisees.

(12) Your initial investment for a new *Cold Stone Creamery* restaurant depends primarily upon the size, configuration, location, who pays the costs to develop the real estate and/or construction of the restaurant, and the amount and terms of financing, if any. –The initial funds required must be estimated as most costs are not within our control and may change at frequent intervals. –These estimated ranges are based on our experience and information provided by franchisees.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as stated in this Item 8, you have no obligation to purchase or lease goods, services, supplies, fixtures, equipment, inventory or computer hardware relating to the establishment or operation of your *Cold Stone Creamery* restaurant from us or from any of our designees.

The Franchise Agreement requires that all food products, ingredients, equipment, computer hardware and software, furniture, fixtures, millwork, décor, signs, computer equipment, supplies and other products, services and materials which you will use in the operation of your restaurant meet our standards and be purchased only from approved distributors and suppliers. You may use any operational service providers, such as

exterminators, refrigeration services companies, refuse removal companies, and similar service providers that you desire. If we organize a rollout for a new approved product or a new supplier of an approved product, you will be required to purchase such approved product(s) from our approved distributors of the approved supplier within 60 days of notification from us. We are not an approved supplier of any products or services. Kahala Brands is not a supplier of any products or services. Neptune Equipment, an affiliate of Kahala Franchising, is currently one of the approved suppliers of certain equipment, interior and exterior signage menu boards, POS System and smallwares. You are required to purchase certain menu boards, wall covering, wall graphics, and other items from Neptune Equipment. Kahala Management, an affiliate of ours, is currently the only approved service provider of phone support maintenance for the software and hardware of the POS system ("POS Help Desk Phone Support Maintenance"). You are required to purchase the phone support service from Kahala Management. Kahala Management is also an approved service provider of real estate services. For a fee, Kahala Management will review your entire lease and exhibits and provide to you or your attorney its review of the entire lease and suggested changes to the lease. Kahala Management may, in its sole discretion, also assist you in locating a potential site for a franchisee upon request from a franchisee. You may, but are not required, to use Kahala Management for real estate services. We currently have other non-affiliated approved suppliers of other equipment, smallwares, furniture, POS Systems, beverage equipment, sound systems and certain ingredients and other logoed items utilized in your *Cold Stone Creamery* restaurant. None of our officers own an interest in any of the approved suppliers not affiliated with us. To become approved, a supplier must demonstrate, to our reasonable satisfaction, it can meet all of our standards and has adequate capacity to supply franchisee's quantity and delivery needs. We will provide you with a list of approved distributors of the approved suppliers for your market area during the pre-opening and/or construction phase for your Franchised Business. You can expect that the items you will purchase in accordance with our specifications will represent over 90% of the total purchases you will make to begin operations and over 80% of your annual operating expense for raw materials, products and supplies.

All requests for approving new or alternative suppliers must be submitted in writing by you and/or the supplier to the purchasing department at Kahala Brands. Each request will be reviewed in accordance with our then-current procedures and the supplier must meet our then current requirements, which may include that our representatives be allowed to inspect the facilities of the proposed supplier, and that samples from the proposed supplier be delivered, at no charge to us, either to us or to our designee for testing. Our criteria for approving suppliers is available to franchisees upon written request to the purchasing department. There is no cost to you for the inspection and tests of the proposed supplier. If approved, in our sole reasonable discretion, we will notify you and/or the supplier in writing within 60 days of our receipt of an approval request. You must not offer for sale or sell any of the proposed alternative supplier's products until you receive our written approval of the proposed alternative supplier. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke its approval upon the supplier's failure to meet any of our then current minimum standards and specifications. If you receive a written notice of revocation from us, you must stop selling disapproved products and stop purchasing from the disapproved supplier.

We will provide you with one set of our confidential "ops package" which may consist of the operations manual, "ops toolkit" and related printed and electronic documents (collectively, the "Confidential Manual".) We provide all specifications and standards to you in the Confidential Manual, which we may modify from time to time by providing you with "rollout guides" for limited time offers, amendments, modifications or supplemental inserts through

notices or bulletins, or by amending the Confidential Manual. A list of approved distributors for our approved vendors is maintained by our purchasing department and will be provided to you during the pre-opening and/or construction phase for your Franchised Business. Updates will be provided to you as changes are made (i.e., additions and deletions) to the list of approved distributors for our approved vendors.

We have negotiated special pricing arrangements or discounts with some of our suppliers. The arrangements may include special contract pricing, volume discounts, and specific discounts from regular wholesale prices. Some or all of these discounts could be passed on to our franchisees, in our sole discretion. We do not provide any other material special benefits to franchisees based on their purchase of particular approved supplies or their use of particular approved suppliers.

We or our affiliates may also receive vendor allowances, usually ranging between 1% and 5%, from certain suppliers on purchases made by you and other franchisees. The vendor allowances are generally based upon a percentage of franchisee purchases, will be included in our general revenue, and may be used by us for salaries of personnel that assist franchisees by attempting to increase their sales, maintaining the customer service hotline, handling of inquiries and complaints from our franchisees' customers, tracking consumer service hotline trends, product research and development, franchisee crew training, supply chain information management systems, and a variety of ongoing programs, including education, marketing, advertising, and franchisee meetings, seminars, conventions, conferences, and events. These vendor allowances are usually based on an amount per unit, per case, per gallon, or per pound of product (*i.e.*, properly specified and approved ~~meat,~~ dairy products, paper products, smallwares, beverages and apparel) purchased. We may use vendor allowance funds received from our suppliers to benefit the *Cold Stone Creamery* ~~System~~ brand in our sole and absolute discretion.

Pursuant to the mergers as fully described in Item 1, the total revenues and expenses of Kahala Franchising and its subsidiaries and affiliates have been consolidated with MTY USA's, as reflected in the audited consolidated financial statements presented in this disclosure document. For the year ending November 30, ~~2023~~2024, 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 ~~7~~8.5% 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.

A subsidiary of MTY USA that earned revenue from purchases of equipment, furniture, menu boards, interior and exterior signage, wall décor and smallwares made by us, our franchisees, and licensees is Neptune Equipment. Neptune Equipment provides the following services: purchases your equipment from various approved manufacturers; provides logistics services by arranging for bundled delivery to you; and assists with warranty support of the equipment purchased. Neptune Equipment charges a markup on the equipment and a handling fee for its services. During our last fiscal year, Neptune Equipment earned a total of $1,670,243

~~1,652,145~~ of the $51,714,322 ~~43,895,158~~ from franchisee purchases.

During our last fiscal year, MTY USA on a consolidated basis with its subsidiaries, earned revenue from POS help desk support maintenance services and the sale of POS equipment in a total amount of $1,845,877 ~~1,739,420~~ of the $51,714,322~~43,895,158~~.

The processing fees received by Kahala Management do not currently cover the costs of the gift card program.

Our Leasing Affiliates do not derive revenue as a result of their leasing activities.

We may acquire certain used equipment and signage and offer it for sale to prospective or existing franchisees at a price that we believe to be equal to or less than the fair market value of that equipment and signage. If we make that offer to you, you have the option of purchasing that equipment and signage from us or purchasing new equipment and signage from approved third parties. In addition, we or our affiliate, may offer to sell to prospective or existing franchisees an existing operational *Cold Stone Creamery* restaurant (including the equipment, signage, fixtures, inventory and other items necessary to operate the restaurant) at a price that we believe to be equal to or less than the fair market value of the restaurant. If we make that offer to you, you have the option of purchasing the existing operational *Cold Stone Creamery* restaurant or starting your own *Cold Stone Creamery* restaurant.

We have not arranged any purchasing or distribution cooperatives among our franchisees.

We have a master beverage agreement with the Coca-Cola Company ("Coke") (the "Coke Agreement") under which Coke products are the only approved carbonated fountain soft drinks for your *Cold Stone Creamery* restaurant. Coke may pay allowances to you, the Advertising Fund, and/or us based on Coke products purchased. Coke may also: (i) subsidize or provide your financing for approved Coke dispensing and ice making equipment (your subsidy or financing will be offset by some or all of your allowances from Coke); (ii) service the Coke dispensing equipment (to be paid for out of your allowance, if available); and (iii) subsidize or provide your financing to us or third party service providers for certain promotional and advertising materials, including menu panels (your contribution, subsidy or financing will be offset by some or all of your allowances from Coke). Your allowances and equipment support payments may be terminated if you or we do not comply with the Coke Agreement. Coke and/or we may also provide you or make available to you for purchase selected promotional and marketing materials, which shall be paid for with all or a portion of your allowances earned from Coke. We reserve the right to amend, modify or terminate the Coke Agreement as we deem appropriate.

You must, at your own cost and expense, use our designated and approved third party design architect, as detailed in the Confidential Manual, to prepare the initial design drawings for your Franchised Business. Except for the design architect designated and approved by us, no other architect may be used by you for the design of your restaurant. You must also, at your own cost and expense, retain a licensed architect of record to prepare the permitted construction set of drawings.

You must purchase an interior and exterior sign package and menu panels in accordance with our specifications indicated in the Confidential Manual and related documents provided to all franchisees. In addition, you must have your *Cold Stone Creamery* restaurant be

consistent in color, design and style with the standards and specifications adopted and approved by us, and as we may modify those standards periodically. You must maintain the appearance and atmosphere of your *Cold Stone Creamery* restaurant, and the equipment and premises used in connection with your *Cold Stone Creamery* restaurant, in accordance with the standards we may adopt from time to time. Any variations in color, design, style, appearance or atmosphere must be approved in writing by us. Our current standards and specifications are included in our Confidential Manual.

You are required to acquire, from an approved supplier, and exclusively use an approved cash register/point of sale computer system and software during the operation of your *Cold Stone Creamery* restaurant. The components and specifications of this system are specifically identified in the Confidential Manual. You shall also be required to own a personal computer or similar device that allows you to receive online orders and to send and receive e-mails with us~~, and possibly a fax machine to allow communication with us~~.

You are required to accept all approved debit and credit cards, along with Kahala Franchising or its affiliate's stored value gift cards, loyalty cards, frequency cards, and any other similar Kahala Franchising or affiliate sponsored electronic card and/or payment program (collectively, the "Gift/Loyalty Card") from consumers at your *Cold Stone Creamery* restaurant. Prior to the opening of your restaurant, you will be required to acquire an approved debit, credit and Gift/Loyalty card processing system to use during the operation of your *Cold Stone Creamery* restaurant. The components and specifications of this system are specifically identified in the Confidential Manual. Additionally, you must utilize our approved third party payment card processor, as identified in the Confidential Manual, for processing all such debit, credit, rewards, and Gift/Loyalty card transactions.

You must utilize our approved mobile application ("App") and online food ordering service (including any third-party delivery order integration) and may not use any other store-specific App or online ordering service. Olo is a Franchisor-approved online ordering vendor, as of this Disclosure Document's issuance date. You may also utilize third-party delivery services and we may require you to utilize third-party delivery services, ~~such as through DoorDash, or~~ through a~~nother~~ 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 complete a food safety manager training program at your cost. We will accept your local county or state required program or any other nationally recognized food safety program. You must provide us with a copy of your certificate prior to attending our Training Program.

We may, from time to time, provide referral incentives to franchisees, employees and others for qualified referrals of prospective franchisees. We may, from time to time, pay membership fees to public, quasi-public and private service providers who refer potential franchisees from identified groups (e.g. veterans or military personnel planning to leave the service).

We may vary the terms of our franchises in connection with testing new marketing, branding, research and development of new menu offerings, and/or operational programs. These tests are generally conducted with experienced, existing franchisees and may include incentives and other rights which are not available to all franchisees. We reserve the right to

sell some of the products associated with the *Cold Stone Creamery* brand to different retail outlets such as grocery chains or membership-based retailers.

You may not maintain a World Wide Web site, social media site, an App (application) or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with the Franchised Business without our prior written approval.

Although not bound to do so, Kahala Franchising may conduct, from time to time, additional research and development with regard to its specifications and standards. The criteria for evaluating any changes in these specifications will be whether such changes in the specifications will improve quality, be more efficient and have greater customer appeal, thus enhancing the *Cold Stone Creamery* brand name and image.

You must obtain all insurance we require and obtain it from an insurer having an A.M. Best's financial strength rating of "A-VIII" or better. Your insurance must: (i) insure the particular Franchisee listed on your Franchise Agreement; (ii) name us and our parents, subsidiaries, affiliates, directors, officers, and employees as additional insured; (iii) contain a waiver by the insurance carrier of all subrogation rights against us and our affiliates for casualty losses; (iv) provide that we will receive by an endorsement 30 days' prior written notice of cancellation; and (v) provide that failure by franchisee to comply with any term, condition or provision of the contract, or other conduct by franchisee, will NOT void or otherwise affect the coverage afforded us. Before you may open your *Cold Stone Creamery* restaurant, at the time you sign your lease, annually at least 10 days prior to renewal of your insurance coverage, and at any other time upon our request, you must provide a copy of your certificate of insurance to us which meets our requirements.

Our minimum insurance coverage requirements (subject to change, including to increase) are below. You need to evaluate if your particular business will require greater coverage or other types of insurance. For example, we strongly recommend that you consult with an insurance broker to discuss whether your particular lease/situation requires and/or should obtain additional common types of insurance (including without limitation, employment practices liability, business interruption, umbrella insurance and cyber liability/data breach insurance coverage). Such insurance may significantly increase your premiums but may also save you money in the long run. We make no representation that the minimum coverage that we specify will be sufficient for your business. You will pay your insurance premiums directly to your insurance broker or to the insurance company issuing the policy.

TYPE OF COVERAGE	LIMITS/SPECIFICATIONS
General Liability	$1,000,000 Bodily Injury/Property Damage Per Occurrence / $2,000,000 Aggregate
Building Improvements and Betterments	100% of Full Replacement Cost – No Coinsurance (minimum of $100,000)
Business Personal Property	100% of Full Replacement Cost – No Coinsurance – Special Form or equivalent (minimum of $100,000)
Spoilage	$5,000
Flood, Earthquake and Volcanic Eruption	Subject to Territory Limitations – required if in a designated Flood Zone
Workers' Compensation and Employer's Liability Insurance	As required by law

TYPE OF COVERAGE	LIMITS/SPECIFICATIONS
~~Employment Practices Liability Insurance with Franchisor Defense coverage~~	~~$1,000,000~~
Hired and Non-Owned Automobile Liability	$1,000,000 Combined Single Limit per accident

You must always keep the required insurance coverage in force, and you must comply with any changes we make periodically to our insurance requirements. Upon 30 days' notice to you, we may require you to increase and/or otherwise change the minimum coverage of the insurance referred to above including to reflect identification of special risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. In the event you fail to obtain or maintain the required insurance coverage, we reserve the right, but are not obligated to, obtain the required insurance on your behalf and charge the insurance premium to you.

We want to ensure that our franchisees comply with their leases for the premises where their restaurants are located, the limitations on their use of the approved location, and their obligations to us. Thus, if you open and operate a restaurant, one of our Leasing Affiliates may enter into a Master Lease for your restaurant and will then Sublease it back to you, using one of our approved Sublease forms (See Exhibit O~~-1~~: Sublease and Guaranty of Sublease ~~(Franchisee pays rent directly to Landlord); and Exhibit O-2: Sublease and Guaranty of Sublease (Franchisor or its affiliate collects rent from Franchisee and pays to Landlord) (the preceding two subleases collectively known as "Exhibit O: Sublease and Guaranty of Sublease")~~). The Sublease will contain substantially the same terms as the Master Lease. The term of the Sublease will be for the entire term of the Master Lease, less one day. You will sign the Sublease at the time our Leasing Affiliate signs the Master Lease for the premises. You must provide all security deposits, guaranties, and other assurances the landlord of the premises requires. We or our Leasing Affiliate will try to negotiate favorable terms under the Master Lease, but we cannot guarantee that the lease terms, including but not limited to rent, will be the most favorable terms available in the market. We encourage you to participate in the lease negotiation process, with the assistance of your attorney. Our attorneys represent us, not you.

We may, at our option, require you to enter into a lease for the restaurant premises directly with the landlord ("Direct Lease"). You and your attorneys must negotiate the terms of the Direct Lease. We have no liability to you regarding the terms or negotiations of the Direct Lease. The Direct Lease for the premises is subject to our final approval. You and the landlord under the Direct Lease must sign our approved Lease Addendum (See Exhibit L: Required Lease Terms). Additionally, if your selected franchised Cold Stone Creamery restaurant is allowed to sell RMCF's products in addition to the Cold Stone Creamery product offering you must sign our approved RMCF Lease Addendum (See Exhibit L-1: RMCF Required Lease Terms). If we require you to enter into a Direct Lease, you must provide us with a copy of the Direct Lease and the Lease Addendum(s) for our approval at least 10 days before you sign the Direct Lease, and you must provide us with a copy of the executed Direct Lease and Lease Addendum(s) within 10 days after signing. If you do not provide us with all of the required documents, we will not approve your Direct Lease.

A non-traditional restaurant will generally be located inside an existing primary business. As a result, if you open and operate a non-traditional restaurant, there may not be a Sublease

between you and our Leasing Affiliate. If the circumstances make a Sublease appropriate, then you would sign a Sublease with our Leasing Affiliate.

You should carefully read the Direct Lease, or the Sublease and Master Lease, and, if applicable, the sublicense agreement. The Sublease provides that a default under your Franchise Agreement is a default under the Sublease. It also provides that you will not raise any defense or counterclaim in any action we or our Leasing Affiliates commence, other than a defense of payment.

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	Article or Section in Franchise Agreement	Section in Sublease	Disclosure Document Item
a. Site selection and acquisition/lease	2.1 and 2.2	Preamble	7 and 11
b. Pre-opening purchases and leases	2.2, 3.3, 4.6 and 9.3	Not Applicable	5, 7, 8, 10 and 11
c. Site development and other pre-opening requirements	2.3, and 2.4	1.2	7, 8 and 11
d. Initial and ongoing training	4.1, 4.2 and 4.3	Not Applicable	11
e. Opening	3.1 (Note 1)	Not Applicable	7 and 11
f. Fees	5	3, 4, 5 and 18	5, 6, 7 and 11
g. Compliance with standards and policies/ Confidential Manual	1.4, 3.2, 4.5 and 9	Not Applicable	8, 11, 14 and 16
h. Trademarks and proprietary information	6 and 7	Not Applicable	13 and 14
i. Restrictions on products/ services offered	2.6, 3.2 and 9.2	6	8 and 16
j. Warranty and customer service requirements	No obligation imposed	Not Applicable	Not applicable
k. Territorial development and sales quotas	No obligation imposed in Franchise Agreement;	Not Applicable	11
l. Ongoing product/service purchases	3.2, 9.2 and 9.3	Not Applicable	8
m. Maintenance, appearance and remodeling requirements	1.4, 2.3, 12.3 and 13	8	7 and 11
n. Insurance	9.5	12	7

Obligation	Article or Section in Franchise Agreement	Section in Sublease	Disclosure Document Item
o. Advertising	5.3, 5.4 and 10	Not Applicable	6, 7 and 11
p. Indemnification	8.2, 8.3, 14.7 and 16.17	2.3, 7, 11 and 16	13 and 14
q. Owner's participation/ management/staffing	4.1, 4.2, 4.3, 9.1 and 9.6	Not Applicable	11 and 15
r. Records and reports	5.2, 5.6 and 11.1	3	6 and 11
s. Inspections and audits	4.3, 4.4, 5.18, 9.7 and 11.2	3.3 and 13	6 and 11
t. Transfer	12	9	6, 16 and 17
u. Renewal	13	2.2	6, 16 and 17
v. Post-termination obligations	14.5	Not Applicable	17
w. Non-competition covenants	14.6	Not Applicable	15 and 17
x. Dispute resolution	16.3	Not Applicable	17
y. Other			
Personal Acceptance; Personal and Spousal Guarantees; Non-Disclosure and Non-Competition	9.8; Personal Acceptance of Sections 7.1, 7.2, 14.6 and 14.8; Guaranty of Franchise Agreement; and Non-Disclosure and Non-Competition Agreement	Guaranty of Sublease	10, 15

Note 1: Not applicable for renewal Franchise Agreements.

ITEM 10: FINANCING

We do not offer any direct or indirect financing or financing arrangement, nor will we guaranty your obligations under any note or other obligation, except potentially for the lease for your site or if you purchase a restaurant corporate-owned “as-is” by one of our affiliates, and only in our sole and absolute discretion.

If you are an individual and married, your spouse must execute and deliver to us a Guaranty of Franchise Agreement (See Exhibit F-1: Guaranty of Franchise Agreement) and a Non-Disclosure and Non-Competition Agreement (See Exhibit F-2: Non-Disclosure and Non-Competition Agreement) at the same time that you sign the Franchise Agreement unless your spouse is also signing the agreement as an individual. If you are a corporation, limited liability company, or other business entity, each of your shareholders, members, or other owners (and their respective spouses, if married) must execute and deliver to us a Guaranty of Franchise Agreement, and their respective spouses must execute and deliver to us a Non-Disclosure and Non-Competition Agreement, at the same time that you sign this Agreement. In the event any person who has not previously signed a Guaranty of Franchise Agreement or a Non-Disclosure and Non-Competition Agreement becomes your spouse or the holder of any class of your stock

or ownership interests or a spouse of such holder, at any time after the execution of such agreement, you must cause such person(s) to immediately execute and deliver a Guaranty of Franchise Agreement and a Non-Disclosure and Non-Competition Agreement to us as appropriate.

If, in order to obtain the lease agreement for the site of your *Cold Stone Creamery* restaurant, the landlord requires you to obtain a third party lease guarantee, and we or one of our affiliates agrees to serve as such guarantor (with such determination to be made in our sole and absolute discretion), you will pay to us a lease guarantee fee in the amount of 10% of the total amount of the rental obligations being guaranteed under the lease during its term up to a maximum payment of $10,000. If the franchisee is an individual, the individual franchisee (and his/her spouse, if married) must personally guarantee the debt. If the franchisee is a corporation, limited liability company, partnership, or other entity, each of the principals of the entity (and each of their respective spouses, if married) must personally guarantee the debt. Once paid, the lease guarantee fee is non-refundable under all circumstances. We do not offer financing for the lease guarantee fee as it is payable in full upon the execution of the guarantee. Neither we, nor any of our affiliates, are required to serve as a guarantor of your lease for the site of your restaurant. The decision of whether to serve as a guarantor of your lease shall be made at our sole and absolute discretion.

If you purchase a corporate restaurant "as-is" that is owned and operated by one of our affiliates, we may finance up to 100% of the purchase price, at our sole discretion. When you purchase a corporate-owned restaurant from one of our affiliates, you will enter into an "Asset Purchase Agreement" (See Exhibit D). If you finance any portion of the purchase price of the corporate-owned restaurant through Kahala Holdings or Kahala Restaurants, you will also enter into a "Promissory Note and Security Agreement" and a "Guaranty," which are exhibits to the Asset Purchase Agreement. The purchase price may include the Initial Franchise Fee, any transferrable furniture, fixtures, and equipment, the leasehold and/or any transferable leasehold improvements that are located in the restaurant at the time of purchase, along with any inventory that is in the restaurant at the time of purchase. The lender providing the financing is one of our affiliates, Kahala Holdings or Kahala Restaurants, whichever entity owns the restaurant. The annual rate of interest charged will be between 0% and 12% and will depend on the creditworthiness of the franchisee, the amount being financed, and the dollar amount being paid up-front by the franchisee. There are no finance charges associated with the Promissory Note and Security Agreement. The amount being financed will be required to be re-paid in equal monthly installments and the period of repayment will be generally be between 12 months and 60 months, depending on the amount being financed. The security interest required by us is a first position lien on all equipment. If the franchisee is an individual, the individual franchisee (and his/her spouse, if married), must personally guarantee the debt. If the franchisee is a corporation, limited liability company, partnership, or other entity, each of the principals of the entity (and their respective spouses, if married) must personally guarantee the debt. The Promissory Note and Security Agreement may be pre-paid in full or in part at any time and from time to time without penalty. The franchisee's potential liabilities upon default include: (i) an accelerated obligation to pay the entire amount due, including but not limited to all accrued and unpaid interest, if the default is not cured within seven calendar days; and the interest rate will be increased to an annual rate of 18%; (ii) obligation to pay costs and attorneys' fees incurred in collecting the debt; (iii) termination of the franchise; and (iv) liabilities from cross defaults resulting from non-payment or from the loss of business property on franchisee's other restaurants named in the Promissory Note and Security Agreement and granting either Kahala Holdings or Kahala Restaurants the right to take back the restaurant(s). The Promissory Note and Security Agreement requires franchisees to waive the following legal rights: demand,

notice, diligence, protest, presentment for payment, and notice of extension, dishonor, protest, demand and nonpayment of the promissory note; any release or discharge by reason of: any release or substitution of, or other change in, any security given for the indebtedness or the obligation of any person or entity who may become directly or indirectly liable for the note or any extension or other modification of the note; and rights to contest or appeal our exercise of the take back rights and not receiving compensation for the restaurant after the take back rights have been exercised. The Promissory Note and Security Agreement also bars the franchisee's right to contest the take back rights.

We require a first lien position in all equipment as a security interest to be given by the franchisee. We do not intend to sell, assign or discount to a third party any financing arrangement. We do not arrange financing from other sources; therefore, we do not receive direct or indirect payments from placing financing.

The lease for a corporate restaurant is entered into by one of our affiliates. When you purchase the corporate restaurant, you will enter into a Sublease with our affiliate using our standard form of Sublease where you pay all monies owing under the Master Lease directly to the property owner, or our standard form of Sublease in which you pay all monies owing under the Master Lease to our affiliate and the affiliate will pay the property owner, which are exhibits to the Asset Purchase Agreement. The Sublease will contain substantially the same terms as the Master Lease. The term of the Sublease will be for the entire term of the Master Lease, less one day. If you are an individual, you (and your spouse, if married) must sign the Guaranty of Sublease (see Exhibit O: Guaranty of Sublease). If you are a corporation, limited liability company, partnership or other business entity, each of your shareholders, members, partners or other owners (and their respective spouses, if married) must sign the Guaranty of Sublease.

We will, within 60 days after we receive the proposed Master Lease (and additional materials required by us), review the Master Lease to make sure it meets our minimum site requirements.

Upon submission of a proposed Master Lease, you must provide us with any additional documentation and information that we may require regarding the proposed site, the proposed lease, your financial condition and your Principals' financial condition. If we determine that you do not have the financial capacity to perform your obligations with respect to the site or the Master Lease, we may deny approval of the site and/or Master Lease. That disapproval will be deemed to be reasonable. In that event, we or our affiliates or franchisees may operate a *Cold Stone Creamery* restaurant at that site.

We or our affiliates may, in our sole discretion, lease the site approved by us for your *Cold Stone Creamery* restaurant and sublease the site to you. In addition, if and when you sign the Sublease, you must pay to us an amount equal to two months base rent under the Master Lease, plus a security deposit in an amount equal to the security deposit required under the Master Lease. (We reserve the right, however, to require a greater security deposit, based upon your creditworthiness.)

Please note, if you intend to lease the site of your restaurant, the lease must include certain required provisions (See Exhibit L: Required Lease Terms; Exhibit E-1: Franchise Agreement (New) – Section 2.2; Exhibit E-2: Franchise Agreement (Renewal) – Section 2.2; Exhibit E-3: Franchise Agreement (Transfer) – Section 2.2 (all the preceding three franchise agreements collectively known as "Exhibit E: Franchise Agreement")).

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

Except as disclosed below, Kahala Franchising is not required to provide you with any assistance.

If your Franchised Business will be located in an area that is subject to an area representative agreement, the Area Representative in that area may be responsible for providing to you some or all of the services required to be provided by us, other than new owner training. However, Area Representatives are not authorized to make promises or agreements on our behalf or to agree to modifications to your Franchise Agreement or other agreements relating to your Franchised Business.

Pre-Opening Assistance

Before you open your business, we will provide the following assistance to you:

Site Selection

1. You will either: (i) lease or purchase the premises for your *Cold Stone Creamery* restaurant directly from a third party; or (ii) one of our Leasing Affiliates will lease or license the premises where you will locate your restaurant, and will provide you with a Sublease or sublicense of the premises, as applicable. You must select, and we must approve, an acceptable location that you open within ~~one year~~nine (9) months after the effective date of the Franchise Agreement. The lease or purchase agreement will be subject to our prior approval, and you must provide us with a copy of the lease or purchase agreement at least 30 days prior to execution. We will notify you if we do not approve the site within 30 days of receiving your site selection information. We will not unreasonably withhold our approval of the location. The location must be within a geographic area identified in Section 1.1 of the Franchise Agreement. The factors that we will consider in approving your proposed location include, among other things: occupancy costs, proximity to major retail activity and other *Cold Stone Creamery* restaurants, sign visibility, traffic volume and speeds, parking availability, neighborhood economic profile, population density, accessibility, competition and other tenants in the shopping center, mall, or applicable retail structure. If you cannot secure a location acceptable to us and open it within ~~one year~~nine (9) months after the effective date of the Franchise Agreement, we may terminate your Franchise Agreement after giving you written notice (See Exhibit E-1: Franchise Agreement (New) —Section 2.1). The decision to establish and operate your *Cold Stone Creamery* restaurant at the location will be made solely by you, without any reliance upon any information provided (if any), recommendation made (if any) or approval given (if any) by us, any Area Representative or any of our or their respective shareholders, directors, officers, employees, representatives, agents or affiliates. You must purchase or lease your business location from independent third parties. If you intend to lease your business location, the lease must include certain required provisions (See Exhibit L: Required Lease Terms; Exhibit E: Franchise Agreement—Section 2.2).

2. If we determine that you do not have the financial capacity to perform your obligations with respect to the location or the Master Lease, we may deny approval of the location and/or Master Lease. Our disapproval will be deemed to be reasonable. In that event, we or our affiliates or franchisees may operate a *Cold Stone Creamery* restaurant at that site.

Construction and Furnishings

1. We will provide you with a copy of the design drawings, which is the detailed plans and specifications including landscaping and parking space, if applicable, for your Franchised Business upon our approval of the plans. You must hire and use, at your sole cost and expense, our designated and approved third party architect (See Exhibit E: Franchise Agreement—Section 2.3). You are solely responsible for conforming the premises to all codes and ordinances, including the Americans with Disabilities Act (the "ADA"), and obtaining all required permits. You are solely responsible for constructing or remodeling and decorating the location to our system standards and subject to our approval. We do not provide assistance with conforming the premises to codes and ordinances, including the ADA, obtaining permits, or constructing, remodeling or decorating your restaurant. You must provide us with one copy of the plans for your restaurant within 30 days after selection of the site. We will then have 30 days to approve or disapprove of the plans. We must approve any and all changes or revisions to the plans required for your site before you begin construction. Our approval of the plans is solely for complying with our system standards, and not for determining compliance with codes, ordinances, the ADA, or any lease-specific requirements.

2. We will identify the furnishings, fixtures, and equipment (including cash registers, point of sale systems, and computer hardware and software), signs, products, materials, and supplies necessary or authorized for the restaurant to begin operation (See Exhibit E: Franchise Agreement—Sections 2.4, 3.2, 3.3, 4.5, 4.6, and 9.3).

3. We will provide you with all standards of operation that you must use or satisfy before you open the restaurant (See Exhibit E: Franchise Agreement—Sections 4.5 and 9.1).

4. We will provide you with the names and contact information of any distributors and/or suppliers you are required or authorized to use to supply you with products or services complying with our standards and specifications. The names and contact information of the approved distributors and suppliers and the written specifications for the approved equipment, signs, fixtures, opening inventory and supplies will be provided to you during the pre-opening and/or construction phase for your Franchised Business. Updates will be provided to you as changes are made (i.e., additions and deletions) to the list of approved distributors for our approved suppliers. We do not deliver or install any of these approved items (See Exhibit E: Franchise Agreement—Section 9.3).

Confidential Operations Manual

We will provide you, as part of the Confidential Manual, an electronic or print version of the Operations Manual, with operating procedures to assist you in complying with our standard methods of controls, production methods, and with policies procedures and resources to support brand consistency and compliance. The Operations Manual is collectively 48 pages. The Operations Manual is confidential and remains our property. We may modify the Operations Manual as and when we desire, but no modification will materially alter your status and rights under the Franchise Agreement (See Exhibit E: Franchise Agreement—Section 4.5). The Table of Contents of the Operations Manual is attached to this Disclosure Document as Exhibit T.

Time to Open

The typical length of time between the earlier of the signing of the Franchise Agreement or the first payment of consideration for the franchise and the opening of the Franchised

Business is 4 to 12 months for both a traditional and non-traditional Cold Stone Creamery restaurant. The factors that may affect this time are: lease or purchase negotiations; zoning procedures; financing applications; local ordinances and approvals; obtaining licenses and permits; construction delays; weather conditions; shortages; delayed installation of equipment, fixtures and signs; development or construction not in accordance with our requirements; labor disputes; Acts of God; and other reasons.

Training

1. We will make a Training Program available to you and your designated representative after you sign the Franchise Agreement. The following Table indicates the general subject matter, the number of hours of classroom training, and the number of hours of on-the-job training for each subject to be covered during the Training Program, and the location of the training. Our instructors have been adequately trained in the ownership and operation of a *Cold Stone Creamery* franchise, including having, at a minimum, completed the entire *Cold Stone Creamery* Training Program, and having experience in training each of the subjects listed in the table below, with some trainers having five years' experience or more in training each of the subjects. Other personnel involved with on-the-job training of franchisees are Regional Directors of Operation, all who have more than one year experience with on-the-job training. During the classroom portion of the Training Program, New Owner Training will be taught using the following instructional materials: manuals, videos, and tests. You and anyone taking in-store training (including employees of franchisees) must: sign the In-Store Training Release and Waiver of Liability Agreement (see Exhibit J). In-store training will be taught in a *Cold Stone Creamery* restaurant using the following instructional materials: manuals, job aids and tests. Certain portions of the entire Training Program may be adjusted as necessary as determined by us and based upon your skill sets. Further, substitute instructors may present certain portions of the Training Program.

TRAINING PROGRAM

Column 1 **Subject**	**Column 2** **Hours of Classroom Training**	**Column 3** **Hours of on-the-job training**	**Column 4** **Location**
New Owner Training	40	---	Online, KTEC (Kahala Training & Education Center) in Scottsdale, AZ, or at such other location designated by us
In-Store Training	---	80	Training store in Arizona or such other location designated by us

2. The training of two individuals is included in the Initial Franchise Fee. You or another partner, shareholder or member of your business organization must have successfully completed our Training Program to our satisfaction. Your manager, at your sole discretion, may be one of the two individuals you bring to training, or you may bring your manager in addition to the two individuals and pay the Additional Persons Training Fee. You and your restaurant managers must be able to read and write English adequately, in our good faith opinion, to satisfactorily complete our Training Program and to communicate with employees, customers and suppliers. Notwithstanding the foregoing, Franchisor has the right to require Franchisee and/or its managers(s) to attend additional in-store training in the event Franchisee is not

operating the Franchised Business pursuant to Franchisor's Systems Standards. Please note, at our sole discretion, the Training Program for a non-traditional Cold Stone Creamery may differ slightly from the Training Program outlined above (See Exhibit H: Amendment to Franchise Agreement (for non-traditional locations excluding those co-branded with another affiliated brand); Exhibit I: Amendment to Franchise Agreement (for co-branded non-traditional locations)).

3. The classroom portion of the Training Program will be held online, from KTEC, which is located at our corporate offices in Scottsdale, Arizona, or at such other location(s) as we designate in our sole discretion and the in-store portion of the Training Program will be held at one of our affiliated restaurants in the metropolitan Phoenix, Arizona area, or at such other location(s) as we may designate in our sole discretion. You will need to arrange for transportation (such as flights and car rental), food, and lodging for you and your designated attendee. The costs you incur will depend on factors such as the distance you must travel, the type of accommodations you choose and the time of year you attend training The estimated cost for travel and living expenses for two persons while training, not including salaries, if any, ranges from $3,000 to $7,500 (See Exhibit E: Franchise Agreement—Sections 4.1 and 9.6).

4. You must complete the Training Program no more than three months and no less than one day prior to the opening of your *Cold Stone Creamery* restaurant. The New Owner Training will be conducted once a month. The In Store Training portions of the Training Program is scheduled as needed and determined by the Franchisor. Kahala Franchising does not currently require you to attend additional training courses or refresher courses. However, if you would like additional training after completing the Training Program, we will provide additional training to you at a cost of $300 per person per day. Notwithstanding the foregoing, Franchisor has the right to require Franchisee and/or its managers(s) to attend additional in-store training in the event Franchisee is not operating the Franchised Business pursuant to Franchisor's Systems Standards.

5. In addition to the Training Program, you must ensure that all of your employees are trained in *Cold Stone Creamery* restaurant procedures. You are solely responsible for hiring and training your employees. You must also ensure that the manager(s) and all employees whose duties include customer service are able to speak and read English and any other language that may be required to adequately meet the public needs in your restaurant. We believe training is important to the success of the *Cold Stone Creamery* System, and from time to time, we may offer informal training sessions to franchisees. We believe it is in your best interest to attend any such training sessions.

6. We will provide one of our representatives to come to your restaurant during opening week for up to five days at our expense to work with you and your manager on your grand opening, and on operating and marketing your restaurant. We may, in the future, hold refresher or additional training programs, conferences and seminars. Your attendance at these programs is mandatory. To help us defray the cost of sponsoring these programs, there may be a nominal registration fee, and you will also be required to pay the cost of transportation, food, lodging and other personal expenses of your attendance and those of your personnel at any such program. These programs will be held at locations within the United States that we will specify in our sole discretion (See Exhibit E: Franchise Agreement—Section 4.3).

Post-Opening Assistance

During the operation of the Franchised Business:

1. If you are opening a new restaurant, we or our designated affiliate will create a marketing plan for (i) a grand opening event and (ii) the initial advertising of your Franchised Business, and will work with you to obtain your input on the marketing plan. (See Exhibit E: Franchise Agreement-Sections 5.24 and 10.2).

2. We will maintain a continuing advisory relationship with you, including consulting with you in marketing, merchandising and general business operations which may help you in improving and developing your restaurant (See Exhibit E: Franchise Agreement – Sections 4.3, 9.1).

3. We will provide you with information on our operating and other standards for your restaurant. We may modify these as, and when, we desire (See Exhibit E: Franchise Agreement – Sections 4.5, 9.1).

4. We will continue our efforts to maintain high and uniform standards of quality, cleanliness, appearance and service at all restaurants in the System, including making periodic inspections and quality service checks of your restaurant (See Exhibit E: Franchise Agreement – Section 4.3, 9.1, and 9.7).

5. We may make you aware of software available for purchase from an approved third party vendor to assist you in administrative, bookkeeping, accounting, and inventory control procedures (See Exhibit E: Franchise Agreement – Section 4.6).

6. We must review substitute locations for your restaurant and you must obtain our prior approval if you desire to relocate your restaurant. (See Exhibit E: Franchise Agreement – Section 2.5).

7. We may offer you the option for a one-time renewal of your Franchise Agreement prior to its expiration for a maximum term of five years, if you meet our requirements. Upon renewal, you must execute our form of Franchise Agreement being used at the time of your renewal and pay us the applicable Renewal Franchise Fee (See Exhibit E-1: Franchise Agreement (New) – Article 13; Exhibit E-3: Franchise Agreement (Transfer) – Article 13).

Optional Assistance

1. Upon your request, we will reasonably assist you or provide recommendations regarding establishing pricing for the products you sell in your restaurant; however, the ultimate decision on the prices you charge is yours. We will not establish the prices for you.

2. Upon your request, we will reasonably assist you in resolving operating problems you may encounter.

Advertising

1. We (or, at our election, a third party that may be an affiliate of ours) will establish and administer the Fund that will include your Advertising Fees and those of other franchise owners in the System, in accordance with the Franchise Agreement. The Advertising Fee, which is currently three percent (3%) of your weekly Gross Sales (See Exhibit E: Franchise Agreement – Section 5.3), shall be due and payable with the Royalty Fee (See Exhibit E: Franchise Agreement – Section 5.2). Except in limited circumstances as described below, all *Cold Stone Creamery* franchisees must contribute to the Fund at the same rate, which is currently two percent (2%) of your weekly Gross Sales to the National Fund. If your restaurant

is located in a Cooperative, you must also contribute an additional one percent (1%) of your weekly Gross Sales to your Regional Fund for your Cooperative; if no Cooperative exists where your Franchised Business is located, your Franchised Business will be considered a "single store" cooperative and you must contribute the remaining one percent (1%) of your Gross Sales to the Regional Fund for your Franchised Business. In limited cases in our sole discretion (for example, certain international restaurants or non-traditional restaurants such as airport or university locations that require different advertising support), some franchisees may not be obligated to contribute to the Fund. For each of our company-owned or affiliate-owned restaurants, it's our policy that such restaurants make contributions to the Fund at a rate equal to the lowest rate a franchisee is then-required to contribute. If an affiliate of ours administers the Fund or places advertising in connection with the System, such affiliate may be paid a fee that will not exceed the fee that would be payable to unrelated third parties for comparable services. Unless required by applicable law, we will have no obligation to create a trust account, escrow account or other special account for the Fund, and the monies comprising the Fund may be placed in our general account(s) if we desire. We may also reserve portions of the Fund for use in a subsequent year. The Fund is not audited, and the financial statements for the Fund and accounting of the Fund are not available to franchisees.

2. The Fund will be used for marketing, advertising, production and media expenses to promote the *Cold Stone Creamery* name, System, products and services. The Fund may be used to pay any and all costs of maintaining, administering, directing and preparing advertising, including the cost of preparing and conducting television, radio, magazine, digital, and newspaper advertising campaigns and other public relations activities, employing advertising agencies to assist in such campaigns or other activities, and providing promotional brochures and other marketing materials to franchise owners. We are entitled to receive the following from the Fund: reimbursement of our expenses, overhead, and employee salaries for services, materials, supplies, facilities, equipment or capital provided to the Fund, and rent for office space provided to the Fund. Advertising funds not spent in the fiscal year in which they accrue are rolled over to the next fiscal year. We have no fiduciary responsibility to you on our management of the Fund, and no obligation to you to spend the Fund in your market area and/or in your Cooperative area, if applicable.

3. We, or our designee, will direct all advertising programs to be undertaken through the use of the Fund. We will have sole discretion over all creative concepts, materials and media used in such programs and the placement and allocation of such programs. Advertisements generally will be in print, digital, and broadcast media, initially with local coverage. We are not required to use any specific amounts from the Fund in your market. However, we in our sole discretion may use some amounts contributed by you to any approved Regional Fund, if any, in the same geographic area in which your restaurant is located. We may use an outside advertising agency to create and place advertising. The Fund will be used to create new marketing material and promote the products and services offered by *Cold Stone Creamery* restaurants.

Advertising Fund expenditures during our most recent fiscal year ending November 30, 2024~~43~~ fell into the following categories:

Production	~~19.6~~16.05%
Media Placement	51.39~~2.4~~%
Administrative	21.56~~22.4~~%
Other	11.01~~5.5~~%
TOTAL	100%

The "other" expenses included public relations, research, concept development and communications. None of the Fund was used for the solicitation of franchises.

4. ~~Unless your *Cold Stone Creamery* restaurant is located in an enclosed shopping mall or other enclosed structure identified in Section 1.1 of the Franchise Agreement, you will be required to insert a regular (white pages) listing and a classified (yellow pages) telephone directory advertisement in the main telephone directories serving the geographical area in which the restaurant is located, or you must participate in a multiple insertion in the event there is more than one franchise owner in such area. In either case, the~~A telephone directory advertisement must be approved by us in advance (See Exhibit E: Franchise Agreement—Section 10.2).

5. In addition to contributions to the Fund and the telephone directory advertisements, if applicable, described above, we strongly recommend that you spend not less than 2% of your monthly Gross Sales on local advertising (See Exhibit E: Franchise Agreement—Sections 5.3 and 10.2).

6. All advertising by you in any medium must be conducted in a professional manner, must conform to the standards and requirements in our Confidential Manual, and must display our Proprietary Marks only in those forms approved by us. We may make available to you, from time to time, approved advertising, promotional plans and materials for purchase (See Exhibit E: Franchise Agreement—Sections 3.2 and 10.2).

7. You may not maintain a website, software application, an App (application), social media account (including, but not limited to, an account, group or page on Facebook®, Flickr®, Foursquare®, Google+®, Instagram®, LinkedIn®, Pinterest®, Snapchat®, Tumblr®, Twitter®/X, YouTube®, Vine®, VKontakte or Weibo®), or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with your restaurant without our prior written approval (See Exhibit E: Franchise Agreement – Section 3.4).

8. We will not prevent the formation of franchisee cooperatives. We encourage our franchisees to form and operate Cooperatives. Each Cooperative will coordinate advertising and marketing efforts and programs, and will attempt to maximize the efficient use of local advertising media. If a Cooperative is formed for your region, you must financially contribute to the Cooperative as required by us. Failure to do so will be deemed a breach of the Franchise Agreement and you may also, in Franchisor's sole discretion, lose your right to vote as to Cooperative matters. The membership of the Cooperative is defined by us according to your market area. We are responsible for administering the Cooperative. We may prepare for each Cooperative a statement on the use of advertising collections and expenditures. We reserve

the right at any time, in our sole discretion, to form, change, dissolve, or merge Cooperatives. (See Exhibit E: Franchise Agreement – Section 5.4).

9. We may contribute sums from the Fund to a Cooperative. On our request, you must assist in establishing a Cooperative and in deciding how to allocate contributions from the Fund to your Cooperative. We reserve the right to establish general standards concerning the operation of a Cooperative, advertising agencies the Cooperative retains, and advertising programs the Cooperative conducts. Notwithstanding anything to the contrary, no Cooperative decisions will be made or advertising collections spent without our prior written approval. (See Exhibit E: Franchise Agreement – Section 5.4).

10. We are not, under any circumstances, obligated to contribute any advertising collections to any regional or national advertising account, fund, program, association, or other organization. We are not required to spend any advertising collections on advertising in the area where your restaurant is located. We carry forward any advertising collections not spent in a fiscal year and spend them in the next fiscal year.

Computer System

1. We require you to exclusively use an approved electronic point-of-sale system to record all your sales during the operation of your restaurant, the components of which are identified in the Confidential Manual ("POS System"). Prior to the opening of your restaurant, you will be required to acquire and to exclusively use an approved cash register/computer system POS System during the operation of the Franchised Business. We require that the manufacturer or its authorized representative on an ongoing basis service the POS System, at your cost. You will be required to maintain the POS System in good working order at all times, and to upgrade or update the POS System during the term of your Franchise Agreement as we may require from time to time. There are no contractual limitations on the frequency or cost for the franchisee to upgrade or update the POS System during the term of the Franchise Agreement. It will be your responsibility to enter into contracts for the maintenance, upgrades and updates to the POS System with an approved supplier of such services identified by us on the list of approved vendors and distributors or other notification to you from us advising of suppliers for your market area. Your POS System cost per restaurant will depend, among other things, on your restaurant's size and configuration, the system options you choose and/or we determine (such as drive-thru needs (if any), and printer needs), and the types of telephone and internet access services available. You may be required to obtain a high-speed/always-on internet connection service for your POS System. This requirement shall be defined by the then-current Confidential Manual, which may change from time to time. If high-speed/always-on internet connection service is not available in your area, dial-up Internet access may be used until high-speed/always-on internet connection service becomes available in your area. You may be required, from time to time, to upgrade the POS System's hardware and/or software, at your sole cost and expense, in order to maintain the POS System in conformity with our then current requirements. You must complete training for the POS System as we require. If you are buying an existing restaurant with an older cash register system, it is a requirement for the transfer that you purchase and install the then current POS System in the restaurant. (See Exhibit E: Franchise Agreement – Section 4.6).

a. We require you to use a POS System that meets our specifications in order to: (i) assist you in the operation of your *Cold Stone Creamery* restaurant; (ii) allow us to monitor your gross sales; (iii) enable us to develop chain-wide statistics that may improve purchasing; (iv) assist us in the development of new authorized products or the removal of

existing unsuccessful authorized products; (v) enable us to refine existing authorized products; (vi) generally improve system-wide understanding of our marketing efforts; and (vii) obtain new types of information. The POS System must be configured so that we have independent and remote access to the information and data stored in it. This access allows us to exchange/collect data and other information on such basis as we shall from time to time communicate to you. There are no contractual limitations on our right to access the information in your POS System. All approved cash registers are capable of recording accumulated sales and cannot be turned back or reset, and must be able to retain data in the event of power loss. You must purchase the approved electronic POS System from an approved vendor, as we have required our approved supplier to make special modifications to their equipment and systems to comply with our requirements (See Exhibit E: Franchise Agreement – Section 4.6). You must also purchase approved software for your restaurant. The cost of purchasing the POS System, including the software, ranges from $4,760 to $14,000. You must also purchase from us POS Help Desk Phone Support Maintenance on both the software and hardware for your POS System, the cost of which will not exceed $60 per month. It is recommended that you also purchase hardware support for all modules for the first year you operate your *Cold Stone Creamery* restaurant. The cost is approximately $150 to $1,300 per year depending on the equipment installed. This cost is subject to change by the supplier.

b. The approved POS System has in its specifications integrated "card swipe" systems that process debit card, credit card, or other non-cash payment systems including our stored value gift cards, loyalty cards, frequency cards, gift certificates, vouchers, and any other similar electronic card and/or payment programs (collectively, the "Gift/Loyalty Card") sponsored by us or our affiliates. You must obtain credit card and gift card processing services from our approved vendors. The charges associated with credit card and gift card transactions are compiled per transaction and therefore will vary from restaurant to restaurant. We estimate that the costs associated with credit card transactions will be between 1% and 4% of your gross sales. Gift card transactions will cost you 11% of the gift card redemption, and may increase at any time with a 30 day notice. The Payment Card Industry ("PCI") requires all companies that process, store, or transmit credit card information to protect the cardholders' information by complying with the PCI Data Security Standard ("PCI DSS"). Therefore, as a franchisee who accepts credit cards, you are required to be PCI compliant by following and adhering to PCI DSS, completing an annual questionnaire and quarterly network PCI scans and installing a network firewall appliance for logging, tracking, reporting, and security assessment. We may require a particular firewall (hardware and/or software). The PCI compliance is mandated by the Payment Card Industry. The cost for the quarterly network security scans, network firewall appliance and annual questionnaire ranges from $150 to $1,300 per year. The cost is subject to change by supplier. You are also required to validate with Kahala that your store is PCI compliant to show validation you must send Kahala your Passing Certificate showing your store is PCI compliant and also verify that you have a PCI compliant firewall appliance installed at your location if you process credit cards via high speed internet connectivity.

c. You must purchase a computer and connect to the Internet so that you can report your gross sales online, so that you can receive online cake orders, so that we can communicate by email, so that you can use Internet and Extranet services, and so that you can receive other electronic information we send. You also must, at your cost, maintain membership in a designated third party network, and maintain an active email account. We may revise our computer specifications. If we do so, we may require you to upgrade or update your computer. There is no contractual limitation on the frequency and cost of this obligation. There may be comparable equivalents on the market for the computer we require, but we have

not yet tested or approved any comparable computer; however, we may do so in the future. You are responsible for backing up and otherwise protecting your data on your computer. You are also responsible for recording and restoring all software license keys. We may require you to upgrade the hardware and software as reasonably necessary to provide reports and information required by us. All Cold Stone Creamery franchisees are required to participate in online ordering and delivery programs, which may in Franchisor's sole discretion require you to pay for certain goods and/or services from Franchisor, Franchisor's affiliate, and/or unaffiliated third-party providers. For example, as of the Disclosure Document's Issuance Date, Franchisees are required to enter into an agreement with and pay corresponding fees to Olo as established by Olo for such goods and/or services. This provider may change, in Franchisor's sole discretion, upon advance notice to you

2. We require that you permit us to poll your sales information on a daily basis, and that you execute a Pre-Authorized Electronic Funds Transfer Form by and payable to Kahala Franchising (which is attached to this Disclosure Document as Exhibit P), permitting us to weekly debit your account for payment of weekly royalty and advertising fees and debit your account as necessary for product purchases from us or our affiliates. (See Exhibit E: Franchise Agreement – Sections 5.2 and 5.3). We may require you to enter weekly inventory information, and if so, would require that you permit us have remote access to that information (See Exhibit E: Franchise Agreement – Section 4.6). We may require you to permit us access to your POS System, restaurant management software, and financial records (or similar tools thereto) to poll your information daily, or more frequently, by electronic or other remote means (See Exhibit E: Franchise Agreement – Section 5.2).

3. The POS System and personal computers contain sales and labor data that can be generated and stored in the systems and that allows for the generation of financial and payroll reports.

ITEM 12: TERRITORY

The franchise is granted only for the location specified in the Franchise Agreement or a location to be approved by us. The specific site of your *Cold Stone Creamery* restaurant is subject to our approval. We will not unreasonably withhold our approval of the location.

You will not receive an exclusive territory. You may face competition from other franchisees, from restaurants that we own, or from other channels of distribution or competitive brands that we control. You will not receive an option, right of first refusal or other rights under the Franchise Agreement to acquire additional franchises. We (and/or our affiliates) may establish other franchised or company-owned *Cold Stone Creamery* restaurants that may compete with your location, including across the street from your location or in the same venue as your location. We (and/or our affiliates) may co-brand *Cold Stone Creamery* with one or more of our other quick service restaurants or allow approved *Cold Stone Creamery* stores to sell additional approved menu items under a trademark license agreement we may have with other third-party restaurant concepts. We presently intend to develop *Cold Stone Creamery* restaurants throughout the United States and internationally. Except as expressly limited in the Franchise Agreement, we (for ourselves, our affiliates and our designees) retain all rights with respect to *Cold Stone Creamery* restaurants, the Service Marks, all confidential and proprietary information, all copyrighted materials and the sale of *Cold Stone Creamery* products anywhere in the world, including, without limitation, the right to implement multi-area marketing programs that may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs. One or more

future *Cold Stone Creamery* restaurants may have an adverse effect on the revenues and profitability of existing *Cold Stone Creamery* restaurants, including your *Cold Stone Creamery* restaurant.

In addition, we (and/or our affiliates) may market and/or test, directly or indirectly, *Cold Stone Creamery* products or services through channels of distribution other than *Cold Stone Creamery* restaurants operated by us, our affiliates and franchisees, including through the Internet, catalog sales, telemarketing, grocery stores, movie theaters, limited access highway food facilities, mobile units, off-site sales accounts, electronic mail, converting other chains and other distribution opportunities, or vending machines and similar automated dispensing systems ("Other Channels") which generally are not available for us to franchise to you, and typically involve trademark licensing and/or the sale of our branded products. We may also distribute, sell and/or license other persons or entities to distribute and/or sell products through all Other Channels. Where tests prove to be successful, we may expand our sale of products in similar businesses on a regional, national or international level. We reserve the right to establish Other Channels to make sales that may compete with your location using our principal trademarks. These Other Channels could compete with you in the sale of your products. Kahala Franchising is under no obligation to compensate its franchisees on sales Kahala Franchising makes using Other Channels. Kahala Franchising is under no obligation to compensate franchisees for soliciting or accepting orders in the franchisee's territory as the franchisee is granted no exclusive territory. Franchisees may not use Other Channels, including the Internet, catalog sales or telemarketing to make sales except that the Franchisee may provide catering services anywhere as long as such services comply with the current version of our Confidential Manual. All sales made from catering services must be included in the Franchisee's Gross Sales. We reserve the right, directly or through third parties, to manufacture or sell, or both, anywhere, other products which are the same as or similar to those sold in *Cold Stone Creamery* restaurants, but which bear trademarks that are not confusingly similar to any of the trademarks you are authorized to use under the Franchise Agreement.

We reserve the right, either directly or through affiliated entities, to operate or license others to operate businesses other than *Cold Stone Creamery* restaurants anywhere, including, but not limited to, locations of our other quick service restaurant concepts, and you agree that we or our affiliates may do so anywhere.

The NrGize Lifestyle Cafe brand is a business that we franchise under a different trademark than *Cold Stone Creamery* that sells smoothies similar to those offered by *Cold Stone Creamery*. The Kahala Coffee Traders brand is a business that we franchise under a different trademark than *Cold Stone Creamery* that sells smoothies similar to those offered by *Cold Stone Creamery*. In addition, the Surf City Squeeze brand is a business that we franchise under a different trademark than *Cold Stone Creamery* that also sells smoothies, and the Frullati Cafe & Bakery brand is a business that we franchise under a different trademark than *Cold Stone Creamery* that sells blended fruit and vegetable drinks similar to the smoothies offered by *Cold Stone Creamery*. The Maui Wowi brand is a business that we franchise under a different trademark than *Cold Stone Creamery* that sells smoothies and frappes similar to those offered by *Cold Stone Creamery*. The Tasti D-Lite brand is a business we offer under a different trademark than *Cold Stone Creamery* that sells frozen dessert confections with a variety of mix-ins and toppings, shakes, smoothies and frozen cakes and pies similar to those offered by *Cold Stone Creamery.* The Pinkberry brand is a business we franchise under a different trademark than *Cold Stone Creamery* that sells smoothies similar to those offered by *Cold Stone Creamery*. The sweetFrog brand is a business our affiliate franchises under a different trademark than *Cold Stone Creamery* that sells smoothies similar to those offered by

Cold Stone Creamery. The La Diperie brand is a business our affiliate franchises under a different trademark than *Cold Stone Creamery* that specializes in the retail sale of an ice cream product and various dips and toppings that are similar to those offered by *Cold Stone Creamery*. The Planet Smoothie brand is a business we franchise under a different trademark than *Cold Stone Creamery* that sells smoothies and fruit drinks similar to those offered by *Cold Stone Creamery*. The NrGize Lifestyle Cafe franchises are offered under the NrGize Lifestyle Cafe word and design trademarks, the Kahala Coffee Traders franchises are offered under the Kahala Coffee Traders word and design trademarks the Surf City Squeeze franchises are offered under the Surf City Squeeze word and design trademarks, the Frullati Cafe & Bakery franchises are offered under the Frullati Cafe & Bakery word and design trademarks, the Maui Wowi franchises are offered under the Maui Wowi word and design trademarks, the Tasti D-Lite franchises are offered under the Tasti D-Lite word and design trademarks, the Planet Smoothie franchises are offered under the Planet Smoothie trademark, the Pinkberry franchises are offered under the Pinkberry trademark, sweetFrog franchises are offered by our affiliate under the sweetFrog trademark, and the La Diperie franchises are offered by our affiliate under the La Diperie trademark. The NrGize Lifestyle Cafe stores, The Kahala Coffee Traders stores Surf City Squeeze stores, Frullati Cafe & Bakery stores, Maui Wowi mobile and fixed operating units, Pinkberry stores, Planet Smoothie stores, sweetFrog stores and mobile units, La Diperie stores, Tasti D Lite products are primarily franchised, but may also be operated by one of our affiliates. NrGize Lifestyle Cafe franchises have been offered by us from 2006 until March 2010 under the name of Kahala Franchise Corp. and since August 2010 under the name of Kahala Franchising; The Kahala Coffee Traders franchises have been offered by us from November 2011 under Kahala Franchising; Surf City Squeeze franchises have been offered by us from 1994 until 2004 under the name of Malibu Smoothie Franchise Corp. and Surf City Squeeze Franchise Corp., from 2004 until March 2010 under the name of Kahala Franchise Corp., and since August 2010 under the name of Kahala Franchising; Frullati Cafe & Bakery franchises have been offered by us from 1999 until 2004 under the name of Frullati Franchise Systems, Inc., from 2004 until March 2010 under the name of Kahala Franchise Corp., and since August 2010 under the name of Kahala Franchising, Maui Wowi franchises have been offered by us since November 2015, Tasti D-Lite franchises have been by our affiliate from February 2008 until April 2015 under the name of Tasti D-Lite LLC and by us since June 2016 (but only as a co-brand in a Planet Smoothie), Planet Smoothie franchises have been offered us from June 2015 until April 2016 under the name of Tasti D-Lite LLC, and since May 2016 under the name of Kahala Franchising, and Pinkberry franchises have been offered by our affiliate from July 2008 until April 2015 under the name Pinkberry Ventures, Inc. and by us since June 2016. sweetFrog franchises have been offered by our affiliate since September 2018. La Diperie franchises have been offered by our affiliate since April 2019. A Maui Wowi mobile and/or fixed operating unit, an NrGize Lifestyle Cafe, Kahala Coffee Traders restaurant, Planet Smoothie restaurant, Surf City Squeeze, sweetFrog restaurant and/or mobile unit, La Diperie restaurant, Frullati Cafe & Bakery, Tasti D-Lite restaurant and/or a Pinkberry restaurant may be located within the vicinity of your Cold Stone Creamery restaurant. Franchisees of the NrGize Lifestyle Cafe brand, Kahala Coffee Traders brand, Surf City Squeeze brand, Frullati Cafe & Bakery brand, Maui Wowi brand, Tasti D-Lite brand, Pinkberry and La Diperie brand are not currently given an exclusive territory. Traditional Planet Smoothie franchises do have an exclusive territory pertaining to other traditional Planet Smoothie franchises. Kahala Franchising will provide support to all of its concepts regardless of the vicinity of a concept to another concept that sells similar products. The principal business address of these similar concepts is the same as Kahala Franchising's address. Kahala Franchising and MTY USA do not maintain separate offices or separate training facilities for the similar competing business.

We may merge with, acquire and/or be acquired by any other business, including, without limitation, a business that competes with your *Cold Stone Creamery* restaurant, or acquire and convert any retail stores, including, without limitation, retail stores operated by competitors, or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned.

On July 26, 2016, Franchisor's parent company, Kahala Brands, merged with a wholly-owned subsidiary of MTY. MTY's address is 8150 Transcanada Highway, Suite 200, Saint Laurent, Québec H4S 1MF. As described in Item 1, subsequent to the merger, in addition to the concepts franchised by Kahala Franchising or its current or former affiliates, MTY Canada franchises over sixty (60) different restaurant concepts and sub-franchises two (2) other different restaurant concepts.

Certain of the restaurant concepts franchised by MTY offer goods or services that are the same or similar to those that you will offer under the *Cold Stone Creamery* brand. MTY offers the same or similar goods or services under the La Crémière trademark and sub-franchises under the TCBY trademarks. At this time, the La Crémière concept and sub-franchised TCBY concepts are not franchised or sub-franchised by MTY in the United States and are only offered in Canada by MTY subsidiary, MTY Canada, with no plans at this time to expand to the United States. MTY USA also offers La Diperie which specializes in the retail sale of an ice cream product with various dips and toppings under the La Diperie trademark. The TCBY brand is offered in the United States by Famous Brands International, unrelated to Franchisor or MTY.

You must obtain our prior approval to relocate your *Cold Stone Creamery* restaurant. The approval or rejection by us of any proposed relocation shall be in our sole discretion. In order to relocate your restaurant, you must be in compliance with your Franchise Agreement, and you must sign a general release provided by us, the relocation must be for a legitimate business reason, and we must approve the new location. In connection with any relocation, your Cold Stone Creamery restaurant may not be closed for business for more than thirty (30) days.

Your Franchise Agreement is for a specific location only, so you may not open additional *Cold Stone Creamery* restaurants under the same Franchise Agreement. You must obtain our prior approval to purchase and open additional *Cold Stone Creamery* restaurants. The approval or rejection by us shall be in our sole discretion. In order to purchase an additional *Cold Stone Creamery* restaurant(s), you must be in compliance with your existing Franchise Agreement(s), you must qualify to operate additional restaurants, you must enter into our then-current form of Franchise Agreement and pay the Initial Franchise Fee, and we must approve the location.

ITEM 13: TRADEMARKS

We will grant you the non-exclusive right to operate the *Cold Stone Creamery* restaurant specified in your Franchise Agreement or any amendments to your Franchise Agreement under the *Cold Stone Creamery* trademarks. You will also be granted the right to use our other current or future trademarks that we may from time to time designate as being available for use by franchisees in the *Cold Stone Creamery* System. By "trademarks" we mean trade names, trademarks, service marks, logos, Trade Dress (as defined below), and product identifiers used to identify your restaurant. "Trade Dress" is defined as the total appearance and image of the *Cold Stone Creamery* restaurant; the ice cream, cakes, pies, smoothies, shakes, specialty

beverages, soft drinks and other frozen dessert products and related products and packaging; all related features such as size, texture, shape, color or color combinations, and graphics of Cold Stone Creamery restaurants and the ice cream, cakes, pies, smoothies, shakes, specialty beverages, soft drinks and other frozen dessert products and related products and packaging, and all advertising and marketing techniques used to promote the franchise, as well as specifically including all signage, menu boards, product displays, and any color schemes and designs utilized in connection with *Cold Stone Creamery* restaurants' interior walls, counters, table tops, chairs, and floors. You must not directly or indirectly contest our right to our trademarks.

You will not have the exclusive right to use the trademarks, nor will you acquire, by use or otherwise, any right, title or interest in or to the trademarks, other than as expressly contained in, and limited by, the Franchise Agreement. Your right to use the trademarks is limited and temporary. Upon expiration or termination of the Franchise Agreement, you may not, directly or indirectly, use the trademarks in any manner or for any purpose, and you may be required by us to renovate the premises of your *Cold Stone Creamery* restaurant to eliminate the trademarks and de-identify such premises to remove all Trade Dress (including, without limitation, the "cold stone"), returning it to a "vanilla shell," at your expense.

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

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE
IT'S A GREAT DAY FOR ICE CREAM	2,492,521	September 25, 2001
COLD STONE CREAMERY	2,542,783	February 26, 2002
COLD STONE	2,691,919	March 4, 2003
	2,779,570	November 4, 2003
	2,789,528	December 2, 2003
	2,877,683	August 24, 2004
COLD STONE CREAMERY	3,161,605	October 24, 2006
CAKE BATTER ICE CREAM	3,167,072	November 7, 2006
MINE	3,352,116	December 11, 2007

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE
OURS	3,352,117	December 11, 2007
EVERYBODY'S	3,356,183	December 18, 2007
10-MINUTE VACATION	3,392,391	March 4, 2008
	3,708,030	November 10, 2009
	3,708,156	November 10, 2009
	3,714,496	November 24, 2009
ULTIMATE ICE CREAM EXPERIENCE	4,535,838	May 27, 2014
COLD STONE EXPRESS	4,719,555	April 14, 2015
MY COLD STONE CLUB	4,719,563	April 14, 2015
	4,749,830	June 2, 2015
LIKE IT	4,815,807	September 22, 2015
LOVE IT	4,815,808	September 22, 2015
GOTTA HAVE IT	4,815,809	September 22, 2015
~~COLD STONE~~	~~5,311,081~~	~~October 17, 2017~~
	~~5,456,715~~	~~May 1, 2018~~

All affidavits of use required to be filed to maintain these registrations have been filed.

The following application has been filed with the United States Patent and Trademark Office on the Principal Register:

TRADEMARK	APPLICATION NUMBER	FILING DATE
COLD STONE CREAMERY	97321912	March 21, 2022
COLD STONE	98529666	May 1, 2024

No one other than us or our affiliates has an ownership interest in the above-referenced trademarks. Kahala Franchising is the sole owner of the above-referenced trademarks and has all right, title, and interest in and to the trademarks and goodwill.

No agreements limit our right to use or license the use of our trademarks. You must follow our rules when you use our trademarks. Use of the service marks or trademarks must be accompanied by the registration (®), service mark (℠), trademark (™) in close proximity to the trademark. You cannot use our trademarks as part of your corporate, partnership, limited liability company or other entity name, or register it as a trade name. You may not use our trademarks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. You may not directly or indirectly contest or aid in contesting the validity of the trademarks or the ownership of the trademarks by us, nor may you directly or indirectly apply to register or otherwise seek to use or control our trademarks or any confusingly similar variation or form in the United States or any other country, nor may you assist any others to do so. You must modify or discontinue the use of a trademark if we modify or discontinue it, at your sole cost.

You must immediately notify us of any apparent infringement of, or challenge to your use of, any of our trademarks, or any claim by any person of any rights in any of our trademarks. You must not communicate with any person other than us and our legal counsel in connection with any such infringement, challenge or claim. We will have the sole discretion to take such action as we may deem appropriate to protect our trademarks and the right to exclusively control any litigation, United States Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge or claim or otherwise relating to our trademarks. The Franchise Agreement does not require us to take affirmative action when notified of these uses or claims, but indicates we have the sole discretion to take such action as we may deem appropriate. You must execute such documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interests in connection with any such litigation or proceeding, or to otherwise protect and maintain our interests in our trademarks.

The Franchise Agreement requires that we will indemnify and hold you harmless for, from and against any and all claims, liabilities, causes of action, demands, obligations, costs and expenses, including reasonable attorneys' fees, arising out of any claim of infringement or unfair competition in connection with your use of our trademarks, provided that such use is in accordance with the provisions of the Franchise Agreement.

We may, in our sole discretion, modify or discontinue use of any of the above-referenced trademarks and/or use one or more additional or substitute service marks or trademarks. If we decide to do so, you must do so also, at your own expense. The Franchise Agreement does not provide you any additional rights if we require you to modify or discontinue using a trademark. However, if we require you to modify or discontinue use of our trademarks and/or use other

trademarks in its place at any time other than upon renewal of the Franchise Agreement, and that requirement is a direct result of proceedings or litigation that determined that our and our franchisees' use of the trademarks infringed upon a third party's rights, we will bear the direct actual and reasonable cost of those modifications or discontinuances.

We do not know of any superior prior rights or infringing uses or effective material determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, trademark administrator of this state or of any court, nor do we know of any pending infringement, opposition or cancellation proceeding that could materially affect your use of our trademark. We do not know of any pending material federal or state court litigation regarding our use or ownership rights in the above registered trademarks or pending applications.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We own proprietary information and rights in numerous items, such as menu formats, advertising designs, processes, techniques, recipes for *Cold Stone Creamery* ice cream, cakes, pies, smoothies, shakes, specialty beverages or other frozen dessert products, the method of production and storage of products and information contained in the Confidential Manual and related documents. In connection with the operation of the franchise, we may disclose to you certain information in which we claim proprietary rights. For example, our Manual incorporates certain information that we believe is protected under the law of trade secrets, including sales and marketing techniques and restaurant operations. In addition, although we have not registered the copyright with the United States Copyright Office, the Confidential Manual is protected against unauthorized copying under United States Copyright laws for 100 years from the date of creation or 75 years from the date of publication, whichever is shorter. You must use the proprietary information only in the manner required by us and in no other manner. This information is strictly confidential and you may not disclose it to any person, or use any of that information for any purpose, except disclosure to a person who has signed and delivered to us the "Confidentiality Agreement" contained in the Confidential Manual, and you may only use this information as necessary in connection with the operation of your restaurant. In addition, you must fully and strictly comply with all security measures required by us for maintaining the confidentiality of all information designated by us as trade secrets.

No agreements limit our right to use or license the use of our statutory copyright of the Confidential Manual.

If you reproduce any items or materials suitable for copyright protection, you must make sure that each item bears a copyright notice in the form specified by us. You must use the proprietary information only in the manner required by us and in no other manner. This information is strictly confidential and you may not disclose to any person or use any of that information for any purpose, except disclosure to a person who has signed and delivered to us a confidentiality agreement, and use as necessary in connection with the operation of your Franchised Business. In addition, you must fully and strictly comply with all security measures required by us for maintaining the confidentiality of all information designated by us as trade secrets.

You will not have the exclusive right to use the innovations or any of our patents or patent applications, copyrights or proprietary information, nor will you acquire, by use or otherwise, any right, title or interest in or to the innovations, the copyrights or the proprietary information, other than as expressly contained in, and limited by, the Franchise Agreement. Your right to use the innovations, the claimed subject matter of any patents or patent

applications, the copyrights and the proprietary information is limited and temporary. Upon expiration or termination of the Franchise Agreement, you may not, directly or indirectly, use the innovations, the claimed subject matter of any patents or patent applications, the copyrights or the proprietary information in any manner or for any purpose.

You must immediately notify us of any conduct that could constitute infringement of or challenge to the innovations, the patents or patent applications, the copyrights and our proprietary information. We will decide, in our sole discretion, whether to institute any action in connection with infringement of or challenge to the innovations, the patents or patent applications, the copyrights and our proprietary information, and will control all proceedings and litigation. The Franchise Agreement does not require us to take affirmative action when notified of infringement, but indicates we have the sole discretion to take such action as we may deem appropriate. We are not required to protect your right to use the innovations, the patents or patent applications, the copyrights and proprietary information. As indicated in the Franchise Agreement, we will indemnify you for all damages for which you are held liable in any lawsuit arising out of your proper use of the innovations, the patents or patent applications, the copyrights and our proprietary information in compliance with the Franchise Agreement.

We may, in our sole discretion, modify or discontinue use of the innovations, the patents or patent applications, the copyrights and our proprietary information and/or use other information and/or rights in its place. If we decide to do so, you must do so also, at your expense. The Franchise Agreement does not provide you any additional rights if we require you to modify or discontinue use of the innovations, the patents or patent applications, the copyrights and our proprietary information. However, if we require you to modify or discontinue use of the innovations, the patents or patent applications, the copyrights and our proprietary information and/or use other information and/or rights in its place at any time other than upon renewal of the Franchise Agreement, and that requirement is a direct result of proceedings or litigation that determined that our and our franchisees' use of the innovations, the patents or patent applications, the copyrights and the proprietary information infringed upon a third party's rights, we will bear the actual direct and reasonable cost of those modifications or discontinuances. The rights granted in this paragraph are your sole and exclusive remedy for any infringement by any part of the System.

Cold Stone obtained the following design patents from the USPTO:

TITLE	PATENT NUMBER	ISSUANCE DATE
Combined Cake and Ice Cream Dessert	D550,927	September 18, 2007
Combined Cake and Ice Cream Dessert	D571,526	June 24, 2008

One issued design patent (D550,927) relates to ornamental features and the design of the ice cream cake sold under the trademark Midnight Delight®. This patent's term is fourteen years from the issuance date of September 18, 2007. The other issued design patent (D571,526) related to ornamental features and the design of the ice cream cake sold under the trademark Strawberry Passion™. This patent's term is fourteen years from the issuance date of June 24, 2008.

We have no pending patent applications that are material to the franchise. We do not know of any current material determinations of the United States Patent and Trademark Office, United States Copyright Office, or of any court, nor do we know of any effective determinations or any material proceedings pending in the United States Patent and Trademark Office or of any

court regarding the patent application. We do not know of any patent or copyright infringement that could materially affect the franchisee.

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

While the Franchise Agreement does not specifically require you or your principals to personally participate in the direct operation of the franchise, it is our intention to select as *Cold Stone Creamery* franchisees only those who plan to actively participate in the direct operation and daily affairs of the *Cold Stone Creamery* restaurant. The franchise must be personally managed with on-premises supervision and directly operated by you or another partner, shareholder or member of your business organization, or a manager who must have successfully completed the Training Program.

If you are an individual and married, your spouse must: sign the Guaranty of Franchise Agreement in which your spouse agrees to perform, and guarantees, all of the franchisee's obligations to us and our affiliates contained in the Franchise Agreement (see Exhibit F-1) and a Non-Disclosure and Non-Competition Agreement (see Exhibit F-2); if applicable; sign the Guaranty of Sublease in which your spouse agrees to perform, and guarantees, all of the sublessee's obligations to us and our affiliates contained in the Sublease (see Exhibit O); and, if you purchase a corporate restaurant, sign the Guaranty of Promissory Note and Security Agreement and Guaranty of Sublease in which your spouse agrees to perform, and guarantees, all of the franchisee's obligations to us and our affiliates contained in the Promissory Note and Security Agreement, and all of the sublessee's obligations to us and our affiliates contained in the Sublease (see Exhibit D: Guaranty of Promissory Note and Security Agreement and Exhibit O: Guaranty of Sublease). Each person, corporation, partnership, limited liability company or other entity that owns, directly or indirectly, an equity interest in the franchised entity ("Principal"), and each executive officer must sign the Personal Acceptance attached to the Franchise Agreement ("Personal Acceptance") in which the Principal agrees to be bound by the restrictive covenants, the confidentiality provisions and certain other provisions contained in the Franchise Agreement. Each Principal (and his/her spouse, if married) must also: sign the Guaranty of Franchise Agreement in which the Principal (and his/her spouse, if married) agree to perform, and guarantee, all of the franchisee's obligations to us and our affiliates contained in the Franchise Agreement; his/her spouse, if married, sign the Non-disclosure and Non-Competition Agreement; if applicable, sign the Guaranty of Sublease in which the Principal (and his/her spouse, if married) agree to perform, and guarantee, all of the sublessee's obligations to us and our affiliates contained in the Sublease; and if purchasing a corporate restaurant, sign the Guaranty of Promissory Note and Security Agreement and Guaranty of Sublease in which each Principal (and his or her spouse, if married) agrees to perform, and guarantees, all of the franchisee's obligations to us and our affiliates contained in the Promissory Note and Security Agreement and all of the sublessee's obligations to us and our affiliates contained in the Sublease. In the event that any person who has not signed an appropriate guaranty becomes your spouse or the holder of any class or your stock or ownership interests or a spouse of such holder, at any time after the execution of the respective agreement as referenced above, you must cause such person(s) to immediately execute and deliver the required guaranty to us.

We are not seeking to license you to operate a *Cold Stone Creamery* restaurant if your Principals are merely seeking a passive investment.

We strongly recommend that you devote a substantial amount of time to your *Cold Stone Creamery* restaurant, whether or not you hire a manager. Franchisees that do not

devote their full time efforts to the establishment and operation of their restaurants may have lower gross sales, higher operating costs and lesser name recognition in their areas than those franchisees that do devote their full efforts to the business. Examples of the types of functions that you might perform include training and supervision of employees, inventory checks, review of sales and food costs, local store marketing, bookkeeping and all reasonable efforts to ensure smooth and efficient operations.

Additionally, you must employ on a full time basis at least one on-premises supervisor (the "Manager") for the restaurant. The Manager of the restaurant must at all times be a person who meets our criteria as a qualified restaurant operator. The Manager is not required to have any equity interest in the Franchised Business. The Manager must devote his or her entire time during normal business hours to the management, operation and development of the Franchised Business and must maintain the confidentiality of the trade secrets and proprietary information, comply with the use of the proprietary marks, conform with the covenants not to compete, and conform with the operating standards in the Franchise Agreement and Confidential Manual. The Manager is required to sign the Confidentiality Agreement.

In the interest of safe and efficient job performance, business operation and public health and safety, you must have a Manager on each shift who is able to read and understand our written materials and communicate with your employees and customers in the English language. This requirement will not restrict the Manager or your employees from speaking in any other language with you, other employees or customers, and shall not apply to any employee while on personal time or breaks.

All personnel employed by you in connection with the operation of your *Cold Stone Creamery* restaurant must maintain standards of sanitation, cleanliness and demeanor as may be established by us. All personnel must wear a uniform or other clothing approved by us. In addition, you must ensure that all employees whose duties include customer service have sufficient literacy and fluency in the English language (or such other language that is the primary language in your market) to adequately serve the public at your *Cold Stone Creamery* restaurant.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require that your business is solely that of a *Cold Stone Creamery* restaurant, and you may not conduct any other business or activity at the site of the restaurant without our prior written approval. For traditional restaurants, you must offer the full menu prescribed by us, subject to change from time to time in our sole discretion. Non-traditional restaurants may offer a more limited menu than the traditional restaurant, as detailed in the Confidential Manual. We have the right to require you to sell additional authorized products and services from time to time that we believe will be successful. You will be obligated to offer and sell those new products and to participate in all local, regional, seasonal and promotional programs, initiatives and campaigns adopted by us in which we require you to participate. We reserve the right to designate which of our franchisees may, or will be required to, participate in new product or service tests, new or modified product or service offerings and other programs and initiatives that we may periodically develop. If we designate you for participation in any such program, initiative or campaign, you must participate when and as required by us. There are no limits on our right to require you to offer and sell those new products or to participate in those programs, initiatives and campaigns. You may not add any item to your menu unless it is first researched and tested through our research and development center and approved by us in writing. In addition, you may not offer or sell any products or services specified by us in any configuration,

form or manner (including items for resale) other than those specifically approved by us. You may not market your Cold Stone Creamery restaurant or use the Service Marks on the Internet without our prior approval. You are prohibited from offering or selling any products or services not authorized or approved by us. You may only use products, materials, ingredients, supplies, paper goods, uniforms, fixtures, furnishings, signs, equipment, POS System, debit and credit card and Gift/Loyalty Card processing service, and methods of product preparation and delivery that meet our requirements as specified in the Confidential Manual.

If we believe in good faith that any product offered by you may be unhealthy, unsafe or unsanitary, and we request that you discard that product, you must do so immediately. In addition, we may require you to close your *Cold Stone Creamery r*estaurant until we are satisfied that any unhealthy, unsafe or unsanitary condition has been completely corrected.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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.

Provision	Section in Franchise Agreement	Summary
a. Length of the Term of the Franchise	Section 1.3	If you are purchasing a new or existing non-operating *Cold Stone Creamery* Restaurant, the term is (i) 10 years from the date the restaurant opens to the public if you own the property, or enter into a lease directly with the landlord or other third party, or (ii) the term of the sublease if you enter into a sublease with a Kahala Franchising affiliate, excluding any extensions and renewal options. If you are purchasing an existing and operating *Cold Stone Creamery* restaurant, the term is (i) 10 years from the effective date of the franchise agreement if you own the property, or enter into a lease directly with the landlord or other third party, or (ii) the term of the sublease if you enter into a sublease with a Kahala Franchising affiliate, excluding any extensions or renewal options. If you are purchasing a *Cold Stone Creamery* Restaurant that will be co-branded into another Kahala-brand Restaurant, the term of your franchise agreement for this brand will equal the remaining term of the existing franchise agreement for the store which this brand will be co-branded into, so both franchise agreements will expire concurrently. If you are entering into a renewal agreement for your *Cold Stone Creamery* Restaurant, the term is five years from the effective date of your renewal Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
b-1. Renewal or extension of the Term	Section 13 (New & Transfer)	If you are not in default and satisfy certain conditions, you may renew for a single renewal term of five years, with no further right to renew at the end of the renewal term.
c-1. Requirements for you to renew or extend	Section 13 (New & Transfer)	"Renewal" means to sign a renewal Franchise Agreement (which will be in the form of the Franchise Agreement then customarily used by us in renewing franchises) and all other agreements then customarily used by us in the granting of franchises. The renewal Franchise Agreement may have materially different terms and conditions than the original Franchise Agreement, including higher royalty and advertising fees. If offered, you must: give at least 120 days' notice prior to the expiration date of the term; not be in default; be in compliance with the terms of the Franchise Agreement and Confidential Manual; not have received more than 3 notices of default or breach of the Franchise Agreement during its term, nor more than 2 such notices during the 5 years immediately before the proposed renewal date; have a premises; sign a new Franchise Agreement which may have materially different terms and conditions than the original Franchise Agreement; pay a renewal franchise fee; remodel or refurbish if necessary; and be current on all financial obligations to us. You must also sign the General Release in form attached to the Disclosure Document as Exhibit Q.
b-2. Successor Term	Section 13 (Renewal)	If at the end of your renewal term, you are not in default and satisfy certain conditions, you may apply for a successor term.
c-2 Requirements for you to obtain a successor term	Section 13 (Renewal)	Applying for and entering into a "successor" term means to sign a new Franchise Agreement (which will be in the form of the Franchise Agreement then customarily used by us in entering into new franchises) and all other agreements then customarily used by us in the granting of franchises. The successor term Franchise Agreement may have materially different terms and conditions than the original Franchise Agreement, including higher royalty and advertising fees. In the event you desire to apply to us to extend your rights to operate the Franchised Business for a successor term, you must: give at least 120 days' notice prior to the expiration date of the renewal term; not be in default; be in compliance with the terms of the Franchise Agreement and Confidential Manual; not have received more than 3 notices of default or breach of

Provision	Section in Franchise Agreement	Summary
		the Franchise Agreement during its term, nor more than 2 such notices during the 5 years immediately before the proposed successor term effective date; have a premises; sign a Franchise Agreement which may have materially different terms and conditions than the original Franchise Agreement; pay an initial franchise fee; remodel or refurbish if necessary; and be current on all financial obligations to us. You must also sign the General Release in form attached to the Disclosure Document as Exhibit Q We reserve the right to reject your application for a successor term, at our sole discretion, for any reason, without limitation, failure to meet our then-current standards or requirements for new franchisees. If we decide to reject your application for a successor term to operate the Franchise Business, we will give you a notice to that effect within sixty (60) days after you deliver to us your notice of intent to apply for a successor term.
d. Termination by you	Not Applicable	----------
e. Termination by us without cause	Not Applicable	----------
f. Termination by us with cause	Sections 2.1, 3.1 (New and Transfer) and 14.1	We can terminate only if you are in default under the Franchise Agreement or any other Franchise Agreements or other agreements between You and us.
g. "Cause" defined—defaults that can be cured	Sections 14.1 and 14.2	You have an immediate cure period of less than 24 hours to cure defaults of your violation of our social media policy regarding posting content containing inappropriate public displays of affection, confidential information, violations of health or safety standards, foul or obscene language, or images that have not been consented to. You have 24 hours to cure defaults of your violation of (i) any law, regulation, or order; (ii) our standards relating to health, sanitation, or safety; (iii) our policy regarding posting defamatory or offensive comments on social media sites; or (iv) you cease to operate your store for a period of 48 hours without our consent. You have 48 hours to cure defaults of your violation of our social media policy where you have a social media site in connection with your franchised business without approval or hold out your social media site to be an official site of *Cold Stone Creamery*, or if you fail to participate in any limited time product offering, value offering, contest, promotion or charity event. You have 7 days to cure defaults of failure to (i) pay us or

Provision	Section in Franchise Agreement	Summary
		any Advertising Fund (inclusive of a Cooperative) monies owing; or (ii) maintain insurance. You have 14 days to cure other defaults, except those which have no cure period. If a statute in the state or municipality in which the restaurant is located requires application of that state or municipal law, and that statute requires a cure period for the applicable default which is longer than the cure period listed in the Franchise Agreement, the statutory cure period will apply.

Provision	Section in Franchise Agreement	Summary
h. "Cause" defined—defaults that cannot be cured	Sections 12.1, 14.1 and 14.2	Non-curable defaults: failure to secure an acceptance location, failure to open your restaurant within the time period listed in your Franchise Agreement; non-compliance with applicable laws and regulations, failure to adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct, involvement in any business practice which may be injurious to the System or goodwill associated with the Proprietary Marks; defaulting on your lease or sublease and failure to cure such default, lease or sublease is terminated due to your default, or location is lost for failure to comply with lease or sublease; you, or any owner, co-owner or principal of the franchise, is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that is reasonably likely to adversely affect the System, the goodwill associated therewith, or our interest therein; closing or relocating your restaurant, without our express advance written consent; transferring or attempting to transfer your Franchise Agreement or restaurant to a third party without our express advance written consent; bankruptcy, insolvency and similar events; conviction of felony; making any false representations or warranties; repeated defaults even if previously cured; abandonment; trademark misuse; unauthorized use of any of the components of the System; materially impair the goodwill or reputation of the System; breach of confidentiality or non-competition covenants; fraud with respect to obligations under the Franchise Agreement; you or any of your owners, officers, directors, managers, members, or partners violate any anti-bribery, corruption, or similar law or appear on a “blocked” persons list, or receive funding from any embargoed country; falsify financial data; failure to promptly provide upon request financial data and records specified in the Franchise Agreement; and intentionally underreporting weekly Gross Sales.
i. Your obligations on termination/non-renewal	Sections 14.5, 14.6, 14.7 and14.9	Obligations include cessation of your operation of the franchised business in all matters, complete de-identification, payment of amounts due us (also see “r” below) including early termination damages if any, transfer of telephone numbers, maintenance of records, and compliance with any confidentiality requirements and covenants not to compete.
j. Assignment of contract by us	Section 12.5	No restriction on our right to assign.

Provision	Section in Franchise Agreement	Summary
k. "Transfer" by you—definition	Section 12.1	Any voluntary, involuntary (including by operation of law), direct or indirect assignment, sale, gift or other transfer by you.
l. Our approval of transfer by franchise owner	Section 12.1	We have the right to approve all transfers, but we will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Section 12.3	New franchise owner qualifies, no existing defaults, transfer franchise fee paid, all obligations under the Franchise Agreement are fully paid and satisfied, any local store marketing funds used that were not yet contributed by current franchisee to be reimbursed to us, new franchisee completes training, remodels or refurbishes if necessary, and keeps existing store telephone number, release signed by you, new agreements signed.
n. Our right of first refusal to acquire your business	Section 12.2	We can match any offer.
o. Our option to purchase your business	Section 12.2	We can match any offer.
p. Your death or disability	Section 12.4	If representative of franchisee wants the restaurant to continue operating, it must be transferred within 90 days to an approved buyer. Upon non-compliance, all of franchisee's rights under the Franchise Agreement will be automatically terminated.
q. Non-competition covenants during the term of the franchise	Section 14.6	No involvement in any competing business.
r. Non-competition covenants after the Franchise Agreement is terminated or expires	Section 14.6	No competing business for 2 years, within 10 miles of another *Cold Stone Creamery* restaurant.
s. Modification of the Agreement	Sections 4.5 and 16.13	Confidential Manual subject to change at any time; otherwise no modifications unless in writing and signed by both parties.
t. Integration/merger clause	Section 16.14	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside the Disclosure Document and Franchise Agreement may not be enforceable.

Provision	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	Section 16.3	Any dispute that cannot be resolved by, or is not subject to, mediation shall be settled by arbitration administered by the American Arbitration Association in ~~Maricopa County, Arizona.~~the county and state where the Franchised Business is located, before a single arbitrator who is a licensed U.S. attorney with at least five years of franchise law experiences. ~~-~~ This does not apply to a dispute where 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 Kahala Franchising's goodwill, ~~the~~ proprietary information, ~~the~~ trademarks ~~or other property~~ or for fraudulent conduct by the franchisee, or ~~if~~ where a delay in the ~~mediation~~ dispute resolution process may adversely affect the public. ~~Either party may appeal the arbitrator's final award, if it is over $100,000, to the appropriate U.S. District Court.~~Disputes must be conducted on an individual basis only. Any issue regarding the validity or applicability of the class action waiver must be decided by a court. If the waiver is deemed unenforceable, arbitration will not apply.
v. Choice of forum	Section 16.4	~~Litigation must be in Maricopa County, Arizona.~~Arbitration takes place in the county and state where the Franchised Business is located. For certain exclude disputes (e.g. IP, money owed, injunctive relief, urgent matters), the Franchisor may bring an action in any court having jurisdiction, and the Franchisee waives all objections to venue and jury trial.
w. Choice of law	Section 16.4	Except to the extent governed by the United States trademark laws or the franchise laws of any state, ~~Arizona law applies.~~the laws of the State where the Franchised Business is located govern all rights and obligations of the parties under this Agreement without regard to conflict of law, and any arbitration shall take place before a sole arbitrator in the County of the State where the Franchised Business is located.

Sublease

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

Provision	Section in Sublease	Summary
1. Term of the Sublease	2.1	Ends one day before expiration of Master Lease, including any renewals of Master Lease.
2. Renewal or extension of the term	2.2 and 2.3	If the Master Lease contains a renewal option, you must notify us to exercise it.
3. Requirements for you to renew or extend	2.2 and 2.3	You must be in good standing and you must notify us of your intent to renew at least 60 (but not more than 90) days before we are required to notify the Master Landlord of intent to renew.
4. Termination by you	Not Applicable	You have no right to terminate the Sublease.
5. Termination by us without cause	Not Applicable	There is no right to terminate the Sublease without cause.
6. Termination by us with cause	15	Our Leasing Affiliate may terminate the Sublease for cause. Our Leasing Affiliate can terminate only if you default under the Master Lease, Sublease or the Franchise Agreement.
7. "Cause" defined – curable defaults	15.1	Our Leasing Affiliate can terminate if you default in the: (i) payment of any sums you owe; (ii) performance of any of the terms, covenants, or conditions of the Master Lease or Sublease; or (iii) default under the Franchise Agreement or any other agreement between you or your affiliates and us or our affiliates.
8. "Cause" defined – defaults that cannot be cured	15.1	Bankruptcy of, or general assignment for the benefit of creditors by, franchisee; defaults under the Master Lease that are not curable
9. Your obligations on termination/ nonrenewal	15	Our Leasing Affiliate may enter and take possession of the premises and all of the furniture, fixtures, equipment, signage, inventory and other items covered by our lien under Section 4.2 of the Sublease; you are not relieved of further obligations under the Sublease.
10. Assignment of agreement by us	22	Our Leasing Affiliate has the right to assign under the Master Lease.
11. "Transfer" by you – defined	9 and 22	Approval of Leasing Affiliate is required.
12. Our approval of transfer by you	9	Approval of Leasing Affiliate, at its sole discretion, and approval of landlord may be required.
13. Conditions for our approval of transfer	9	Our Leasing Affiliate must consent.
14. Our right of first refusal to acquire your business	Not Applicable	None. Our Leasing Affiliate already holds the Master Lease.

Provision	Section in Sublease	Summary
15. Our option to purchase your business	Not Applicable	None. Our Leasing Affiliate already holds the Master Lease.
16. Your death or disability	Not Applicable	None
17. Non-competition covenants during the term of the franchise	Not Applicable	None
18. Non-competition covenants after the franchise is terminated or expires	Not Applicable	None
19. Modification of the agreement	Not Applicable	None
20. Integration/merger clause	24	The Sublease, including any exhibits, contains the entire agreement of the parties.
21. Dispute resolution by arbitration or mediation	Not Applicable	None
22. Choice of forum	Not Applicable	None
23. Choice of law	20	Arizona law applies

ITEM 18: PUBLIC FIGURES

We currently do not use any public figure to promote our *Cold Stone Creamery* franchise System.

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.

The average gross sales amounts contained in the table below pertain to the historic performance of all Cold Stone Creamery franchised stores located in the United States that were existing outlets that did not open for the first time during the past fiscal year. The time period measured was December 1, 2023~~1~~, through November 30, ~~2023~~2024.

	Average Gross Sales	Median Gross Sales	Number of Stores Measured	Number of stores that met or exceeded the Average Gross Sales	Percentage of stores that met or exceeded the Average Gross Sales	Number of stores that met or exceeded the Median Gross Sales	Percentage of stores that met or exceeded the Median Gross Sales
All franchised outlets	$~~619,669~~621,052	$~~592,426~~587,242	~~900~~939	~~396~~400	~~44~~43%	~~450~~470	50%
Top 20% of franchised outlets	$~~978,978~~992,237	$~~919,181~~934,690	~~180~~188	~~70~~68	~~39~~36%	~~90~~94	50%
Bottom 20% of franchised outlets	$~~341,584~~342,089	$~~355,645~~354,039	~~180~~188	~~108~~106	~~60~~56%	~~90~~94	50%

Notes:

1. As of November 30, ~~2023~~2024, there were 992~~952~~ franchised stores open in the United States. Of these ~~952~~ 992 outlets, ~~900~~ 939 of these outlets were franchised, existing locations that did not open for the first time during the past fiscal year, were located in the United States excluding locations in Guam and were not temporarily closed as of fiscal year end.

2. The information is based upon gross sales, which means the total revenue derived from the sales of goods and services less sales tax, discounts, allowances and returns, of franchised, stores

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

4. The above table and information were prepared from (i) weekly sales reports provided to us by franchisees. We have not audited the information provided by the franchisees.

5. We will provide to you the spreadsheets as written substantiation for the representations made in this Item 19 upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting John Wuycheck, Kahala Franchising, L.L.C., 9311 E. Via De Ventura, Scottsdale, Arizona 85258, (480) 362-4800, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For years 2022 to 2024
(United States)

Column 1	Column 2	Column 3	Column 4	Column 5
OUTLET TYPE	**YEAR**	**OUTLETS AT THE START OF THE YEAR**	**OUTLETS AT THE END OF THE YEAR**	**NET CHANGE**
Franchised				
	2022	889	908	19
	2023	908	952	44
	2024	952	992	40
Company - Owned				
	2022	5	4	-1
	2023	4	1	-3
	2024	1	2	1
Total Outlets				
	2022	894	912	18
	2023	912	953	41
	2024	953	994	41

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 to 2024

Column 1	Column 2	Column 3
STATE	**YEAR**	**NUMBER OF TRANSFERS**
AK		
	2022	0
	2023	3
	2024	0
AR		

	2022	0
	2023	0
	2024	1
AZ		
	2022	4
	2023	1
	2024	6
CA		
	2022	11
	2023	15
	2024	14
CO		
	2022	2
	2023	4
	2024	2
DC		
	2022	0
	2023	0
	2024	1
FL		
	2022	5
	2023	2
	2024	6
GA		
	2022	1
	2023	1
	2024	0
HI		
	2022	1
	2023	0
	2024	0
ID		
	2022	2
	2023	0
	2024	0
IL		
	2022	1
	2023	1
	2024	1
IN		

	2022	4
	2023	3
	2024	1
KS		
	2022	0
	2023	1
	2024	0
KY		
	2022	2
	2023	0
	2024	0
LA		
	2022	0
	2023	0
	2024	0
MA		
	2022	1
	2023	0
	2024	1
MD		
	2022	3
	2023	3
	2024	3
MI		
	2022	0
	2023	1
	2024	0
MN		
	2022	1
	2023	4
	2024	3
MO		
	2022	0
	2023	2
	2024	1
MT		
	2022	2
	2023	0
	2024	0
NC		

	2022	3
	2023	5
	2024	1
NJ		
	2022	4
	2023	3
	2024	2
NM		
	2022	11
	2023	0
	2024	0
NV		
	2022	0
	2023	0
	2024	2
NY		
	2022	3
	2023	3
	2024	1
OH		
	2022	4
	2023	4
	2024	4
OK		
	2022	0
	2023	1
	2024	0
OR		
	2022	0
	2023	0
	2024	1
PA		
	2022	2
	2023	1
	2024	0
SC		
	2022	0
	2023	0
	2024	1
TN		

	2022	0
	2023	1
	2024	0
TX		
	2022	6
	2023	1
	2024	2
UT		
	2022	1
	2023	2
	2024	2
VA		
	2022	2
	2023	6
	2024	1
WA		
	2022	3
	2023	7
	2024	2
WV		
	2022	1
	2023	0
	2024	0
WI		
	2022	2
	2023	3
	2024	2
WY		
	2022	1
	2023	1
	2024	1
Total	2022	83
	2023	79
	2024	62

Table No. 3

Status of Franchised Outlets
For years 2022 to 2024

Col. 1	Col.2	Col.3	Col.4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
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**
AL								
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	1	0	0	0	0	4
AK								
	2022	5	1	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
AZ								
	2022	39	2	0	0	0	0	41
	2023	41	1	0	0	0	0	42
	2024	42	3	0	0	0	0	45
AR								
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	2	0	0	0	0	6
CA								
	2022	185	7	0	0	0	1	191
	2023	191	10	0	1	0	2	198
	2024	198	8	0	0	0	1	205
CO								
	2022	34	1	0	0	0	0	35
	2023	35	1	0	0	0	0	36

	2024	36	0	0	0	0	2	34
CT								
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
DE								
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
DC								
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	0	3
FL								
	2022	79	2	0	1	0	0	80
	2023	80	11	0	0	0	0	91
	2024	91	5	0	1	0	5	90
GA								
	2022	22	0	0	1	0	0	21
	2023	21	5	0	0	0	0	26
	2024	26	3	0	0	0	0	29
GU								
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
HI								
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
ID								
	2022	9	0	0	0	0	0	9
	2023	9	0	0	0	0	0	9

	2024	9	0	0	0	0	0	9
IL								
	2022	27	0	0	0	0	0	27
	2023	27	0	0	1	0	0	26
	2024	26	2	0	0	0	0	28
IN								
	2022	16	0	0	0	0	0	16
	2023	16	0	0	0	0	0	16
	2024	16	0	0	0	0	0	16
IA								
	2022	10	0	0	0	0	0	10
	2023	10	0	0	0	0	0	10
	2024	10	0	0	0	0	0	10
KS								
	2022	9	1	0	0	0	0	10
	2023	10	1	0	0	0	1	10
	2024	10	0	0	0	0	0	10
KY								
	2022	10	0	0	0	0	1	9
	2023	9	1	0	0	0	0	10
	2024	10	0	0	0	0	0	10
LA								
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
MD								
	2022	30	0	0	1	0	0	29
	2023	29	1	0	0	0	0	30
	2024	30	0	0	0	0	0	30
MA								
	2022	10	0	0	0	0	0	11
	2023	11	0	0	0	0	0	11

	2024	11	0	0	0	0	0	11
MI								
	2022	20	0	0	0	0	0	20
	2023	20	0	0	0	0	0	20
	2024	20	1	0	0	0	0	21
MN								
	2022	20	0	0	0	0	0	20
	2023	20	0	0	0	0	0	22
	2024	22	1	0	0	0	0	23
MO								
	2022	13	1	0	0	0	0	14
	2023	14	0	0	0	0	0	14
	2024	14	0	0	0	0	0	14
MT								
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
NC								
	2022	33	0	0	0	0	0	33
	2023	33	2	0	0	0	0	35
	2024	35	1	0	0	0	0	36
ND								
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
NE								
	2022	8	0	0	0	1	0	7
	2023	7	1	0	0	0	0	9
	2024	9	0	0	0	0	0	9
NH								
	2022	0	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

	2024	1	0	0	0	0	0	1
NJ								
	2022	24	0	0	1	0	0	23
	2023	23	1	0	1	0	0	23
	2024	23	2	0	0	0	0	25
NM								
	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	0	0	8
NV								
	2022	11	0	0	0	0	0	11
	2023	11	0	0	1	0	0	10
	2024	10	1	0	0	0	0	11
NY								
	2022	26	2	0	0	0	0	28
	2023	28	3	0	0	0	0	31
	2024	31	5	0	0	0	0	36
OH								
	2022	22	1	0	0	0	1	22
	2023	22	0	0	0	0	0	22
	2024	22	0	0	0	0	1	21
OK								
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
OR								
	2022	10	0	0	0	0	0	10
	2023	10	0	0	0	0	0	10
	2024	10	1	0	0	0	0	11
PA								
	2022	18	0	0	0	0	1	17
	2023	17	0	0	1	0	0	16

	2024	16	1	0	0	0	0	17
PR								
	2022	15	1	0	0	0	0	16
	2023	16	0	0	0	0	0	16
	2024	16	1	0	0	0	0	17
RI								
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
SC								
	2022	10	0	0	0	0	0	10
	2023	10	0	0	0	0	0	10
	2024	10	1	0	0	0	0	11
SD								
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	1	0	1
TN								
	2022	4	1	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
TX								
	2022	25	5	0	0	0	0	30
	2023	30	6	0	0	0	0	36
	2024	36	9	0	0	0	0	45
UT								
	2022	23	0	0	1	0	0	22
	2023	22	0	0	0	0	0	22
	2024	22	0	0	0	0	1	21
VA								
	2022	35	2	0	0	0	0	37
	2023	37	4	0	0	0	0	41

	2024	41	4	0	0	0	0	45
WA								
	2022	20	0	0	0	0	0	20
	2023	20	0	0	0	0	0	20
	2024	20	0	0	0	0	0	20
WI								
	2022	14	0	0	0	0	0	14
	2023	14	0	0	0	0	0	14
	2024	14	0	0	0	0	0	14
WV								
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
WY								
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Total - US								
	2022	889	27	0	5	1	4	908
	2023	908	49	0	5	0	3	952
	2024	952	52	0	3	1	8	992

Table No. 4

Status of Company Owned Outlets
For years 2022 to 2024

Col. 1	Col.2	Col.3	Col.4	Col. 5	Col. 6	Col. 7	Col. 8
STATE	**YEAR**	**OUTLETS AT START OF YEAR**	**OUTLETS OPENED**	**OUTLETS REACQUIRED FROM FRANCHISEE**	**OUTLETS CLOSED**	**OUTLETS SOLD TO FRANCHISEE**	**OUTLETS AT END OF THE YEAR**

AZ							
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
MA							
	2022	1	0	0	0	1	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
MN							
	2022	2	0	0	0	0	2
	2023	2	0	2	0	0	0
	2024	0	0	0	0	0	0
NE							
	2022	0	0	1	0	0	1
	2023	1	0	1	0	0	0
	2024	0	0	0	0	0	0
NH							
	2022	1	0	0	0	1	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
SD							
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	1	0	0	1
Totals							
	2022	5	0	1	0	2	4
	2023	4	0	3	0	0	1
	2024	1	0	1	0	0	2

Table No. 5

Projected Openings as of November 30, 2024

Column 1	Column 2	Column 3	Column 4

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
AL	~~2~~1	0	0
AR	3	~~3~~1	0
AZ	~~5~~6	~~2~~0	0
CA	2~~3~~6	~~9~~12	0
CO	1	1	0
CT	~~1~~2	~~0~~1	0
DC	2	~~0~~1	0
DE	~~1~~2	~~0~~1	0
FL	~~29~~28	~~4~~9	0
GA	~~8~~13	3	0
ID	1	0	0
IL	~~6~~7	~~2~~0	0
IN	2	~~2~~1	0
KY	~~1~~2	~~0~~1	0
LA	~~1~~2	~~0~~2	0
MA	~~1~~2	~~1~~2	0
MD	~~11~~15	2	0
MO	2	1	0
MI	2	~~1~~1	0
MT	1	~~0~~1	0
NC	~~4~~9	0~~1~~	0
NH	1	1	0
NJ	~~9~~11	~~1~~3	0
NM	2	0	0
NV	2	~~1~~2	0
NY	~~25~~33	~~4~~9	0
~~OR~~OH	~~1~~5	~~1~~4	0
PA	~~2~~3	~~1~~2	0
PR	1	1	0
SC	~~3~~2	1	0
TN	~~3~~4	~~0~~1	0
TX	~~39~~41	8	0
VA	1~~5~~4	~~3~~4	0
WI	~~2~~3	2	0
WA	2	0	0
W~~Y~~A	2	~~0~~1	0
Total	~~213~~252	~~54~~79	0

A list of the names of all franchisees and the address and telephone number of each of their outlets is attached to this Disclosure Document as Exhibit U.

We had 8 11 franchise owners who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreements during the year ending November 30, 2023 2024 totaling outlets that were terminated, reacquired or closed.

A list of the names of all franchisees and the address and telephone number of each of their outlets is attached to this Disclosure Document as Exhibit U.

Company Name	Owner Names	City	State	Owner Phones
Sweet Indulgence, INCSanta Barbara Dreams, LLC	Joy Bracken,Stephen BrackenEdward Colton,Susan Colton	LindonPasadena	UTCA	801.368.5348626-221-0707
Rehoboth, LLCYL Creamery LLC	Yemeserach KetemaYi Ju Liao	DenverEatontown	CONJ	13036532300
Sripada IncKold Kreation LLP	Shyamsundar Venkatesan,Srivani ThottaBela Shah,Udayan "Dave" Shah	GilroyHoffman Estates	CAIL	510-403-5517,840-403-5517847-359-5358,847-937-9607
DHC Ventures, LLCBrown, Daniel W.	Amber Davis,Joshua DavisDan Brown	YuleePhoenixville	FLPA	914-224-3101,941-224-3101610-952-3338
Rehoboth, LLCDeliceous Cream LLC	Yemeserach KetemaMukundamala Tangirala,Sateesh Nivarthi	DenverNewark,San Ramon	COCA	13036532300510-304-1208,510-304-2571
Loui USA LLCQUICK PICK, INC	Loui RidiNageeb Alhaj	HollandDodge City	OHKS	(419) 810-0049620-338-8267
PAPAS PIZZA JAX CORPORATIONKarr Food & Entertainment, LLC	Joshua Cook,Kelly Chavis,Kelly Cook,William ChavisAudrey Karr,Jonathan Karr	ValricoElko	FLNV	(813) 244-1658,(813) 528-6739,813-295-5734,813-486-4601775-934-8607
PAPAS PIZZA JAX CORPORATIONA&Z Solutions, Inc.	Joshua Cook,Kelly Chavis,Kelly Cook,William ChavisAhmad Zia,Noor Zia	ValricoCorona,Norco	FLCA	(813) 244-1658,(813) 528-6739,813-295-5734,813-486-4601310.920.3648,951-549-8444
PAPAS PIZZA JAX CORPORATION	Joshua Cook,Kelly Chavis,Kelly Cook,William Chavis	Valrico	FL	(813) 244-1658,(813) 528-6739,813-295-5734,813-486-4601
PAPAS PIZZA JAX CORPORATION	Joshua Cook,Kelly Chavis,Kelly Cook,William Chavis	Valrico	FL	(813) 244-1658,(813) 528-6739,813-295-5734,813-486-4601
PAPAS PIZZA JAX CORPORATION	Joshua Cook,Kelly Chavis,Kelly Cook,William Chavis	Valrico	FL	(813) 244-1658,(813) 528-6739,813-295-5734,813-486-4601

We also had 79 62 franchise owners who had an outlet transfer during the year ending November 30, 2023 2024 including for outlets not yet open. The name, city and state and current business telephone number, or if unknown, the last known home telephone number, of these franchisees is as follows:

Franchisees who had an outlet transfer during the year ending November 30, 20232024

Prior Company Name	Prior Franchisee Names	City	State	Prior Franchisee Phone
Wild Spirit Ice Cream University, LLCChugach Creamery, Inc.	Dawn Daniel,John DanielCatharine Persinger,Gregory Persinger	VailFairbanks	AZAK	520-245-0546,520-971-5066(907) 308-1195,(907) 952-9357
Willis & Wolf LLCChugach Creamery, Inc.	Andreas Wolf,Donna Willis,Fred WillisCatharine Persinger,Gregory Persinger	Phoenix,Scottsdale,Fairbanks	AZAK	(480) 423-0229,(480) 473-0229,650-630-0481(907) 308-1195,(907) 952-9357
Idyllic Eateries, LLCFAMA Enterprises, LLC	Amy Conboy,Michael ConboyFabio DeMelo	San DiegoSalt Lake City	CAUT	619-303-5848,619-933-5848801-910-2892
SARGON A IncRock and Ricky LLC	Nadia Adam,Rainey AdamRicky Garcia	Las VegasMooresville	NVNC	702.604.1424,702-604-1424704.650.2586
Wild Spirit Ice Cream Old Spanish Trail, LLCCSC Pelandale Enterprise	Dawn Daniel,John DanielSandeep Hans	VailCeres	AZCA	520-245-0546,520-971-5066209-505-6000
Coburn, StevenCool Creamery Petaluma, Inc	Steve C CoburnBoo Kay Chan,Gui Mei Cheng	ClaytonSan Francisco	CACA	925-849-6779415-292-7286
AAG Enterprises, LLCDoc McCreamy, Inc.	Ahsan Qazi,Ahsan Qazi Jr.,Nawazish QaziMin Wang,Vincent Chao	Cherry ValleyFullerton	CACA	851-845-9467,909-645-8199,951-690-0545714-257-9657,714-257-9657 (Home)
A.F.F. Holding CorporationRiffle Legendairy Creameries, LLC	Asad Jalil,Muhammad Haque,Muhammad WadoodAdam Riffle,Andrew Riffle,Jessica Riffle,Kalie Sanders	Simi Valley,Stevenson RanchAnsonia	CAOH	,818-292-0445419-569-0988,937-417-7240,937-545-4000,937-670-2858
Idyllic Eateries, LLCSPSTONE, CORP	Amy Conboy,Michael ConboySo Young Yoon	San Diegosan pedro	CAca	619-303-5848,619-933-5848213-321-6411
M&J Nice Cream, LLCSinful Mooo, Inc.	Dan Huang,Yan DingMin Wang,Vincent Chao	CarmelFullerton	INCA	317-804-1868714-257-9657,714-257-9657 (Home)
IC Naples, Inc.Daisy's Ice Cream Bar Inc.	Anthony Gravett,Terri GravettLuz Maria Contreras,Noel Chairez Contreras	JupiterSan Bernardino,Upland	FLCA	561-744-9930(909) 988-1881,909-295-1427
Yang, Shuxia and Hong XieA.V. Ice Creamery, Inc.	Hong Xie,Shuxia YangLacey Bilbruck,Lory Axtman	Arden HillsActon	MNCA	651.276.0477,651-276-0477(Hong661-726-4661
Oh Mokpo LLCMGM Transport, Inc.	Steve OhMaclaine Morris	BellevueOtis Orchards	WAWA	425-643-9332270-823-4115
Nishukti Creamery 2 LLCChricol, Inc.	Mukti Vaidya,Nishant DhruveChris Barwick,Colette Hill	North BrunswickSan Dimas	NJCA, California	(215) 266-5373,(443) 680-7767714-330-4729,909-305-9368
Coral Bells HospitalityZaman, Mohd & Sultana	Ariel Noreen,Joshua NoreenMohad Zaman,Sultana Zaman	ParkerAlta Loma	COCA	303-518-0108,720-937-1354909-989-0471,909-989-0471 home
P & K Investments, LLCMGM Transport, Inc.	Kristen Knutson,Philip KnutsonMaclaine Morris	Montgomery,TOMBALLOtis Orchards	TXWA	936-230-3574,936-499-1211270-823-4115

Colorado Cold Treats IncRS Creations LLC	Ariel Noreen,Joshua NoreenKamaljit Sekhon,Parminder Rai,Rajinder Rai,Taranjit Sekhon	ParkerBothell,Lynnwood	COWA	303-518-0108,720-937-1354425-343-9984,425-346-5824,425-876-9566,425-876-9770
Pun, Melvin and Doris PunCho Hahn Corporation	Doris Pun,Melvin PunByung Cho,Hahn Cho,Kyung Chohahn	San FranciscoPorter Ranch,Valencia	CACA, California	415-816-9571,661-288-1525
D&SMK LLCScoops N Sweets LLC	Dime Milenkovski,Slavica MilenkovskiDavid Smith,Lawrena Colombo	OstranderBarrington Hills	OHIL	614-402-1490,614-604-5766224-523-5818,847-829-4146
Sonshine Creamery, LLCMadeeda, LLC	Christopher Blazevich,Kelli Blazevich,Mark PringleHisham Zeinelabdin	Annapolis,Lothian Madison	MDAL	,410-224-3827256-658-3043
Rockport International Investment Corp.Abelian, Rafik	Mumtaz Jaffer,Saleem JafferRafik Abelian	Leavenworth,LyndenScotts Valley	WACA	360-922-0836,509-264-6737831-438-8860
AXM Investments LLCSKR Investment, Inc	Ajaz Shaikh,Almas Hasan,Mobin SayedBalwinder Singh,Harpreet Singh,Raghvir Singh	ALEXANDRIA,Charlottesville,Missouri CityMountain View	TX,VA CA	281-467-9121,434 227 9307,434-465-4912408-390-5962,408-807-0021
S.M.A.K. Creamery, LLCRehoboth, LLC	Mildred Wright,Stanley WrightMesfin Alemu,Yemeserach Ketema	LutzDenver	FLCO	813-323-0599,813-948-315813036532300,303-955-5928
Ya3 Enterprises, LLCKrishna Delight Inc	Josephine Opong-VaughnHarshaben Sarvaiya,Radhika Pallaganti	Elk RiverCumming,Johns Creek	MNGA	7634938769678-602-7560,770-476-0376
U B FAMILY, INC.Stauros Enterprises, Inc.	Jemin LeeKaren Shelton	Vernon HillsYakima	ILWA	847-367-5278-
Glendale Desserts LLCGlazier, Jared & DeWayne	Bailey Murphy,Jennifer MurphyDeWayne Glazier,Jared Glazier	GlendaleDraper	AZUT	602-570-1508,602-632-7542801-673-4404
RS Creations LLCSilver Scoop Creamery LLC	Kamaljit Sekhon,Parminder Rai,Rajinder Rai,Taranjit SekhonNishantha Vithana,Shermila Vithana	Bothell,LynnwoodMaple Wood,South Orange	WANJ	425-343-9984,425-346-5824,425-876-9566,425-876-9770347-291-7456,646.704.2230
Deep Roots FGO, Inc.New Americana Inc.	Justin TurnquistGabriela Faniagua,Sergio Marmolejo	FargoMaywood	NDCA	701-361-3749562.396.1341,562-305-4860
786 Nazneen 1 LLCDJTT, LLC	Masudali Saiyed,Subhasis MisraDavid Carter,Jannica Carter,Tiffany Funderburk,Tony Funderburk	Kenosha,LithiaClinton Township,West Bloomfield	FL,WI MI	262-705-8080,312-933-0715248-285-0230,248-469-7148,248-497-5714,248-880-3486
Wild Spirit Ice Cream Tanque Verde, LLCCSC Factoria LLC	Dawn Daniel,John DanielJagdishkumar Patel,Raj Dhrolia	VailRedmond,Redmond, WA	AZWA	520-245-0546,520-971-50663603566673,425-614-9686

Cooler Upstate, LLCSherry Maria Marketing Inc	Chad Eads,Isabel McLean,Robyn NutzmanMary Khalil,Mounir Abd El Saiad	Greer,Mills RiverEastvale	NC,SC CA	828-215-6149,864-354-0030,864-360-6360909-610-0061,909-610-0615
GHP of Florida LLCShah Ventures LLC	Hitesh BarvaliyaNumaan Shah,Syed Saif Ul Islam Shah	Fort MyersPomfret,White Plains	FLMD	714-728-5258301-934-4678
D&SMK LLCKnep Bros., Inc.	Dime Milenkovski,Slavica MilenkovskiDoug Knepper,Scott Knepper	OstranderAltoona, Estero	OHFL, WI	614-402-1490,614-604-5766715-563-3311,715-808-0068
Balch Family Ice Cream, Inc.Bains LLC	Allison Iskenderian,Brian Balch,Cara Frazer,Christopher Balch,William BalchHarvinder Singh,Narinder Singh	Camarillo,Lancaster Clayton	CANC	310-616-4862,661-675-7954,661-860-2792,661-916-5622,805-390-3157919-210-2427,919-550-6888
Grey Man Group LLCJS2 Services LLC	Michael MisunJonghwan Kim	SheboyganGreensboro	WINC	262-483-1333901-573-5276
Spectra Hospitality GroupRehoboth, LLC	Carolina Leticia Barba-Ortiz,Daniel OrtizMesfin Alemu,Yemeserach Ketema	VeniceDenver	CACO	310-310-095813036532300,303-955-5928
Bison Creamery LLCALK Guild, LLC	Christopher Neely,Holly NeelyChad Price	DaytonPowell	OHOH	937-475-5910,937-477-7106614-537-0410
R Sweet Revenge, Inc.SKS Norfolk, LLC	Judy Chester,Michelle (Suzi) Kinn,Sandra GrayAmy Mitchell,Keval Shah,Lucas Mitchell,Sanjay Patel	Findlay,Mt. Blanchard,Wapakoneta Newport News,Virginia Beach	OHVA	419-423-0400,419-423-3680,419-645-4398757-533-2155,757-592-4930,757-613-7414
4May Partners L.L.C.Desert Sun Creamery, LLC	Malek DeebB. Lea Stanhope,Kevin Stanhope	Willow SpringsYuma	ILAZ	708-778-1735(520) 783-2539
Our Creamery EC IncCSCreamery Cypress, LLC	Arshad Khwaja,Dilafroz Ahmed,Waliul ChowdhuryIleana Contreras Garcia,Luis Alberto Ruiz Guerrero	East Meadow,Jamaica, New Hyde ParkHouston	NYTX	347-449-9427,516-707-0052,917-833-8974713.301.2172
T.L.C. Creamery LLCYummy Delights, Inc.	David Medlock,Jill MedlockRavinder Bhatnagar	CasperChesterfield	WYMO	307-439-9995,307-554-6322330-998-1112
Sweet Tooth LLCChugach Creamery, Inc.	Ashwani Rathor,Meenakshi RathoreCatharine Persinger,Gregory Persinger	Holbrook, MA,North AttleboroFairbanks	MAAk	508-598-8841(907) 308-1195,(907) 952-9357
Cooler South Enterprises, LLCMAC Mo LLC	Chad EadsMaclaine Morris	Mills RiverOtis Orchards	NCWA	828-215-6149270-823-4115
MACAG Flemington Partners LLCRusvey Corporation	Richard Agnolet,Scott MacMillenBlanche Harvey,Michael Harvey	Long Valley,Port MurrayBealeton	NJVA	908-246-7441,973-219-7920540.439.0531,540-439-0531
Wild Spirit Ice Cream Broadway, LLCHongxia, LLC	Dawn Daniel,John DanielHongxia (Jessie) Cui	VailRockville	AZMD	520-245-0546,520-971-5066301-452-2780

RKPearson Enterprises LLCDiverse Ventures of Miami, LLC	Karilynne Pearson,Russell PearsonMinali Patel,Rajan Patel	Vernalmiami	UTFL	435-789-683230546736 40,305-803-9332
The Sweet Place LLCJolly Group Valpo, LLC	Audra Place,Bart Place,Chase Place,Dalton Place,Jolyn PlaceCandace Jorden,Michael Jorden,Russell Dewes	Kaysville,Ogden,PocatelloCrown Point	ID,UTIN	208-401-5510,208-871-0266,208-871-1088,208-871-1188,801-446-0450219-712-2315,219-712-4400,2197416979
CostaGuys LLCPoint Creamery LLC	Jagadeep Tatineni,Naga Sai Anil Kumar Veeramachaneni,Sireesh ChigurupatiJoseph Lamb	Aldie,HerndonCedarburg	VAWI	410-868-9946,540-748-7376,9035269219262-302-0001
ECCJJ LLCMickelberry Ice Cream 2, LLC	Criselda DiazMelissa Batch,Phillip Batch	LathropAgoura Hills,Bremerton	CACA, WA	415-656-6460,(818) 983-5884
On The Spectrum, LLCR D Lucky, LLC	Krista Ryffel,Robert RyffelMingdeng Zhong,Ziyi "Emily" Zhong	St. LouisBlacklick	MOOH	,314-910-9575614-581-1983,614-935-5870
KESHAVJIVANS COLD SERVES AND DESSERTS LLCA&K Ventures LLC	Divyan PatelAhmed Hassan,Omar Elkerdany	St AugustineRound Rock,Torrance	FLCA, TX	321-695-8291347-922-4634,405-604-7842
Udaya Kadali and Swapna Gubbala IndividualsEndeavorinside LLC	Swapna Gubbala,Udaya KadaliSyed Khalid Rizvi,Usman Syed	Ellicott CityEaston,Hopewell Junction	MDCT, NY	443-857-7644203-345-4128,203-556-1941
KESHAVJIVANS COLD SERVES AND DESSERTS LLCJMB Holdings, LLC	Divyan PatelDana Bates,James Bates	St AugustineWilliamsburg	FLVA	321-695-8291757-564-3286
Razai, Mohammed AliYummy Delights, Inc.	Mohammed Ali RazaiRavinder Bhatnagar	MalbaChesterfield	NYMO	917-291-5340330-998-1112
Dou Xing LLCPoint Creamery LLC	Meng Fang,Wencan XieJoseph Lamb	San DiegoCedarburg	CAWI	(858) 215-0956,(858) 375-6688262-302-0001
ESAS LLCGrey Man Group LLC	Maddiha Payami,Mansoor ShaikhMichael Misun	BrentwoodGrafton	CAWI	305-761-2273,407-973-4589262-483-1333
IKNN LLCRowan, Mary	Ilyas Khan,Mohammad NiaziMary Rowan	RedlandsGlassboro	CANJ	(951) 818-6228,851-256-7093-
Gampa, S. & Sattineni, R.Jolly Group, LLC	Rajender Sattineni,Swetha GampaCandace Jorden,Michael Jorden,Russell Dewes	Little RockCrown Point	ARIN	(512) 774-8665,(512) 826-3194219-712-2315,219-712-4400,2197416979
Kamran, R & Khan, KRiffle Legendairy Creameries, LLC	Kamran Khan,Rabia KamranAdam Riffle,Andrew Riffle,Jessica Riffle,Kalie Sanders	EastvaleAnsonia	CAOH	(661) 350-5060419-569-0988,937-417-7240,937-545-4000,937-670-2858
Thomas Rose North LLCP&H Ventures LLC	Devon Maltese,Matthew MalteseHeather Houser,Paul Houser	Henderson,Las VegasTopeka	NVKS	702-372-2427,715) 379-2022785-478-2599

Delafosse, Chaz & TaraShia Enterprise, Inc.	Chaz Delafossee,Tara DelafosseeJackie Shia,Tracy Shia	Rancho CucamongaWheeling	CAWV	(909) 267-5170,(909) 472-9197304-242-8799
Mankal, J. & Gyaneshwar, S.DCA Treasure, LLC	Jagadish Mankal,Swapna GyaneshwarJean Kim,John Kim	SouthlakeDumfries	TXVA	(214) 908-1981,(469) 660-7080703-455-4508,703-589-3362
Welch Ventures, LLC	Neville Welch	Dumfries	VA	202-330-3784
Haque, Asif	Asif Haque	Eagan	MN	651-456-5652
Rehoboth, LLC	Mesfin Alemu,Yemeserach Ketema	Denver	CO	13036532300,303-955-5928
Creamery at the Crossing, LLC	Erica Reisberger,Trent Reisberger	Graham	NC	919.452.4102
Chicago Scoops, LLC	Antonio Gracias,Jonathan Shulkin,Kyle Welch,Tim Watkins	Chicago	IL	312-493-5359 (home),312-683-1900
Murali Ramanathan	Murali Ramanathan	Sacramento	CA	916.517.3625
LTC Foods, LLC	Amit K Tikyani	Secaucus	NJ	201-240-2303
Oospecka LLC	Jeremy Yarbrough,Larry Yarbrough	Cortez	CO	970-560-2311,970-759-8409
RCP Investments LLC	Misty Phillips,Rhudy Phillips	St Pauls,St. Pauls	NC	910-425-1424
Doral Creamery,LLC	Rajan Patel	miami	FL	3054673640
GURPAR GROUP INC	Amit K Tikyani	Secaucus	NJ	201-240-2303
Cool Scoops, LLC	Bruce Peltz	St. Cloud	MN	320-230-2310
La Plata Creamery LLC	Numaan Shah,Syed Saif Ul Islam Shah	Pomfret,White Plains	MD	301-934-4678
Syed Shah & Numaan Shah, Individuals	Numaan Shah,Syed Saif Ul Islam Shah	Pomfret,White Plains	MD	301-934-4678
Knep Bros., Inc.	Doug Knepper,Scott Knepper	Altoona,Estero	FL,WI	715-563-3311,715-808-0068
Razai, Mohammed, Ahmed, Mustaque and Hasan, Akm	Akm Masud Hasan,Mohammed Ali Razai,Mustaque Ahmed	Brooklyn,East Elmhurst,Malba	NY	646-752-4350,917-291-5340,917-945-1502
MGM Transport, Inc.	Maclaine Morris	Otis Orchards	WA	270-823-4115

We have not had any franchisees who have not communicated with us for the 10-week period before the date of this Disclosure Document. We had three 4 franchisees who had its Franchise Agreement terminated or canceled during the year ending November 30, 2022 2024 for a restaurant that never opened. The name, city and state and current business telephone number, or if unknown, the last known home telephone number, of this franchisee is as follows:

Franchisee	Franchisee	City	State	Phone

Company Name	Names			
ESM Creamery Corporation	Susan Rodgers & Bernard Rodgers	Greensburg	PA	
~~Gurpar Foods Inc~~	Vanderloop, R.~~Amit K Tikyani~~Rodgers	Winter Springs~~Secaucus~~	FL~~NJ~~	(715) 977-8167~~201-240-2303~~
	Vanderloop, R. ~~Singh, Komal & Singh, Gagandeep~~	Winter Springs~~Prosper~~	FL~~TX~~	(715) 977-8167~~469-888-2794~~
	Banerjee, Tania~~Singh, Komal & Singh, Gagandeep~~	Glen Allen~~Prosper~~	VA~~TX~~	(650) 644-5249~~(469) 888-1394~~

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 the *Cold Stone Creamery* franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

If you are purchasing a company-owned outlet from one of our affiliates that was previously owned by a franchisee but is now owned and operated corporately by our affiliate, we will provide you with an addendum to this Disclosure Document disclosing additional information for that outlet for the last five fiscal years. A sample form of the addendum is attached to this Disclosure Document as Exhibit X.

We have a trademark-specific franchisee organization associated with the Cold Stone Creamery franchise system; it is an elected council that provides advice and guidance to us. The name of the council is the National Advisory Board ("NAB"). The NAB was created by Cold Stone Creamery, Inc. and is sponsored by us. The NAB members are elected by the franchisees as a whole to serve on the NAB. The members of the NAB can be reached through us at 9311 E. Via de Ventura, Scottsdale, AZ 85258 (480) 362-4800. The email address for the NAB is ColdStoneNAB@kahalamgmt.com. Neither council has a Web address.

ITEM 21: FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit V 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, ~~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 W: Performance Guaranty).

ITEM 22: CONTRACTS

Attached to this Disclosure Document are the following franchise-related contracts:

Exhibit D	Asset Purchase Agreement (For Sale of a Corporate Store to a Franchisee) with Promissory Note and Security Agreement and Guaranty (if applicable)
Exhibit E-1	Franchise Agreement (New)
Exhibit E-2	Franchise Agreement (Renewal)
Exhibit E-3	Franchise Agreement (Transfer)
Exhibit F-1	Guaranty of Franchise Agreement
Exhibit F-2	Non-Disclosure and Non-Competition Agreement
Exhibit G	Collateral Assignment and Irrevocable Special Power of Attorney
Exhibit H	Amendment to Franchise Agreement (for non-traditional locations excluding those co-branded with another affiliated brand)
Exhibit H-1	Rocky Mountain Chocolate Factory Addendum to Franchise Disclosure Document and Amendment to Franchise Agreement
Exhibit I	Amendment to Franchise Agreement (for co-branded non-traditional locations)
Exhibit J	In-Store Training Release and Waiver of Liability Agreement
Exhibit K	Addendum to the Franchise Agreement for SBA Loans
Exhibit L	Required Lease Terms (Lease Addendum to Lease Agreement)
Exhibit L -1	RMCF Required Lease Terms (Lease Addendum to Lease Agreement)
Exhibit M	Lease Guaranty Acknowledgment
Exhibit N	Lease Review and/or Negotiation Agreement and Release and State Addenda
Exhibit O ~~-1~~	Sublease and Guaranty of Sublease ~~(Franchisee pays rent directly to Landlord)~~
~~Exhibit O-2~~	~~Sublease and Guaranty of Sublease (Franchisor or its affiliate collects rent from Franchisee and pays to Landlord)~~
Exhibit P	Pre-Authorized Electronic Funds Transfer Form
Exhibit P-1	Participation Agreement
Exhibit Q	General Release for Renewal of Franchise Agreement
Exhibit R-1	Consent to Transfer and Release Agreement (without Sublease)
Exhibit R-2	Consent to Transfer and Release Agreement (with Sublease)
Exhibit S	State Addenda to Franchise Documents
Exhibit W	Performance Guaranty
Exhibit X	Addendum for Sale of Company-Affiliated Owned Stores
Exhibit Y	Receipts

ITEM 23: RECEIPTS

Exhibit Y to this Disclosure Document is a detachable receipt. You are to keep one copy and return the other copy to us.

EXHIBIT A

TO THE FRANCHISE DISCLOSURE DOCUMENT

State Addenda to Franchise Disclosure Document

ADDENDUM TO THE KAHALA FRANCHISING, L.L.C.
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

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. Neither the franchisor, franchise broker nor any person in Item 2 of the Disclosure Document are 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 person from membership in such association or exchange.

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

D. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the agreements. This provision may not be enforceable under California law.

E. The Franchise Agreement requires application of the laws of the State of Arizona. This provision may not be enforceable under California Law.

F. 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.

G. YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§31000 THROUGH 31516).

H. BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

I. 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.

J. 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 Agreement involving a franchise business operating in California.

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.

L. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

ADDENDUM TO THE KAHALA FRANCHISING, L.L.C.
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF 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, Kahala Franchising, 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 Kahala Franchising, L.L.C. or a supplier designated by Kahala Franchising, L.L.C.; provided that personalized materials which have no value to us need not be compensated for. If Kahala Franchising, L.L.C. refuses to renew a Franchise Agreement for the purpose of converting your business to one owned and operated by Kahala Franchising, L.L.C., in addition to the remedies provided above, shall compensate you for the loss of goodwill. Kahala Franchising, 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 Kahala Franchising, 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.

ADDENDUM TO THE KAHALA FRANCHISING, L.L.C.
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF ILLINOIS

1. Items 17.f and 17.i are supplemented with the following language:

   The conditions under which your Franchise Agreement may be terminated and your rights upon non-renewal may be affected by Illinois Law, 815 ILCS 705/19 and 705/20.

2. Items 17.f, 17.g, 17.t, 17.v, and 17.w are supplemented with the following language:

   This summary applies to both the Franchise Agreement and the Area Representative Agreement.

3. The Summary in Item 17.v is deleted and replaced by the following Summary:

   Litigation in Illinois.

4. The Summary in Item 17.w is deleted and replaced by the following Summary:

   Illinois law applies.

5. 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.”

6. 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.

ADDENDUM TO THE KAHALA FRANCHISING, L.L.C.

DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF INDIANA

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

2. 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.

3. 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 Kahala Franchising, L.L.C. in the Disclosure Document.

4. 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.

5. 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).

6. 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).

7. 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.

8. 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.

ADDENDUM TO THE KAHALA FRANCHISING, L.L.C.
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MARYLAND

1. Item 5 of the Franchise Disclosure Document and all agreements in this offering are amended to disclose the following:

> Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2. The following amends Item 11 and replaces the last sentence of paragraph 8.a. under the section titled "During the operation of the Franchised Business:"

> A Franchisee may, at any time after 120 days following the end of the calendar year, obtain an accounting of expenditures for the Advertising Fund and any Cooperative Regional Funds for the entire preceding calendar year by submitting a written request to Kahala Franchising, L.L.C.'s Chief Financial Officer at the principal business address listed in Item 1 of the Franchise Disclosure Document.

3. The Summary in Item 17.v is deleted, and the following Summary is inserted in its place:

> 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 years after the grant of the franchise.

4. Item 17 is amended to disclose the following:

> Any general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. The following paragraph is added to the end of Item 17:

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

Item 17 is amended to disclose the following:

> This franchise agreement provides that 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.

6. 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.

ADDENDUM TO KAHALA FRANCHISING, L.L.C.
DISCLOSURE DOCUMENT
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) 10 business days prior to signing the Agreement; or (ii) 10 business days prior to franchisor's receipt of any consideration.

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 Agreement 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 Agreement 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 franchised business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise Agreement is less than five (5) years; and (ii) the franchisee is prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise Agreement or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the Franchise Agreement.

(E) A provision that permits the franchisor to refuse to renew a Franchise Agreement 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

ADDENDUM TO THE KAHALA FRANCHISING, L.L.C.
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MINNESOTA

1. The following legends are added to the Risk Factors on the Cover Page:

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

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 THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE, SECURITIES DIVISION, 85 7TH PLACE EAST, SUITE 500, ST. PAUL, MINNESOTA 55101, WHICH ADMINISTERS AND ENFORCES THE MINNESOTA FRANCHISE ACT.

2. Pursuant to Minnesota Rules 604.113, in Item 6, the table entry in the second column pertaining to “Amount” for “Non-Sufficient Funds Fee” is hereby deleted and replaced with the following:

> $30 for each electronic funds transfer returned for non-sufficient funds; $25 for each check or draft returned for non-sufficient funds

3. The following paragraph is added to Item 13:

> 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.
>
> Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

4. The following statement is added at the end of Item 17.c and 17.m:

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. The following statement is added at the end of 17.v and 17.w.:

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.

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.

6. The following statement is added at the end of Item 17:

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 90 days notice of termination (with 60 days to cure) and 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.

7. The Summary in Item 17.v is deleted, and the following Summary is inserted in its place:

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

8. 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.

ADDENDUM TO THE KAHALA FRANCHISING, L.L.C.
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF 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 B 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 DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE 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.

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 5:

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

5. 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.

6. 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.

7. 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.

8. The Franchise Agreement and the other documents to be signed by the franchisee provide that we do not grant you any exclusive or protected territory for your restaurant.

9. The Franchise Agreement and the other documents to be signed by you further allow the franchisor to locate franchised or corporate-owned locations of food concepts similar to *Cold Stone Creamery* in the immediate vicinity of your restaurant. There may also be locations of food concepts similar to *Cold Stone Creamery* that are owned by affiliates of the franchisor already open and operating in the immediate vicinity of your restaurant.

10. Section 683.8 of the General Business Law of the State of New York requires franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) the first personal meeting; (ii) 10 business days before the execution of the Franchise Agreement; or (iii) 10 business days before the payment of any consideration that relates to the franchise relationship.

11. 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.

FACTORS TO BE CONSIDERED:

Any disputes, differences or controversies that arise pursuant to the Franchise Agreement or breach thereof which cannot be settled by mediation shall be settled by arbitration. All such proceedings shall be held in Maricopa County, Arizona. This information should be taken into consideration in determining whether or not to purchase this franchise.

The franchisor represents that this prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.

ADDENDUM TO THE KAHALA FRANCHISING, L.L.C.
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NORTH DAKOTA

ALTHOUGH THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF NORTH DAKOTA, REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE STATE OF NORTH DAKOTA THAT THE INFORMATION PROVIDED IN THIS DISCLOSURE DOCUMENT IS TRUE, COMPLETE, ACCURATE, OR NOT MISLEADING.

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 Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. 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 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 Agreement are enforceable only under certain conditions according to North Dakota Law. If the Franchise Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Franchise Agreement requires 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 Agreement requires 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 Agreement requires 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 Agreement requires 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 days prior to signing the franchise agreement; or (ii) seven 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 (SECTION 51-19-09, N.D.C.C.):**

A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., 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 Amendment 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 Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO THE KAHALA FRANCHISING, L.L.C.
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF RHODE ISLAND

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 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.

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 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.

ADDENDUM TO KAHALA FRANCHISING, L.L.C. DISCLOSURE DOCUMENT
FOR THE STATE OF 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. 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.

ADDENDUM TO KAHALA FRANCHISING, L.L.C. DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

1. The following amends Item 17 and is stated at the end of Item 17:

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

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.

ADDENDUM TO THE KAHALA FRANCHISING, L.L.C.
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statue, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your Franchise Agreement. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your Franchise Agreement.

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, or 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 days, to cure such default, or if such default cannot reasonably be cured within thirty days, the failure of the franchisee to initiate within thirty days substantial and continuing action to cure such default: PROVIDED, that after three willful and material breaches of the same term of the Franchise Agreement occurring within a twelve 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 the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

3. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

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

5. Ranch*1, Inc. and its subsidiaries, all affiliates of Kahala Franchising, L.L.C., filed for Bankruptcy Protection Code Chapter 11 of the United States Bankruptcy Code on July 3, 2001. Full disclosure of the particulars of this filing is in Item 4 of this Disclosure Document.

ADDENDUM TO THE KAHALA FRANCHISING, L.L.C.
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF 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.

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 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.

EXHIBIT B

TO THE FRANCHISE DISCLOSURE DOCUMENT

Directory of State Agencies and Administrators

DIRECTORY OF STATE AGENCIES AND ADMINISTRATORS

CALIFORNIA
Department of Business Oversight
320 West 4th Street, Suite750
Los Angeles, CA 90013
(213) 576-7500

HAWAII

Department of Commerce and Consumer Affairs
Business Registration Division

Commissioner of Securities
King Kalakaua Building
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2744

ILLINOIS
Illinois Attorney General's Office
Franchise Bureau
500 South Second Street
Springfield, IL 62701
(217) 782-1090

INDIANA
Indiana Secretary of State
Securities Division
302 W. Washington St, Room E111
Indianapolis, IN 46204
(317) 232-6681

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

MICHIGAN
Michigan Department of Attorney General
Corporate Oversight Division
G. Mennen Williams Building
525 W. Ottawa Street
Lansing, MI 48909
(517) 373-7117

MINNESOTA
Minnesota Department of Commerce, 85 7th Place East, Suite 280, Saint Paul, MN 55101, (651) 539-1600

NEW YORK
Office of the Attorney General

New York State Department of Law
Investor Protection Bureau
28 Liberty Street
New York, NY 10005
(212) 416-6684

NORTH DAKOTA
Securities Commissioner

600 E. Boulevard Ave
State Capitol, 5th Floor
Bismarck, ND 58505
(701) 328-4712

RHODE ISLAND
Department of Business Regulation, Securities Division, Franchise Section

1511 Pontiac Avenue, Building 69-2
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA
Division of Insurance
Securities Regulation
124 S. Euclid Ave., 2nd Floor
Pierre, SD 57501-3185
(605) 773-3563

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
P.O. Box 1197
Richmond, VA 23218
(804) 371-9051

WASHINGTON
Department of Financial Institutions
Securities Division
150 Israel Rd SW
Tumwater, WA 98501
(360) 902-8760

WISCONSIN
State of Wisconsin
Department of Financial Institutions
Division of Securities

4822 Madison Yards Way, North Tower
Madison, WI 53705
(608) 266-2139

EXHIBIT C

TO THE FRANCHISE DISCLOSURE DOCUMENT

Franchisor's Agent for Service of Process

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

ARIZONA
CT CORPORATION SYSTEM
3800 North Central Avenue, Suite 460
Phoenix, AZ 85012

CALIFORNIA
COMMISSIONER OF BUSINESS OVERSIGHT
320 West 4th Street, Suite 750
Los Angeles, CA 90013

HAWAII
COMMISSIONER OF SECURITIES
King Kalakua Building
335 Merchant Street, Room 205
Honolulu, Hawaii 96813

ILLINOIS
ILLINOIS ATTORNEY GENERAL
500 South Second Street
Springfield, Illinois 62701

INDIANA
SECRETARY OF STATE
302 W. Washington St, Room E111
Indianapolis, IN 46204

MARYLAND
MARYLAND SECURITIES COMMISSIONER
200 St. Paul Place
Baltimore, Maryland 21202-2020

MINNESOTA

Minnesota Department of Commerce, 85 7th Place East, Suite 280, Saint Paul, MN 55101-2198

NEW YORK
SECRETARY OF STATE
One Commerce Plaza
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA
SECURITIES COMMISSIONER
600 E. Boulevard Ave
State Capital, 5th Floor
Bismarck, North Dakota 58505

RHODE ISLAND
Director Of The Rhode Island Department Of Business Regulation, Securities Division, Franchise Section

1511 Pontiac Avenue, Building 69-2
Cranston, Rhode Island 02920

SOUTH DAKOTA
Division of Insurance
Securities Regulation
124 S. Euclid Ave., Suite 104
Pierre, SD 57501-3185

VIRGINIA
CLERK OF THE STATE CORPORATION COMMISSION
Tyler Building
1300 East Main Street
Richmond, Virginia 23219

WASHINGTON
DIRECTOR OF FINANCIAL INSTITUTIONS
150 Israel Rd SW
Tumwater, WA 98501

WISCONSIN

ADMINISTRATOR, DEPARTMENT OF FINANCIAL INSTITUTIONS, DIVISION OF SECURITIES
4822 Madison Yards Way, North Tower
Madison, WI 53705

If a state is not listed, Kahala Franchising, L.L.C. has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which Kahala Franchising, L.L.C. has appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

EXHIBIT D
TO THE FRANCHISE DISCLOSURE DOCUMENT

Asset Purchase Agreement
(For Sale of a Corporate Store to a Franchisee)
with
Promissory Note and Security Agreement and Guaranty (if applicable)

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT ("Agreement"), dated _____ ("Execution Date") and which will be effective as of the Closing Date as defined in Section 5(a) below is by and between [SELLING ENTITY], a [state] [Corporation/Limited Liability Company, etc.] [LIQUOR LICENSE ENITITY if applicable] -("Seller" or as may be applicable the "Sseller Parties"), and _____, a [state] [Corporation/Limited Liability Company, etc.] ("Purchaser"). Seller [or as applicable the Seller Parties] and Purchaser may also be referred to in this Agreement each individually as a "Party" and collectively as the "Parties."

Recitals

A. Seller owns certain assets of, maintains certain licenses of, and operates Cold Stone Creamery restaurant no. ____ ("Franchised Business") located at [store address, city and state] ("Premises"). [LIQUOR LICENSE ENITITY if applicable] owns certain assets of and maintains certain licenses of the Franchised Business [and executed a master lease] with respect to the Premises.

B. [LEASING ENTITY,] a(n) _____ affiliated with Seller ("Sublessor"), has executed a lease with respect to the Premises. [MONTH TO MONTH LANGUAGE IF APPLICABLE: Notwithstanding the foregoing, the Lease Agreement is currently on a month-to-month basis, and Purchaser is currently in direct negotiations with the landlord for the Premises to enter into a new lease directly with the landlord. Upon execution of said newly negotiated lease, the Lease Agreement shall be terminated and become null and void.]

C. Seller desires to sell and transfer to Purchaser, and Purchaser desires to purchase and acquire from Seller, substantially all of the assets owned by Seller and to be used in connection with the operation of the Franchised Business.

D. In conjunction with the execution of this Agreement, Purchaser executed a franchise agreement[, as amended,] to be effective as of the Closing Date (collectively, the "Franchise Agreement") with Kahala Franchising, L.L.C., an Arizona limited liability company, affiliated with Seller ("Franchisor").

E. In conjunction with the execution of this Agreement, Purchaser executed a sublease to be effective as of the Closing Date ("Sublease Agreement") with Sublessor and shall comply with all terms and conditions in the Sublease, including but not limited to, paying any additional security deposits, if required. [MONTH TO MONTH LANGUAGE IF APPLICABLE: Notwithstanding the foregoing, the Sublease Agreement is currently on a month-to-month basis and may be terminated by Sublessor with thirty (30) days prior written notice to Purchaser. As stated above, Purchaser is currently in direct negotiations with the landlord for the Premises to enter into a new lease directly with the landlord and upon execution of said newly negotiated lease, the Sublease Agreement shall be terminated and become null and void.]

Agreement

NOW, THEREFORE, in consideration of the foregoing promises and the mutual covenants and

agreements contained herein, including the foregoing Recitals which are hereby incorporated in and made a part of this Agreement, the Parties hereby agree as follows:

1. Sale of Assets.

(a) **The Transferred Assets**. On the Closing Date (as defined in Section 5(a), below), Seller shall sell, transfer, convey, assign and deliver to Purchaser, and Purchaser shall purchase and acquire from Seller, all of the furniture, fixtures and equipment and other items owned by Seller and to be used in connection with the Franchised Business (excluding cash, company record books and tax records) (collectively, "Transferred Assets")[, and to Seller's knowledge, free and clear of all liens, claims, charges, encumbrances and security interests of any nature or type whatsoever][**OR**][subject to the terms of the Franchise Agreement]. A list of the Transferred Assets is attached hereto as **Schedule 1** to **Exhibit A**. Seller makes no representation or warranty, express or implied, regarding the merchantability of the Transferred Assets or the condition or quality thereof AND HEREBY EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE and the Parties hereby agree that the Transferred Assets are being purchased in as "**AS IS**" condition. Each reference in this Agreement to the "Transferred Assets" of the Franchised Business shall mean and refer to the following:

(i) All of the fixtures, equipment, signs and other tangible assets of the Franchised Business ("Equipment") as may be more fully described on **Schedule 1** attached to this Agreement and incorporated into this Agreement by reference.

(ii) [IF LIQUOR LICENSE: The State of [_____] [State Agency Name] ("_____") liquor license no. [_____] issued on [_____] and maintained by [entity] and used by [entity] in the operation of the Franchised Business ("License"), to the extent that such license is fully transferable or partially transferable in connection with Purchaser securing its own continuing operations permit (or something similar) with the [State Agency Name].

(b) **Excluded Assets.** The following assets shall be excluded from this transaction ("Excluded Assets"):

(i) All cash in any safe located at the Franchised Business or any cash in banks and/or other financial institution accounts associated with the Franchised Business.

(ii) The business records which relate to the operations of the Franchised Business for all periods prior to the date immediately preceding the Closing Date ("Business Records").

(iii) All refunds of federal, state or local income or franchise taxes or worker's compensation insurance premiums due to either Seller Party, as may be applicable, as of the date immediately preceding the Closing Date.

(iv) All intellectual property rights of either Seller Party and/or Franchisor, as applicable.

(c) **Inventory**. The Purchase Price (as defined in Section 2) does not include: (i) consumable inventory including food products, perishables and paper products; or (ii) cash on

hand.

2. Purchase Price.

(a) In consideration of the sale of the Transferred Assets, Purchaser shall pay:

~~[~~ Simultaneously with the execution and delivery of this Agreement, the Purchase Price (as defined in Section 2(b) below) by electronic funds transfer, wire transfer, or cashiers' or certified check of immediately available funds.~~]~~

~~[OR]~~

~~[Simultaneously with the execution and delivery of this Agreement, the Purchase Price (as defined in Section 2(b) below) payable as set forth in the attached Promissory Note ("Deferred Payment").]~~

~~[OR~~

~~[(i) Simultaneously with the execution and delivery of this Agreement, a non-refundable deposit in the amount of XX Thousand Dollars (**$XX,000**) ("Deposit"), by electronic funds transfer, wire transfer, or cashiers' or certified check of immediately available funds; and~~

~~(ii) On the Closing Date, an amount equal to the difference between the Purchase Price (as defined in Section 2(b) below) minus the Deposit (such difference is referred to as "Purchase Price Balance"), by electronic funds transfer, wire transfer, or cashiers' or certified check of immediately available funds. OR On the Closing Date, XX Thousand Dollars (**$XX,000**) ("Deferred Payment"), payable as set forth in the attached Promissory Note.]~~

(b) The "Purchase Price" is XX Thousand Dollars (**$XX,000**), which shall be allocated as follows: [(i) XX Thousand Dollars (**$XX,000**) to the leasehold improvements at the Premises;] [(ii) XX Thousand Dollars (**$XX,000**) to the Transferred Assets, including all furniture, fixtures and equipment, as more fully described in **Schedule 1** to the Bill of Sale, attached hereto as **Exhibit A**, and incorporated herein by reference.]

3. Representations and Warranties.

(a) To induce Purchaser to enter into this Agreement and to perform Purchaser's obligations hereunder, and with full knowledge that Purchaser will rely thereon, Seller represents and warrants as follows:

(i) Seller has title to and rightful possession to the Transferred Assets, and each of the Transferred Assets is and shall, upon the delivery thereof to Purchaser, be free and clear of recorded and publicly available liens, claims, charges, encumbrances and security interests.

(ii) Seller is a limited liability company duly organized, validly existing and in

good standing under the law of the State of [State].

(iii) Seller has full right, power and authority to execute and deliver this Agreement, and to consummate the transactions contemplated hereby.

(iv) This Agreement has been duly executed and delivered by Seller and constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms.

(v) Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will conflict with, violate or result in a breach of or default under (with or without the giving of notice or the passage of time, or both): (a) any license, instrument, contract or agreement to which Seller is a party or by which Seller is bound, or (b) the articles of incorporation or the bylaws of Seller. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will result in the creation of any lien, claim, charge, encumbrance or security interest of any nature or type whatsoever with respect to the Transferred Assets. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will require any consent or approval of, or any filing with, any governmental entity or other person.

(vi) On the Closing Date, the Transferred Assets are being purchased in "**AS IS**" condition and will comprise all of the assets and property necessary to conduct the Franchised Business in accordance with Franchisor's confidential operations manual ("Confidential Manual").

(vii) The development and/or conduct of the Franchised Business, and the ownership and use of the Transferred Assets in accordance with Franchisor's Confidential Manual, complies, or will (as of the Closing Date) comply, with all applicable federal, foreign, state and local laws, regulations and ordinances; provided, however, that Purchaser may be required to obtain certain licenses and permits in connection with the operation of the Franchised Business.

(b) To induce Seller to enter into this Agreement and to perform Seller's obligations hereunder, and with full knowledge that Seller will rely thereon, Purchaser represents and warrants as follows:

(i) Purchaser is a [type of entity] duly organized, validly existing and in good standing under the law of the State of [state].

(ii) Purchaser has full right, power and authority to execute and deliver this Agreement, and to consummate the transactions contemplated hereby.

(iii) This Agreement has been duly executed and delivered by Purchaser and constitutes the legal, valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms.

(iv) Neither the execution and delivery of this Agreement, nor the

consummation of the transactions contemplated hereby, will conflict with, violate or result in a breach of or default under (with or without the giving of notice or the passage of time, or both): (a) any license, instrument, contract or agreement to which Purchaser is a party or by which Purchaser is bound, or (b) the certificate of incorporation or the bylaws (or other comparable charter documents) of Purchaser. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will require any consent or approval of, or any filing with, any governmental entity or other person.

(v) Purchaser acknowledges that:

(a) There are several potential locations for the location of Purchaser's Cold Stone Creamery restaurant;

(b) The decision to establish and operate Purchaser's Cold Stone Creamery restaurant at the Premises was made solely by Purchaser, without any reliance upon any information provided (if any), recommendation made (if any) or approval given by Seller, any area representative, Sublessor, or any of their respective shareholders, directors, officers, employees, representatives, agents or affiliates;

(c) Seller's selection and approval of the Premises as a site for a Cold Stone Creamery restaurant provides no assurance or guaranty as to Purchaser's results of operations in connection with its Cold Stone Creamery restaurant at the Premises;

(d) Purchaser has reviewed the lease (including all amendments and addendums) with respect to the Premises and approves of the terms thereof, including rental payment amounts;

(e) Purchaser accepts full responsibility for the consequences of Purchaser's decision to open and operate a Cold Stone Creamery restaurant at the Premises.

4. <u>Interim Period</u> [ONLY IF APPLICABLE].

(a) Between the Execution Date and the Closing Date, as applicable, Seller has operated the Franchised Business, in accordance with Seller's standard operating procedures for operating Cold Stone Creamery restaurants and the Franchised Business is open to the public for business.

(b) Purchaser shall attend Franchisor's training program, if so required by Franchisor in the Franchise Agreement.

5. <u>Closing</u>.

(a) Subject to the conditions set forth in Sections 5(b) and 5(c) hereof, the transactions contemplated by this Agreement shall be consummated on the date that Seller

turns over the Franchised Business to Purchaser which is estimated to be on or around _____ ("Closing Date") at an office designated by Seller or at another mutually agreeable location.

(b) The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or prior to the Closing Date of the following conditions, any of which may be waived by Seller, in its sole discretion. Purchaser shall use its best efforts to cause each and every one of the following conditions to be satisfied at or before the Closing Date.

~~[~~(i) Purchaser shall have delivered to Seller the ~~[~~Purchase Price~~]~~ ~~or [Purchase Price Balance],~~ as set forth in Section 2 of this Agreement;~~]~~

~~[**OR**]~~

~~[(i) Purchaser shall have executed and delivered to Seller the Promissory Note and Security Agreement attached hereto as **Exhibit B** ("Promissory Note") in the amount of the Deferred Payment and any upfront, non-refundable payments due pursuant to Section 2 in the form of cash or by cashiers' or certified check;]~~

(ii) Purchaser shall have executed and delivered to Franchisor the Franchise Agreement and to Sublessor the Sublease with respect to the Premises, in the forms then being executed by new franchisees of Franchisor and sublessees of Sublessor;

(iii) Purchaser shall have delivered to Sublessor the Sublease Security Deposit in the amount of _____ Dollars ($___.__) as defined in the Sublease [and a Lease Security Deposit in the amount of _____ Dollars ($___.__)] as defined in the Sublease in connection with the Premises as contemplated by the Sublease and pursuant to Section 5(d) below, as applicable;

(iv) Purchaser shall have delivered to Franchisor the Initial Franchise Fee in the amount of _____ Dollars ($___.__) as defined in the Franchise Agreement; and

(v) The representations and warranties of Purchaser contained in this Agreement shall be true and correct on and as of the Closing Date, and each and all of the terms, covenants, conditions and agreements to be performed or complied with by Purchaser on or before the Closing Date shall have been performed or complied with. This provision shall be self-executing, and the consummation of the transactions contemplated by this Agreement by Purchaser shall constitute Purchaser's certification of the conditions stated herein.

Assuming that Seller satisfied all of the conditions precedent contained in Section

5(c), if any of the requirements of this Section 5(b) have not been satisfied by the Closing Date, Purchaser shall be in breach of its obligations hereunder.

(c) The obligations of Purchaser to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or prior to the Closing Date of the following conditions, any of which may be waived by Purchaser, in its sole discretion. Seller shall use its best efforts to cause each and every one of the following conditions to be satisfied at or before the Closing Date.

(i) As of the Closing Date, there shall have been no material adverse change in the Franchised Business, the Transferred Assets or the Premises, or the condition thereof, since the Execution Dd~~d~~ate of this Agreement, other than changes contemplated by Section 5;

(ii) Seller shall have delivered to Purchaser the Bill of Sale executed by Seller; and

(iii) The representations and warranties of Seller contained in this Agreement shall be true and correct on and as of the Closing Date, with the same effect as though such representations and warranties had been made on and as of the Closing Date; and each and all of the terms, covenants, conditions and agreements to be performed or complied with by Seller on or before the Closing Date shall have been performed or complied with. This provision shall be self-executing, and the consummation of the transactions contemplated by this Agreement by Seller shall constitute Seller's certification of the conditions stated herein.

Assuming that Purchaser has satisfied all of the conditions precedent contained in Section 5(b) if any of the requirements of this Section 5(c) (other than the requirement contained in clause (i) if such material adverse change shall be beyond the control of Seller) has not been satisfied by the Closing Date, Seller shall be in breach of its obligations hereunder.

(d) The rent payable pursuant to the lease for the Premises shall be paid by Sublessor for the month in which the Closing Date occurs and Purchaser shall pay to Sublessor (on a per diem basis, based upon a thirty (30)-day month) an amount equal to the rent prepaid by Sublessor with respect to the period on and after the Closing Date, via an EFT, ACH, or other type of debit authorized by Seller or Sublessor, as may be applicable will bill Purchaser for such pro-rated rent amount.

(e) Seller shall be responsible for all compensation to employees of the Franchised Business for the period through the date immediately preceding the Closing Date. Purchaser shall be responsible for all compensation to employees of the Franchised Business for the period on and after the Closing Date. Notwithstanding anything contained in this Agreement to the contrary, Purchaser shall not be obligated to employ any of Seller's employees after the Closing Date.

(f) Seller shall be responsible for all costs, fees and expenses relating to the Franchised Business, including but not limited to CAM reconciliation charges, and property taxes, on a pro-rated basis for the period through the date immediately

preceding the Closing Date. Purchaser shall be responsible for all costs, fees and expenses relating to the Franchised Business, including but not limited to, CAM reconciliation charges, property taxes, etc., on a pro-rated basis for the period on and after the Closing Date.

(g) As of and after the Closing Date, Purchaser shall assume, acquire, take over, become responsible for, and promise to pay all contracts, leases, agreements and other liabilities (collectively the "Assumed Liabilities") in connection with the Franchised Business except for those contracts, leases, agreements and other liabilities which are specifically excluded as set forth below:

__[List all contracts, leases, agreements and other liabilities which Purchaser is NOT assuming] OR [List "None"] _

(h) Purchaser shall indemnify, defend and hold Seller free and harmless from and against any and all "Losses" (as defined below), which Seller shall incur or suffer which arise or result from the operation or conduct of the business of the Franchised Business by Purchaser as of and after the Closing Date, including, but not limited to, any Losses arising from any default of Purchaser arising under the Franchise Agreement or Sublease, and from any default of Purchaser with respect to the Assumed Liabilities. "Losses" shall mean any and all obligations, liabilities, costs (including reasonable attorneys' fees), expenses, damages and losses actually incurred by Seller, net of any insurance proceeds and material tax adjustments, benefits, savings or reductions to which Seller is entitled by virtue of such obligations, liabilities, costs, expenses, damages and losses; provided however, that "Losses" exclude all consequential damages of any kind (including, but not limited to, loss of revenue or income, cost of capital or loss of business reputation or opportunity). As of and prior to the Closing Date, Seller shall have good and marketable title to the Transferred Assets, free and clear of any and all liens, claims, judgments, taxes, encumbrances, security interests, debts or other adverse claims or rights of any kind, except as otherwise provided herein. Seller agrees to indemnify Purchaser of any and all liens, claims, judgments, taxes, encumbrances, security interests, debts or other adverse claims or rights of any kind, which accrued up through the date immediately preceding the Closing Date, whether or not known by either Seller or Purchaser. Seller further agrees to indemnify Purchaser of any and all liens, claims, judgments, taxes, encumbrances, security interests, debts or other adverse claims or rights of any kind, which accrued up to the date immediately preceding the Closing Date, even if such liens, claims, judgments, taxes, encumbrances, security interests, debts or other adverse claims or rights of any kind are discovered at any future date. Any and all liens, claims, judgments, taxes, encumbrances, security interests, debts or other adverse claims or rights of any kind which accrue on or after the Closing Date are the sole obligation and responsibility of the Purchaser. **For avoidance of doubt, Seller's limited indemnification herein shall not apply to the actual condition or quality of the Transferred Assets as such are being purchased by Purchase in "AS-IS" condition.**

6. Notices. All notices, consents, approvals or other instruments required or permitted to be given by either Party pursuant to this Agreement shall be in writing and given by (a) hand delivery, (b) ~~facsimile, (c)~~ express overnight delivery service, or (c~~d~~) certified or registered mail, return receipt requested, and shall be deemed to have been delivered upon (i) receipt, if hand-delivered,

(ii) ~~transmission, if delivered by facsimile, (iii)~~ the next business day following the date of deposit with the delivery service, if delivered by express overnight delivery service, or (iii~~v~~) the third business day following the day of deposit of such notice with the United States Postal Service, if sent by certified or registered mail, return receipt requested. Notices shall be provided to the Parties at the addresses ~~and facsimile numbers~~ specified below:

If to Seller:	[Selling Entity] Attention: Legal Department 9311 East Via De Ventura Scottsdale, Arizona 85258 ~~Telephone Number: (480) 362-4800~~ ~~Facsimile Number: (480) 362-4819~~
If to Liquor License Entity (if applicable)	[Liquor License Entity] Attention: Legal Department 9311 East Via De Ventura Scottsdale, Arizona 85258 ~~Telephone Number: (480) 362-4800~~ ~~Facsimile Number: (480) 362-4819~~
If to Purchaser:	[Purchaser] [address] Telephone Number: ~~Facsimile Number: OR Email:~~

Any Party may change its address ~~or facsimile number~~ by giving notice in writing, stating its new address ~~or facsimile number,~~ to the other Party to this Agreement as provided in the foregoing manner.

7. [**USE ONLY IF BROKER INVOLVED WITH SALE, OTHERWISE RESERVE**]**[Brokers' Fees.** Seller has retained Broker Entity ("Broker") as broker in connection with the sale of the Transferred Assets contemplated hereby. The Seller shall be solely responsible for the payment of any fees due Broker in connection with the sale of the Transferred Assets contemplated hereby.]

8. **Survival.** Each of the representations, warranties and covenants contained herein shall survive the Closing Date, irrespective of any investigation or inquiry made by, or any knowledge of, any Party.

9. **Successors and Assigns.** This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective assigns, legal representatives, executors, heirs and successors.

10. **Amendment, Modification or Waiver.**

(a) No amendment, modification or waiver of any condition, provision or term of this Agreement shall be valid or of any effect unless made in writing, signed by the

Parties and specifying with particularity the nature and extent of the amendment, modification or waiver. Waiver of any matter shall not be deemed a waiver of the same or any other matter on any future occasion.

(b) Failure on the part of any Party to complain of any act or failure to act of the other Party or to declare the other Party in default, irrespective of how long the failure continues, shall not constitute a waiver by that Party of its rights under this Agreement.

11. Entire Agreement. This Agreement, including the exhibits hereto, contains the entire understanding and agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the Parties with respect to such subject matter. Each of the exhibits is incorporated in this Agreement by this reference and constitutes a part of this Agreement.

12. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

13. Dispute Resolution.

(a) 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 13(d) below 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 it Commercial Arbitration Rules as modified below.

(b) Any arbitration shall take place before a sole arbitrator in Maricopa County, Arizona or, if our headquarters are no longer located in Maricopa County, Arizona, then the arbitration shall take place in the county in which our principal place of business is located at the time the arbitration is commenced. Purchaser agrees to conducting the arbitration where Seller is located is appropriate. The Parties agree that the arbitrator shall be an attorney licensed to practice law in the United States and must have a minimum of five (5) years of experience in franchise law. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall, in the award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorney's fees of the prevailing Party, against the Party who did not prevail. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any other dispute, arbitration proceeding or litigation, except to the extent such issue may have been specifically determined in another proceeding between the Parties. This agreement to arbitrate shall survive any termination or expiration of this Agreement, however effected. The Parties agree that any arbitration shall be solely between them (including any affiliates) and shall not include as a Party, by consolidation, joinder, or in any other manner, any other person or entity, unless both Parties consent in writing. Both Parties shall have the absolute right to refuse such consent. Further, the Parties expressly waive any right to bring and/or participate in any class or other consolidated, joined or multi-

party arbitration claim or proceeding, whether or not permissible under the AAA Commercial Arbitration Rules, including, but not limited to, any claim brought on their behalf by an association of which it, he or she is a member. At the request of any Party, the arbitration shall be conducted in a manner that maintains the confidentiality of the proceedings.

(c) The arbitrator(s) will issue a reasoned award, with findings of fact and conclusions of law. Actions to enforce an express obligation to pay monies may be brought under the Expedited Procedures of the AAA's Commercial Arbitration Rules. The Federal Arbitration Act shall govern, excluding all state arbitration laws. Arizona law will govern all other issues. With respect to discovery, the arbitrator shall require each Party to make a good cause showing before any discovery exceeding that specifically authorized by the AAA Commercial Arbitration Rules will be granted.

(d) Prior to the commencement of an arbitration proceeding, the Parties must first submit any Dispute to non-binding mediation. At the request of any Party, the mediation will be confidential. The mediation shall be conducted in Maricopa County, Arizona or in the county in which our headquarters are located at the time of mediation, unless the Parties shall mutually agree to a different location. The Parties to the mediation will share equally in its costs and expenses, except those costs and expenses incurred separately by each Party, including, without limitation, counsel fees and expenses. The mediation process will be deemed "Completed" when the Parties agree that it has been completed, the mediator declares that any impasse exists or sixty (60) days have elapsed since the date of the initiating Party's notice to the other Party that it is initiating the mediation process, whichever occurs first.

(e) Notwithstanding anything contained in this Agreement to the contrary, the provisions of Sections 13(a), 13(b), 13(c) and 13(d) do not apply to a Dispute where: (i) Seller brings an action for an express obligation to pay monies, declaratory relief, preliminary or permanent equitable relief, any action at law for damage to Seller's goodwill, the confidential information, the proprietary marks or for fraudulent conduct by Purchaser; 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, Seller may bring an action in any federal or state court having jurisdiction, whether for monetary damages and/or for temporary preliminary and permanent injunctive relief or specific performance in addition to, and not exclusive of, any other remedies available to Seller. Purchaser hereby consents to and waives any objection or defense and agrees not to contest venue, forum non conveniens or jurisdiction of such court or arbitration.

(f) Disputes concerning the validity or scope of arbitration, including whether a dispute is subject to arbitration, are beyond the authority of the arbitrator(s) and will be determined by a court of competent jurisdiction pursuant to the Federal Arbitration Act, 9 U.S.C. § 1 et seq., as amended from time to time.

(g) Either Party may appeal the final award of the arbitrator, if it is over One Hundred Thousand Dollars ($100,000), to the appropriate U.S. District Court. The Court's review of the arbitrator's findings of fact will be under the clearly erroneous standard, and the Court's review of all legal rulings will be *de novo*. If it should be

determined that this provision for federal court review is not enforceable, then either Party may appeal the arbitrator's final award, if it is over One Hundred Thousand Dollars ($100,000), to a panel of three arbitrators chosen under AAA procedures, which will employ the same standards of review stated immediately above.

14. Applicable Law and Forum; Waiver of Jury; Statute of Limitations.

Except to the extent that the United States Trademark Act of 1946, as amended (15 U.S.C., § 1051 et seq.) or the franchising laws of any state that may be applicable, the laws of the State of Arizona govern all rights and obligations of the Parties under this Agreement. Seller and Purchaser agree, subject to the mandatory mediation and arbitration provisions of Section 13 of this Agreement, that any appropriate state or federal court located in Maricopa County, Arizona has exclusive jurisdiction over any Dispute arising under or in connection with this Agreement and is the proper forum in which to adjudicate the case or controversy. Notwithstanding the foregoing, any action initiated by Seller may, at Seller's election, be brought in any jurisdiction where Purchaser is domiciled or that has jurisdiction over Purchaser. The Parties hereto irrevocably submit to the jurisdiction of, and venue in, any such court, and hereby waive any objection or defense thereto. THE PARTIES AGREE THAT ALL DISPUTES SUBMITTED TO THE COURT PURSUANT TO THIS SECTION SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

Notwithstanding anything contained in this Agreement to the contrary, the Parties agree that any claims under, arising out of, or related to, this Agreement must be brought within two (2) years of the date on which the underlying cause of action accrued, and Seller and Purchaser hereby waive any right to bring any such action after such two-year period except for the collection of any unpaid amounts due to Seller or its affiliate.

15. Attorneys' Fees. In the event of any claim, controversy or dispute arising out of or relating to this Agreement, or the breach thereof, the prevailing Party may recover reasonable attorneys' fees incurred in connection with any court or arbitration proceeding.

16. Remedies Cumulative. The remedies of the Parties under this Agreement are cumulative and shall not exclude any other remedies to which any Party may be lawfully entitled.

17. Captions. Captions used throughout this Agreement are for convenience of reference only and shall not be considered in any manner in the construction or interpretation hereof.

18. Additional Actions. Each Party agrees to do all acts and things and to make, execute and deliver such written instruments as may from time to time be reasonably required to carry out the terms and provisions of this Agreement.

19. Construction. The Parties acknowledge that each Party was represented (or had the opportunity to be represented) by legal counsel in connection with this Agreement, the exhibits hereto and the transactions contemplated by this Agreement and that each of them and its counsel have reviewed this Agreement, or have had an opportunity to do so, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not

be employed in the interpretation of this Agreement or any amendments or any exhibits hereto or thereto.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto, by and through its respective representatives with full rights, power and authority to enter into and bind his or her respective Party without further consent or approval of any kind, has duly executed and delivered this Agreement as of the Execution Date and effective as of the Effective Date.

SELLER:

[SELLING ENTITY,]
a(n) _____

By: _____
[Name,] [Title]

[Liquor License Entity (if applicable)]:

[ENTITY,]
a(n) _____

By: _____
[Name,] [Title]

PURCHASER:

[PURCHASER],
a(n) _____

By: _____
[Name, Title]

By: _____
[Name, Title]

EXHIBIT A
TO ASSET PURCHASE AGREEMENT

(BILL OF SALE)

BILL OF SALE

This BILL OF SALE, dated _____, executed by [SELLING ENTITY], a(n) _____ [IF LIQUOR LICENSE ENTITY] ("Grantor") in favor of [PURCHASER], a(n) _____ ("Grantee").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Grantor does hereby convey, grant, bargain, sell, transfer, set over, assign, alien, remise, release, deliver and confirm unto Grantee, its successors and assigns forever, free and clear of all liens, security interests, claims, charges or encumbrances of any kind, the assets listed on **Schedule 1** attached hereto (collectively, "Transferred Assets"), TO HAVE AND TO HOLD all of the Assets unto Grantee, its successors and assigns to their own use and behoof forever.

Purchaser represents, warrants, acknowledges and agrees that Purchaser is purchasing the Transferred Assets in an "As-Is" condition with no warranties or representations whatsoever in connection with the furniture, fixtures, equipment, inventory and/or leasehold improvements and Purchaser understands that Seller made or makes no representation or warranty, express or implied, regarding the merchantability of the furniture, fixtures, equipment, inventory and/or leasehold improvements or the condition or quality thereof AND HEREBY EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE.

The following are excluded assets and are excluded from **Schedule 1**:

a. Cash deposits, including, but not limited to, any utility and security deposits, banks accounts, certificates of deposit, securities or evidences of indebtedness received prior to and including the date of this Bill of Sale;

b. Credit card or house accounts receivable from sales generated from the Franchised Business and constituting a part thereof, prior to and including the date of this Bill of Sale, any other accounts receivable, or choses of action accruing on or before the Closing Date, as defined in the Asset Purchase Agreement; and

c. Consumable inventory including, but not limited to, food products, perishables, paper products, cash on hand and other goods.

EXECUTED as of the date first set forth above.

[IF LIQUOR LICENSE ENTITY]

GRANTOR:

[SELLING ENTITY],
a(n) _____

By: _____
[Name, Title]

Schedule 1 to Bill of Sale

List of Assets

1. All telephone numbers used in connection with the Franchised Business, including, without limitation, the following:

2. The leasehold under the master lease along with all improvements which may be associated with the Franchised Business.

3. All goodwill associated with the Franchised Business.

4. [IF LIQUOR LICENSE: The License maintained by [Entity] as may be transferrable under [applicable State] law.

5. All of Grantor's furniture, fixtures and equipment, appliances and personal property located at the Franchised Business, including, without limitation, the following:

Quantity	**Description**	**Serial Number**

EXHIBIT B
TO ASSET PURCHASE AGREEMENT

(PROMISSORY NOTE AND SECURITY AGREEMENT)

[Attached]

[Not Applicable] [OR] [Applicable only if Purchaser enters into a Promissory Note and Security Agreement]

PROMISSORY NOTE AND SECURITY AGREEMENT

Note Amount: Scottsdale, Arizona
[$AMOUNT] **[DATE]**

1. Promise to Pay. For value received, [NAME], a(n) [_____ corporation / limited liability company / individual] ("Maker"), promises to pay to the order of [Holder Entity], a [state] [Corporation/Limited Liability Company, etc.] ("Holder"), at 9311 East Via De Ventura, Scottsdale, Arizona 85258, or at such other address as Holder may designate at any time by written notice to Maker, in lawful money of the United States of America, the principal sum of XX Thousand Dollars (**$XX,000.00**) together with all then-accrued and unpaid interest and other amounts that are Maker's obligations under this Promissory and Security Agreement ("Note"), if any. Maker and Holder may also be referred to in this Agreement as a "Party" and collectively as "Parties." The Note balance represents the principal amount owing by Maker to Holder for the purchase price of the Store (as defined below) due under the Asset Purchase Agreement in the aggregate amount of XX Thousand Dollars (**$XX,000.00**) [plus the UCC-1 filing fee (as described in Section 7) in the amount of One Hundred Dollars ($100)([collectively,]"Debt") for the Cold Stone Creamery store number ___ at the following location _____ ("Store").

2. Computation of Interest. Except as otherwise set forth in this Note, this Note shall [not bear interest OR bear interest at the rate of ___% per annum] based on a ___ [month/year] amortization schedule.

3. Required Payments; Method of Payment. Principal and interest, if any, shall be repaid to Holder in a total of _____ (XX) [weekly/monthly] installments, consisting of the first _____ (XX) installments in the amount of _____ **AND xx/100 DOLLARS ($_____.__),** and the final installment in the amount of _____ **AND xx/100 DOLLARS ($_____.__)** which installments shall be due on the [day of the week, or date of the month] (X^{xx})of each consecutive [week / month], with the first installment due on [DATE] and the final installment due on [DATE], all as set forth on the Amortization Schedule attached hereto as **EXHIBIT "1"** and incorporated herein by reference. Maker authorizes Holder (or one of its affiliates) to deduct payments owed by Maker (or one of its affiliates) to Holder under this Note out of Maker's bank accounts via electronic funds transfer in the same way Holder (or one of its affiliates) is authorized to collect payment under the Franchise Agreement entered into by and between Holder and Maker dated _____ ___, 20___ or other franchise documents that Maker (or a related entity) entered into with Holder (or one of its affiliates) for the Store (individually and collectively, "Franchise Agreement"). All payments due under this Note shall be deducted by Holder's close of business from Maker's Depository Account (as defined in the Franchise Agreement) on the day they are due (or the preceding banking business day if such date is a holiday or falls on a weekend). Holder shall not be responsible for any interest charges for any overage collected due to Maker's failure to timely authorize payment. Additionally, Holder shall not be responsible for any bank service charges incurred by Maker which result in the withdrawal of funds from Maker's Depository Account. Maker shall pay Holder FIFTY AND 00/100 DOLLARS ($50.00) for each withdrawal attempted from Maker's Depository Account pursuant to this Section 3 that is returned for non-sufficient funds. Maker shall also reimburse Holder for all other costs incurred by Holder in collecting or attempting to collect funds due Holder from the Depository Account (for example, without limitation, charges for non-sufficient funds, uncollected funds or other discrepancies in deposits or maintenance of the Depository Account balance in accordance with the terms of the Franchise Agreement). Holder does not have to make or give "presentment, demand, protest or notice" to get paid. Maker hereby waives any right to "presentment, demand, protest and notice"

as set forth in Section 10 below.

4. Application of Payments. All payments and other credits due under this Note shall be applied: [if part of Note balance a non-refundable fee (i) first to the amount of principal allocated to the Initial Franchisee Fee/Renewal Fee/Transfer Fee,] [(i) first][(ii) second,] to fees, costs and expenses payable by Maker under this Note, [(ii) second,][(iii) third,] to accrued and unpaid interest, if any, and [(iii) third][(iv) fourth,] to principal.

5. Collection Costs. If suit, arbitration, or other legal proceeding or any non-judicial foreclosure proceeding is instituted or any other action is taken by Holder to collect all or any part of the indebtedness evidenced hereby or to proceed against the Collateral (as defined below) for any portion of such indebtedness or against any guarantor of the payment of any portion of the indebtedness, Maker promises to pay Holder's attorneys' fees and other costs (to be determined by the court and not by a jury) incurred thereby. Such fees and costs shall be included in any judgment or arbitration award obtained by Holder, and shall bear interest at the default rate set forth in Section 12.

6. Optional Prepayments. Maker shall have the option to prepay this Note, in full or in part, at any time and from time to time, without penalty. Maker shall identify each optional prepayment of principal as such by written notice to Holder at the time of payment, and no such prepayment shall decrease or defer the monthly installment payments required by Section 3 above.

7. Security Interest. The indebtedness evidenced by this Note shall be secured by, and Maker hereby grants to Holder, a security interest in the equipment, inventory, leasehold improvements, and all proceeds thereof, and all increases, additions, accessories, accessions, substitutions, and replacements thereto located at the Store including, without limitation, insurance proceeds ("Collateral"). A description of the Collateral is attached hereto as **EXHIBIT "2"** and incorporated herein by reference. Concurrent with the execution of this Note or at any time after the execution of this Note so long as a balance remains outstanding under this Note, Maker shall execute and deliver to Holder, or alternatively Maker gives Holder permission to file, at Maker's expense, a UCC-1 financing statement, evidencing the security interest granted by this Section 7.

8. Guaranty of Promissory Note and Security Agreement. [If Maker is an individual and married, Maker represents and warrants that Maker's obligations under this Note are guaranteed by Maker's spouse and/or any other individuals requested by Holder as consideration for its agreements herein (together, "Guarantors"), pursuant to the Guaranty of Promissory Note and Security Agreement attached hereto as **EXHIBIT "3**" and incorporated herein by reference.] If Maker is a corporation, limited liability company, or other business entity, Maker represents and warrants that Maker's obligations under this Note are guaranteed by each of the persons who are shareholders, members, or other owners, direct or indirect, of Maker (and their respective spouses, if married); and/or any other individuals requested by Holder as consideration for its agreements herein (together, also "Guarantors"), pursuant to the Guaranty of Promissory Note and Security Agreement attached hereto as **EXHIBIT "3**" and incorporated herein by reference. In the event any person who has not previously signed a Guaranty of Promissory Note and Security Agreement becomes Maker's spouse; person who is a shareholder, member, or other owner, direct or indirect, of Maker (or their respective spouses, if married); and/or any other individual requested by Holder as consideration for its agreements herein, at any time after the execution of this Agreement, Maker must cause such person(s) to immediately execute and deliver a Guaranty of Franchise Agreement to Holder.

9. Maker's Representations and Warranties. Maker represents and warrants the following:

A. Collateral.

(i) Maker will make sure that the Collateral is maintained and in good operating condition, necessary to the conduct of Maker's business. All maintenance must also comply with any legal or regulatory requirements.

(ii) Maker will make sure that Maker has not suffered any material adverse change in Maker's financial condition or operations.

(iii) Maker will protect and preserve the Collateral and Holder's security interest therein, and assist Holder in all ways in enforcing Holder's security interests in the Collateral.

(iv) Maker will not incur any debts beyond Maker's ability to pay such debts as they mature.

(v) Maker will pay, before they become delinquent, all taxes and claims, assessments, charges, and the like, as well as all amounts due under all agreements with third parties.

(vi) Maker will take all actions necessary or appropriate to protect the Collateral that consists of technology and proprietary information. This includes, without limitation, filing all applicable documentation with the United States and foreign patent and trademark offices.

(vii) Holder will give Maker prior notice if Holder, or Holder's agents, want to inspect the Collateral. Holder may inspect the Collateral during regular business hours. Holder will take reasonable steps not to interfere with Maker's business operations during any such inspection. If Holder finds during an inspection that Maker is not complying with this Note or if Maker is otherwise in default under this Note, Maker (and not Holder) will pay Holder's reasonable travel, meals and lodging costs, Holder's salary costs, and Holder's costs and fees and those of Holder's agents for re-inspection. Maker will promptly cure any problems with the Collateral that are discovered during Holder's inspections.

(viii) Maker will use the Collateral only for business purposes. Maker will obey all legal and regulatory requirements in Maker's use of the Collateral and the conduct of Maker's business.

(ix) Maker will make all additions, modifications and improvements to the Collateral to the extent necessary. Otherwise, Maker will not alter the Collateral without Holder's written permission.

(x) Maker will not remove the Collateral from the Store location.

(xi) Maker has and will continue to have good and merchantable title to all of the Collateral, free and clear of all security interests, liens and other encumbrances, with the exception of Holder's lien described in Section 7 above.

(xii) Maker will not convey, assign, sell, mortgage, transfer, encumber, pledge, hypothecate, grant a security interest in, grant options with respect to, lease or otherwise dispose of all or any part of any interest whatsoever in or to any or all of the Collateral, or any interest therein.

B. Insurance.

(i) Until Maker has made all payments to Holder under this Note in full, Maker will keep the Collateral insured. The amount of insurance, the coverage, and the insurance company must be acceptable to Holder.

(ii) If Maker does not provide Holder with written evidence of insurance that is acceptable to Holder, Holder may buy the insurance, at Maker's expense. Maker will promptly pay Holder the cost of this insurance. Holder has no obligation to purchase any insurance. Any insurance that Holder purchases will be Holder's insurance, and not Maker's, and Holder may insure the Collateral beyond the date of satisfaction of the Debt.

(iii) Insurance proceeds may be used to repair or replace damaged or lost Collateral or to pay Holder the present value of the payments described herein.

(iv) Maker appoints Holder as Maker's "attorney-in-fact" to make claims under the insurance policies, to receive payments under the insurance policies, and to endorse Maker's name on all documents, checks or drafts relating to insurance claims for Collateral. Upon request by Maker, Holder will provide Maker with copies of any and all documents signed as Maker's attorney-in-fact. Holder agrees to pay Maker any insurance proceeds received by Holder in excess of the any and all amounts due Holder under this Note.

10. Waivers and Acknowledgments. Maker, and any sureties, endorsers and guarantors of all or any portion of the indebtedness evidenced by this Note waive: (a) demand, notice, diligence, protest, presentment for payment, and notice of extension, dishonor, protest, demand and nonpayment of this Note; and (b) any release or discharge by reason of (i) any release or substitution of, or other change in, any security given for the indebtedness evidenced by this Note or the obligation of any other person or entity who or which is now or may become directly or indirectly liable for all or any portion of the indebtedness evidenced by this Note, or (ii) any extension or other modification of the time or terms of payment of all or any portion of the indebtedness evidenced by this Note. Maker, and any sureties, endorsers and guarantors agree that their liability for the indebtedness evidenced hereby shall be joint and several.

11. Default, Take-Back Rights and Additional Remedies.

A. Default. Maker will be in default if any of the following occurs:

(i) Maker does not pay Holder, within seven (7) days after written notice is received by Maker from Holder, any payment that Maker owes Holder under this Note, the Franchise Agreement (including, but not limited to, royalty and advertising fees) or any other agreement, loan, debt, lease or other financial arrangement that Maker has with Holder or one of its affiliates (each a "Payment Default").

(ii) Any of the financial information that Maker gives Holder is not materially true and complete, or Maker fails to tell Holder anything that would make the financial information not materially misleading.

(iii) Maker does something it is not permitted to do, or Maker fails to do anything that is required of them, under this Note, the Franchise Agreement or any other lease, loan, debt or other financial arrangement that Maker has with Holder and such breach continues uncured for a period of seven (7) days after Holder has given written notice of such default to Maker, provided that such cure period shall not apply to any covenant relating to insurance covering the Collateral described in Section 7.

(iv) An event of default occurs under the Franchise Agreement, or under any other lease, loan, debt or obligation of Maker (or any guarantor) that exceeds Fifty Thousand Dollars ($50,000) in the aggregate that results in the acceleration or mandatory prepayment thereof.

(v) Maker files bankruptcy, or involuntary bankruptcy is filed against Maker or any guarantor and such involuntary bankruptcy is not dismissed within sixty (60) days.

(vi) Maker is subject to any other insolvency proceeding other than bankruptcy (for example, a receivership action or an assignment for the benefit of creditors) and such proceeding that is involuntary is not dismissed within sixty (60) days.

(vii) Without Holder's permission, Maker sells all or a substantial part of Maker's assets, merges or consolidates (other than with an affiliate where Maker is the surviving entity), or a majority of Maker's voting stock or interests (or any guarantor's voting stock or interests) is transferred.

(viii) There is a material adverse change in Maker's financial condition, business or operations.

B. "Take Back Rights." In the event of a Payment Default, Maker hereby grants Holder the following "Take Back Rights" (as defined below in this Section 11.B.) with respect to the Store. Maker shall have seven (7) days after receipt of written notice from Holder to cure any such Payment Default. If Maker does not timely cure the Payment Default, Maker hereby grants Holder the irrevocable right to immediately enter the Store and take possession and full ownership of the Store going forward, and further agrees to execute any and all reasonably necessary documents to transfer ownership of the Store, including all assets located therein, to Holder or its designee and to assign the lease for the premises of the Store to Holder or its designee ("Take Back Rights"). In the event of an uncured Payment Default, Maker further acknowledges and agrees to the following: (i) the Take Back Rights represent Holder's liquidated damages for Maker's Payment Default; (ii) that such damages are reasonable under the circumstances; (iii) that Maker shall have no right to contest, and hereby waives any such rights to contest or appeal, Holder's Take Back Rights, including Holder's entry into the Store and subsequent possession, control; and ownership of the Store thereafter; and (iv) that Maker shall receive no compensation or other monetary consideration from Holder for the Store. For purposes of the Take Back Rights under this Section 11, all notices shall be sent by certified mail, return receipt requested, or via overnight delivery service, to the other Party at the addresses listed in Section 16.

C. Acceleration in the Event of Default. In the event of any default, including

a Payment Default, under this Note which is not cured within seven (7) calendar days after receipt of written notice from Holder, the principal sum hereof, together with all accrued and unpaid interest, shall, at the option of the Holder (and without limiting any remedies available to Holder), become immediately due and payable without further notice or demand by the Holder.

D. Consent to Credit Reports. Maker hereby agrees that upon notice of default or upon an uncured default of this Note, the Franchise Agreement or any other agreement between Maker (or a legal entity thereof) and Holder or its affiliates, and with no prior notice, Maker consents to Holder's (or its affiliates' or third-party contractors') acquisition and use of non-business consumer credit reports on Maker in order to evaluate as necessary the financial condition of Maker as principal(s), member(s), manager(s), franchisee(s), and/or guarantor(s) in connection with the collection of monetary obligations as contemplated by this Note, Maker's Franchise Agreement, the Guaranty of Agreement, or any other agreements between Maker (or a legal entity thereof), and Holder or its affiliates.

E. Acceleration in the Event of the Sale of the Store. In the event Maker sells the Store (as defined in Section 1 above) effective on or before _____, then the entire principal balance (plus all accrued interest) shall become due and payable upon the closing of the transaction of the sale of the Store.

12. Default Interest. After maturity, including maturity upon acceleration as described in Section 11 above, or at any time that Maker is more than seven (7) calendar days delinquent in the payment of money as required by this Note (whether or not Holder has given any notice of default or any cure period has expired), then all amounts outstanding hereunder and any advances thereafter made from the Debt evidenced hereby and any accruing costs and reasonable attorneys' fees which are the obligation of Maker shall thereafter bear interest at the rate of eighteen percent (18%) per annum until paid.

13. Indemnity. Maker shall indemnify, defend and hold Holder harmless for, from and against any and all claims, expenses and reasonable attorneys' fees actually incurred by Holder concerning or arising from the Collateral, this Note, or Maker's breach of any material representation, warranty or covenant. It includes, without limitation, any claims, losses or charges actually incurred concerning, arising out of or in connection with the manufacture, selection, delivery, possession, use, operation or return of the Collateral and any claims, losses or damages actually incurred concerning, arising out of or in connection with this Note. This obligation of Maker's to indemnify Holder continues even after satisfaction of this Note.

14. No Waiver by Holder. Failure of the Holder to exercise any option hereunder shall not constitute a waiver of the right to exercise the same in the event of any subsequent default or in the event of continuance of any existing default after demand for strict performance thereof.

15. Time of Essence. Time is of the essence of this Note.

16. Notices. All notices required or permitted to be given by either Party pursuant to this Note shall be in writing and given by (a) hand delivery, (b) express overnight delivery service or (c) certified or registered mail, return receipt requested, and shall be deemed to have been delivered upon (i) receipt, if hand delivered, (ii) the next business day following the date of deposit with the delivery service, if delivered by express overnight delivery service, or (iii) the third business day following the day of deposit of such notice with the United States Postal Service, if sent by certified or registered mail, return receipt requested. Notices shall be provided to the Parties at the addresses and facsimile numbers specified below:

If to Holder: [Seller Entity]
Attention: Legal Department
9311 East Via De Ventura
Scottsdale, Arizona 85258
Telephone Number: (480) 362-4800
Facsimile Number: (480) 362-4819

If to Maker: _____
_____
_____
_____
Telephone Number:
Facsimile Number:

17. Governing Law. This Note shall be construed according to the substantive laws and judicial decisions of the State of Arizona, without regard to any conflict of laws principles. Any action brought to enforce this Note may be commenced and maintained in the Superior Court of the State of Arizona in and for the County of Maricopa. Maker and any sureties, endorsers and guarantors irrevocably consent to jurisdiction and venue in such court for such purposes.

18. RELEASE. IN EXCHANGE FOR HOLDER'S AGREEMENT TO ARRANGE FOR MAKER'S PAYMENT OF THE DEBT, MAKER AND EACH OF ITS CURRENT, PAST AND FUTURE PREDECESSORS, SUCCESSORS AND ASSIGNS, AND EACH OF ITS AND THE FOREGOING ENTITIES' RESPECTIVE PARENTS, SUBSIDIARIES, SHAREHOLDERS, MEMBERS, MANAGERS, OWNERS, PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNS, GUARANTORS, INSURERS, SPOUSES, HEIRS, EXECUTORS, TRUSTEES, AND ESTATES, IF ANY, OF ANY AND ALL SUCH ENTITIES (COLLECTIVELY WITH MAKER "MAKER PARTIES"), HEREBY IRREVOCABLY AND UNCONDITIONALLY RELEASE, REMISE AND FOREVER DISCHARGE HOLDER AND EACH OF ITS CURRENT, PAST AND FUTURE PREDECESORS, SUCESSORS AND ASSIGNS, AND EACH OF ITS AND THE FOREGOING ENTITIES RESPECTIVE PARENTS, SUBSIDIARIES, SHAREHOLDERS, MEMBERS, MANAGERS, OWNERS, PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNS, GUARANTORS, INSURERS, SPOUSES, HEIRS, EXECUTORS, TRUSTEES, AND ESTATES, IF ANY, OF ANY AND ALL SUCH ENTITIES (COLLECTIVELY WITH HOLDER "HOLDER PARTIES"), FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, SUITS, DEBTS, DUTIES, ACCOUNTS, COVENANTS, CONTRACTS, AGREEMENTS, PROMISES, DAMAGES, JUDGMENTS, TAXES, LIABILITIES AND OBLIGATIONS, BOTH CONTINGENT AND FIXED, KNOWN AND UNKNOWN, NOW EXISTING OR HEREAFTER, OF EVERY KIND AND NATURE WHATSOEVER, IN LAW OR EQUITY, OR OTHERWISE, UNDER LOCAL, STATE, OR FEDERAL LAW OR THE LAW OF ANY OTHER APPLICABLE JURISDICTION, THAT ANY OF THE MAKER PARTIES HAVE AGAINST ANY OF THE HOLDER PARTIES, INCLUDING, WITHOUT LIMITATION, THOSE ARISING FROM, IN CONNECTION WITH OR RELATING TO: (I) THE FRANCHISE AGREEMENT (INCLUDING ANY AMENDMENTS OR MODIFICATIONS THERETO); (II) THE OPERATION, LEASING OR SUBLEASING OF THE STORE; AND (III) THE OFFERING AND SALE OF THE FRANCHISE FOR THE STORE; ARISING FROM AN ACT, OMISSION, CONDUCT OR ACTIVITY OCCURRING BEFORE AND INCLUDING THE DATE OF THIS NOTE WRITTEN ABOVE.

IT IS UNDERSTOOD BY MAKER THAT IF THE FACTS OR LAW WITH RESPECT TO THE FOREGOING RELEASE HEREAFTER TURN OUT TO BE DIFFERENT FROM THE FACTS OR LAW KNOWN TO BE OR BELIEVED BY MAKER TO BE TRUE AT THE TIME OF EXECUTION OF THIS NOTE, THEN MAKER EXPRESSLY ASSUMES THE RISK OF THE FACTS OR LAW TURNING OUT TO BE SO DIFFERENT, AND AGREES THAT THE FOREGOING RELEASE SHALL BE IN ALL RESPECTS EFFECTIVE AND NOT SUBJECT TO TERMINATION OR RESCISSION, IN WHOLE OR IN PART, BASED UPON SUCH DIFFERENCES.

19. Counterparts; Signatures. This Note may be executed in one or more counterparts, each of which shall be deemed to be an original copy of this Note and all of which, when taken together, shall be deemed to constitute one and the same Note. The signatures required for execution may be transmitted to the other Party via facsimile or a scanned .pdf file sent via email and such signature shall be deemed a duplicate original, shall be effective upon receipt by the other Party, may be admitted in evidence and shall fully bind the Party and person making such signature.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Maker, 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, has duly executed and delivered this Note as of the date first written above.

MAKER:

_____, a(n) _____

By: _____
[Name, Title]

EXHIBIT "1" TO PROMISSORY NOTE

AMORTIZATION SCHEDULE

(Attached)

EXHIBIT "2" TO PROMISSORY NOTE

COLLATERAL

All assets owned by [NAME], a(n) [State] [corporation / limited liability company] ("Borrower"), whether now owned or hereafter acquired by Borrower and located at the following location: [Store Address], including, without limitation, the following properties of Borrower:

(a) All accounts, contract rights, rights to payment, accounts receivable, chattel paper, leases, instruments, notes, securities, documents of title, deposit accounts, certificates of deposit and general intangibles;

(b) All inventory, including, without limitation, raw materials, work-in-process or materials used or consumed in the business of Borrower, whether in the possession of Borrower, warehouseman, bailee or any other person or entity;

(c) All machinery, furniture, fixtures and other equipment;

(d) All negotiable and nonnegotiable documents of title;

(e) All proceeds of any of the above-described property;

(f) All books and records pertaining to any of the above-described property, including, without limitation, any computer readable memory and any computer hardware or software necessary to process such memory:

(g) All rights under contracts of insurance covering any of the above-described property;

(h) All attachments, accessions, tools, parts, supplies, increases and additions to and all replacements of and substitutions for any of the above-described property; and

(i) All products of any of the above-described property.

EXHIBIT "3" TO PROMISSORY NOTE

[GUARANTY OF PROMISSORY NOTE AND SECURITY AGREEMENT] or [NOT APPLICABLE]

GUARANTY OF PROMISSORY NOTE AND SECURITY AGREEMENT

This GUARANTY OF PROMISSORY NOTE AND SECURITY AGREEMENT ("Guaranty") is dated as of [Date] ("Effective Date"), and is executed by each of the undersigned ([individually and collectively,]"Guarantor") in favor of [SELLING ENTITY], a [state] [Corporation/Limited Liability Company, etc.] ("Seller"). To the extent this Guaranty contains terms and conditions that differ from those contained in the Note (as defined in Recital A below), this Guaranty shall control. All capitalized terms not otherwise defined in this Guaranty will have the same meanings ascribed to such terms in the Note.

Recitals

A. As an inducement for Seller to provide debt to [Franchisee], a [State] [corporation/limited liability company], ("Franchisee"), and to perform Seller's obligations under the Promissory Note and Security Agreement dated [Start Date] ("Note") in the amount of _____ Dollars ($_____), Guarantor has agreed to jointly and severally guarantee the obligations of Franchisee under the Note.

B. Franchisee and Kahala Franchising, L.L.C. signed a Franchise Agreement, as amended, with respect to Cold Stone Creamery Store No._____ ("Franchise") dated [Franchise Agreement Date] ("Franchise Agreement").

C. Guarantor is an individual who owns, directly or indirectly, a five percent (5%) or greater equity interest in the Franchise, has agreed to guarantee the Franchisee's obligations pursuant to the Franchise Agreement and Note, or is Franchisee's spouse.

NOW THEREFORE, in consideration of the foregoing, the execution and delivery of the Note by Seller, and the performance of Seller's obligations under the Note, Guarantor agrees, for the benefit of Seller and its affiliates as follows:

Agreement

1. Guarantor unconditionally guarantees and promises to pay to Seller and/or its affiliates and to perform, for the benefit of Seller and/or its affiliates, on demand, any and all obligations and liabilities of Franchisee in connection with, with respect to, or arising out of, the Note and all Schedules entered into in connection therewith ("Obligations").

2. This is a guaranty of payment and not of collection. This Guaranty will remain in full force and effect until all amounts payable by Guarantor have been validly, finally and irrevocably paid-in-full and all Obligations will have been validly, finally and irrevocably satisfied or performed-in-full.

3. Guarantor's Obligations under this Guaranty are joint and several and are independent of the obligations of Franchisee. A separate action or actions may be brought and prosecuted against Guarantor regardless of whether an action is brought against the Franchisee or whether the Franchisee (or, if more than one Guarantor, the other Guarantors) is joined in any such action. Guarantor waives the benefit of any statute of limitations affecting Guarantor's liability under this Guaranty or the enforcement of this Guaranty. Guarantor waives its rights under A.R.S. Section 12-1641, *et seq*. and Rule 17(f) of the Arizona Rules of Civil Procedure for the Superior Courts of Arizona, which set forth certain rights and obligations among guarantors, debtors and creditors, if applicable, including the right to require Seller to bring an action against the Franchisee prior to enforcing its rights under this Guaranty. Guarantor waives any right to require Seller to proceed against or exhaust any security interest held in the property of Franchisee or to pursue any other remedies that Seller may have. Guarantor waives all

requirements as to presentment, demand for performance, notice of non-performance, protest, notice of protest, notice of dishonor, and notice of acceptance of this Guaranty and of the existence, creation or incurring of new or additional Obligations or indebtedness.

4. Guarantor authorizes Seller, without notice or demand and without affecting Guarantor's liability under this Guaranty to renew, compromise, modify, extend, accelerate or otherwise change the terms of any present or future Obligations and/or agreements between Franchisee and Seller or Seller's affiliates. Any change in the Obligations and/or agreements will have no effect on Guarantor's liability under this Guaranty. Guarantor will remain liable for the Obligations as set forth in this Guaranty if Franchisee fails to satisfy any of its obligations.

5. If any one or more of the provisions in this Guaranty will be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision of this Guaranty, and this Guaranty will be construed as if such provision had never been contained herein. Notwithstanding the foregoing, if the provision held invalid, illegal or unenforceable is a material part of this Guaranty, as determined by Seller, the Parties shall promptly negotiate a substitute provision consistent with then-current law and the Parties' original intent to replace the provision held to be invalid, illegal or unenforceable.

6. If Seller is required to take any legal action to enforce its rights under this Guaranty, Seller may recover from Guarantor Seller's costs and expenses in connection therewith, including, without limitation, reasonable attorneys' fees, whether or not suit is filed, and all costs of collection, suit, and preparation for suit (whether at the trial or appellate level).

7. Nothing in this Guaranty will constitute a waiver or limitation of any other rights or remedies of Seller or its affiliates against Franchisee or Guarantor. No failure or delay on the part of Seller or its affiliates in exercising its rights under this Guaranty will operate as a waiver of, or impair, any such right. No single or partial exercise of any such right will preclude any other or further exercise thereof or the exercise of any other right. No waiver of any right will be effective unless given in writing, specifying with particularity the nature of the waiver. No waiver of any right will be deemed a waiver of any other right. The rights provided for in this Guaranty are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law.

8. Guarantor agrees that it will not exercise any rights of subrogation that Guarantor may acquire due to any payment or performance of the Obligations of the Franchisee pursuant to this Guaranty unless and until all amounts payable to Seller or its affiliates, and all Obligations for the benefit of Seller or its affiliates, due under the Note will have been validly, finally and irrevocably paid and performed in full.

9. This Guaranty will be binding upon Guarantor and its respective successors, heirs and assigns, and will inure to the benefit of Seller, its affiliates and their respective successors and assigns.

10. If more than one person signs this Guaranty, each Guarantor's obligations will be joint and several. Guarantor acknowledges and agrees that Seller will materially rely upon Guarantor's promises and obligations under this Guaranty.

11. [The undersigned _____[include name(s) here of each of the undersigned who is not married] each represents that he/she is not married as of the Effective Date.

This Guaranty will be governed by, and construed and enforced in accordance with, the law of the State of Arizona, notwithstanding any conflict of law provisions to the contrary.

Guarantor agrees that any litigation in connection with this Guaranty will be commenced and maintained only in the courts located in Maricopa County, Arizona, and Guarantor consents to the jurisdiction of such courts.

GUARANTOR:

[Name], an individual	[Name], an individual
[Name], an individual	[Name], an individual

EXHIBIT E-1

TO THE FRANCHISE DISCLOSURE DOCUMENT

Franchise Agreement (New)

COLD STONE CREAMERY

FRANCHISE AGREEMENT
(New)

between

KAHALA FRANCHISING, L.L.C.

and

_____, a(n) _____

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COLD STONE CREAMERY
FRANCHISE AGREEMENT
("Agreement")

PARTIES:

KAHALA FRANCHISING, L.L.C., ("Franchisor")
an Arizona limited liability company
~~Attn: Legal Department~~
~~9311 E. Via De Ventura~~
~~Scottsdale, Arizona 85258~~

_____ ([individually and collectively,] "Franchisee")
a(n) _____
_____
_____
_____
~~Telephone No.:~~ _____

RESTAURANT NO.: _____

EFFECTIVE DATE: _____ ("Effective Date")

TRADITIONAL RESTAURANT (YES or NO): _____

RESTAURANT DESCRIPTION IF NON-TRADITIONAL: _____

A "traditional" restaurant is a restaurant that is easily accessible by the general public, such as a free-standing building, inline retail shop, shopping mall and street front location. A traditional *Cold Stone Creamery* restaurant normally offers a full menu. A "non-traditional" restaurant is a *Cold Stone Creamery* restaurant that is located in a non-traditional marketplace, as determined by us (in our sole discretion), such as an airport, amusement park, sports or entertainment venue, train station, travel plaza, toll roads, cafeteria, retail store, convenience store, military base, hospital, office building, movie theater, hotel, casino, kiosk, cart, or high school or college campus. A non-traditional restaurant may also be a *Cold Stone Creamery* restaurant that is co-branded into another brand restaurant, at Franchisor's sole discretion. A non-traditional *Cold Stone Creamery* restaurant normally offers a limited version of the full *Cold Stone Creamery* menu.

To simplify the language in this Agreement, the terms "we," "us," "our" and the like may be used to refer to the Franchisor, and the terms "you," "your" and the like may be used to refer to the Franchisee. The term "you" as used herein is applicable to one (1) or more persons, a corporation, partnership, trust, other entity, association or form of organization as the case may be, and the singular usage includes the plural, masculine, neuter, feminine, and possessive usages. Franchisor and Franchisee may individually be referred to as a "party" and collectively referred to as the "parties."

RECITALS:

This Agreement is entered into with reference to the following facts and circumstances:

A. We have, over a period of time and at considerable expense, developed and established a uniform and unique method of operation, customer service, advertising, publicity, processes, recipes, techniques and technical knowledge in connection with the restaurant business, specializing in super-premium ice cream, cakes, pies, smoothies, shakes, specialty beverages, other dessert with frozen confections, and other related beverage and food items. These restaurants do business under the trade name "*Cold Stone Creamery®*". These Cold Stone Creamery recipes, techniques, processes and methods constitute our "Trade Secrets." All of our knowledge, experience, Trade Secrets, processes, methods, specifications, techniques, Proprietary Marks (as defined in Recital B.), System Standards (as defined in *Section 1.4*) and information are referred to in this Agreement as the "System." The System may be changed, supplemented, improved and further developed by us from time to time.

B. We have owned and issued franchises to others for the operation of franchised restaurants in the United States and in other countries. We have registered and applied for proprietary marks with the United States Patent and Trademark Office and with offices in other countries serving similar functions. These proprietary interests, trademarks, service marks, logos, insignias, trade names and trade dress are referred to in this Agreement as the "Proprietary Marks."

C. We are engaged in the business of licensing the right to use the Proprietary Marks in connection with the operation and promotion of the System.

D. You understand and recognize that: (1) our Trade Secrets, Proprietary Marks, developments and other properties as recited above are of considerable value; and (2) it is of importance to us and all of our franchisees to maintain the development of the System in a uniform and distinctive manner, allowing you and our other franchisees to enjoy a public image and reputation greater than most single franchisees could establish.

E. You desire to make use of the "*Cold Stone Creamery®*" trademark and to enjoy the benefits of that mark, the other Proprietary Marks, and the System; and to establish a "*Cold Stone Creamery*" franchise to be operated in accordance with System Standards set forth from time to time by us. System Standards are set forth in, without limitation, the confidential "ops package," which consists of the "operations manual" ("Operations Manual"), "ops toolkit" and related printed and electronic documents, both now existing and hereinafter developed (individually and collectively, "Confidential Manual"). We are willing to grant you the right to do so under the terms, conditions and provisions set forth in this Agreement, which includes any and all appendices, addenda, amendments, attachments and exhibits.

F. You recognize the necessity and desirability of protecting our reputation, goodwill, Trade Secrets, and other confidential business information; and that disclosure of Trade Secrets and confidential business information, including specifics of the System to any third-party, will cause irreparable damage and harm to us.

AGREEMENT:

The parties agree that the foregoing Recitals are hereby incorporated and made part of this Agreement and further agree as follows:

ARTICLE 1. GRANT OF FRANCHISE; TERM; SYSTEM STANDARDS

1.1 Franchise Grant.

We hereby grant to you a *Cold Stone Creamery* franchise that includes the right to use the System ("Franchised Business") as provided in this Agreement, at the following location ("Location"):

~~Arena, Mall, Facility, or Center Name: _____ (if applicable)~~

Street Address: _____

City/State/Zip Code: _____ ~~("Location")~~

Additional Location Information _____
(if applicable)

1.2 Location of the Franchised Business; No Exclusive Territory or Other Rights.

You must operate the Franchised Business only from the Location, including any catering services of *Cold Stone Creamery* menu items you provide. You acknowledge that the *Cold Stone Creamery* franchise granted under this Agreement is non-exclusive, that we are not granting you any territorial protection or any other exclusive rights, and that we, directly or through one (1) or more affiliates, reserve the right in our sole discretion, and without compensating you or seeking your prior approval: (i) to establish, and grant to other franchisees or licensees the right to establish, a *Cold Stone Creamery* restaurant or any other business using the Proprietary Marks, the *Cold Stone Creamery* System or any variation thereof, in any location other than the approved Location (including locations in the immediate vicinity of your Location), on any terms and conditions that we deem appropriate; (ii) to establish, and grant to other franchisees or licensees the right to establish, any restaurant concept other than *Cold Stone Creamery* in any location on any terms and conditions that we deem appropriate (including locations in the immediate vicinity of the Location); (iii) to sell products identified by the Proprietary Marks or other trademarks, service marks or commercial symbols in any location through any distribution channels, including grocery stores, convenience stores, supermarkets, club stores, vending machines, delivery services and restaurants other than *Cold Stone Creamery* restaurants; and (iv) to take any other action that we are not expressly prohibited from taking under this Agreement.

We hereby grant to you during the term of this Agreement, a non-exclusive right and license to operate a single restaurant at the Location only, according to the System Standards and subject to the terms, conditions and restrictions contained in this Agreement. This Agreement is limited to the operation of one traditional restaurant, unless otherwise amended, and does not grant you the right to buy, own or operate additional restaurants.

Except as expressly limited in this Agreement, we (for ourselves and our affiliates and designees) retain all rights with respect to all Proprietary Marks and the sale of *Cold Stone*

Creamery products anywhere in the world with no compensation or liability to you, including the right to:

a. Establish and operate (or license to any other person or entity the right to establish and operate) *Cold Stone Creamery* restaurants owned or licensed by us at any location;

b. Develop, market, own, operate and participate in any other business under the Proprietary Marks or any other trademarks (including trademarks identified in the Franchise Disclosure Document ("Disclosure Document") and other trademarks we or our affiliates own or have the right to license);

c. Develop, lease and license the use of, at any location, trademarks other than the Proprietary Marks, in connection with the operation of a system that offers products or services that are the same as, or similar to, those offered by us under this Agreement on any terms or conditions that we deem advisable, in our sole discretion;

d. Merge with, acquire or be acquired by any other business, including a business that competes with your Franchised Business, or acquire and convert any retail stores, including retail stores operated by competitors, or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporate-owned;

e. Distribute, sell and license other persons or entities to distribute and sell products through all other channels of distribution, including catalog sales, telemarketing, grocery stores, warehouses, big box shops, specialty shops, limited access highway food facilities, vending machines and similar automated dispensing systems, mobile units, off-site sales accounts, electronic mail, Internet sales, and movie theaters (individually and collectively, "Other Channels"); and

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

1.3 Term of Agreement.

This Agreement will commence on the Effective Date and continue as set forth in either *Section 1.3a*. or *1.3b*. below ("Term").

a. If you are purchasing a new or existing non-operating Franchised Business, the Term will expire on either: (1) the ten (10) year anniversary of the date you open this Franchised Business to the public if you own the property where this Franchised Business is located or if you enter into a lease directly with the landlord or other third-party for the property where this Franchised Business is located; or (2) if you have entered into a sublease with one of our affiliates, the expiration of the term of the sublease for the Location excluding any extensions or renewal options, unless terminated earlier in accordance with *Article 14* or any other provisions of this Agreement, renewed in accordance with *Article 13*, or transferred in accordance with *Article 12*; or

b. If you are purchasing an existing and operating Franchised Business, the Term will expire on either: (1) the ten (10) year anniversary of the Effective Date if you own the property where this Franchised Business is located or if you enter into a lease directly with the landlord or

other third-party for the property where this Franchised Business is located; or (2) if you have entered into a sublease with one of our affiliates, the expiration of the term of the sublease for the Location excluding any extensions or renewal options, unless terminated earlier in accordance with *Article 14* or any other provisions of this Agreement, renewed in accordance with *Article 13*, or transferred in accordance with *Article 12*.

1.4 System Standards.

You shall operate the ~~restaurant~~ Franchised Business in accordance with our standards, including the following:

a. restaurant design, maintenance, health and safety and remodeling;

b. types, models, brands and suppliers of required fixtures, furnishings, equipment, signs, materials and supplies;

c. recipes and ingredients, menu items and menu design;

d. cooperation with and participation in sales, marketing, advertising and promotional programs (including loyalty programs, online ordering programs, discount coupons, discount gift cards, special menu promotions, and entering into product and service agreements directly with third-party vendors and service providers as required by us) and materials and media used in those programs, including discontinued use and removal of promotional materials as directed by us;

e. use and display of the Proprietary Marks;

f. restaurant operations, including matters related to the management of the Franchised Business~~restaurant~~; training of your employees consistent with the System Standards; and commercial impression of the Franchised Business to the public;

g. cooperation with and participation consistent with our responses and resolutions in response to customer feedback;

h. cooperation with and participation in: (i) market research and testing; and (ii) product and service development programs;

i. acceptance of our stored value gift cards, including gift cards sold at a discount, loyalty cards, frequency cards, gift certificates, vouchers, and any other similar electronic card and payment programs (individually and collectively, "Gift/Loyalty Card"), credit and debit cards, other payment systems, check verification services and use of point of sale computer systems; You agree to enter into a separate participation agreement with the approved vendor for data processing services;

j. bookkeeping, accounting, data processing and record keeping systems; computer hardware and software; connections to the Internet or to proprietary networks; forms, methods, formats, content and frequency of reports to us of Gross Sales (as defined in *Article 5*), financial performance and condition; and providing tax returns and other operating and financial information to us; and

k. conduct and maintain the Franchised Business and Location so as not to distract from or interfere with the integrity of the System (individually and collectively, "System Standards"). We may, in whole or in part, change, improve, update and further develop the System Standards, from time to time during the term. You shall comply with the updated System Standards as directed by us.

The operation and maintenance of your Franchised Business ~~restaurant~~ according to the System Standards are essential to the well-being and vitality of the System and to preserve the goodwill of the Proprietary Marks for us and for all other franchisees operating under the System. It is critical to the *Cold Stone Creamery* System for all restaurants operating under the *Cold Stone Creamery* System to present a uniform and professional image to *Cold Stone Creamery* customers regardless of which location the customer visits. Any information regarding the operation of the Franchised Business ~~restaurant~~ will be considered a mandatory System Standard, unless it is clear from the express language of our communication that the information is merely optional or is intended by us as a suggestion, rather than a requirement.

You agree that System Standards constitute binding provisions of this Agreement as if they were an integral part of this Agreement.

ARTICLE 2. SELECTION OF LOCATION; CONSTRUCTION AND RELOCATION

2.1 Location Selection Procedures.

You must select a Location that satisfies our minimum site requirements (such confirmation will be provided to you by us in writing), for your Franchised Business within nine (9) months from the Effective Date. If you cannot secure an acceptable Location for your Franchised Business within nine (9) months from the Effective Date, then we may terminate this Agreement by giving you notice to that effect. You are ultimately responsible for the selection of the Location. We will not have any liability to you with respect to your selection of the Location, any assistance we provide you in making your selection, our recommendation of any location or a third party to assist you in selecting a location, or our allowing you to move forward on any location. You agree that your selection of the Location will be based on your own independent investigation of the suitability of the Location.

2.2 Lease and Purchase Approval.

If you intend to lease the Location for your Franchised Business, the lease will be subject to our prior limited review and acknowledgment so that we can confirm that certain lease terms are incorporated into the lease. You must provide us, at least thirty (30) days prior to executing the lease, a copy of the lease and details relating to square footage, rent per square foot, the term of the lease, and either confirmation that such other terms as we reasonably require are incorporated into the lease or that you and the landlord agree to incorporate the lease addendum to lease agreement as an exhibit to the lease. You or your attorney shall be responsible for negotiating the terms of the lease, which shall be subject to our final limited review and acknowledgment. If you do not submit all of the required documents to us, we will not allow you to move forward with your lease. We have no liability to you regarding the terms or negotiations of the lease.

If, prior to executing the lease, you or your attorney request a full review of your lease, including any and all exhibits attached thereto, and we or our designated affiliate review your

entire lease and exhibits and provide to you or your attorney its review of the entire lease and suggested changes to the lease ("Lease Review"), you must pay a Lease Review Fee (as defined in *Section 5.7*) to compensate for time and effort in reviewing the lease. The Lease Review is optional and only completed by us or our designated affiliate at your or your attorney's request. The Lease Review Fee is due only in the event that you or your attorney request us or our affiliate to complete a Lease Review. Each lease must contain the required lease terms set forth in the Lease Addendum to Lease Agreement, and must specifically state that we are a third-party beneficiary of the lease. If we cure any default by you under the lease, any amounts that we pay to cure the default will be payable by you to us on demand, together with interest thereon, at the lesser rate of one and one-half percent (1½%) or the maximum rate that does not violate applicable state usury laws ("Default Rate") per month from the date we make such payment.

You acknowledge and agree that on the earlier of thirty (30) days after: (i) you receive a fully executed copy of your lease for the Location of your Franchised Business; or (ii) you open your Franchised Business to the public, you must provide a fully-executed copy of your lease for the Location to us. Failure to timely provide us with a fully-executed copy of the lease will result in a default under this Agreement.

If you intend to purchase the Location for your Franchised Business, the terms of such purchase shall be subject to our prior approval, and you must provide us, at least thirty (30) days prior to executing the purchase agreement, a copy of the purchase agreement and details relating to square footage, price per square foot and such other terms as we reasonably require.

You acknowledge and understand that our confirmation that you may move forward with any specific location, lease or purchase agreement does not in any way guarantee or ensure the success or profitability of the Franchised Business, or the conformity of the Location, lease or purchase agreement to applicable laws, and such confirmations are only for our own benefit.

2.3 Construction.

a. You must, at your sole cost and expense, construct, furnish, make improvements to and equip, if necessary, the Franchised Business at the Location selected by you and meeting our minimum site requirements, in accordance with plans and specifications approved by us or our third-party approved architect, if applicable. Our approval of plans is solely for complying with our System Standards and not for determining compliance with codes, ordinances and other legal requirements, including the Americans with Disabilities Act ("ADA") or any requirements under the lease for your Location. You are solely responsible for ensuring that your Location conforms to all codes and ordinances, including the ADA, and all lease-specific requirements. You must, at your sole cost and expense, use our designated and approved third-party design architect ("Design Architect") to prepare the initial design drawings for any construction, alterations or improvements, as applicable, for your Franchised Business. The Design Architect must provide us with one (1) set of the design drawings, including landscaping and parking spaces if applicable, which are the detailed plans and specifications ("Plans") for your Franchised Business. We will provide you with a copy of the Plans upon our approval of the Plans. You must also, at your sole cost and expense, retain a licensed architect of record to prepare the permitted construction set of drawings for any construction, alterations or improvements. The permitted construction set of drawings must be submitted to us for our files prior to the start of construction, alterations or improvements. In addition, you must obtain the appropriate construction documents and all mechanical, plumbing, electrical and architectural plans must be sealed and stamped, as we may

require, even if local laws in the jurisdiction where your Franchised Business ~~restaurant~~ is located do not require same.

b. Any material modifications to the approved Plans must be submitted to us for approval and you will not undertake any construction, alterations or improvements until such modifications have been approved by us. Approval of such modifications does not constitute any representation by us of compliance with applicable zoning laws, building codes or other laws.

c. You will be solely responsible for the cost and expense of obtaining all necessary governmental construction permits and licenses, and you must, at your sole cost and expense, comply with all laws, zoning ordinances, rules and regulations of any governmental agencies that may govern any construction, alterations or improvements of the Franchised Business in accordance with the approved Plans. We will have the right, but are not required, to meet with the Design Architect and to inspect any construction, alterations or improvements during its course to ensure that the provisions of this *Section 2.3* are being observed; and you agree to allow our authorized representatives, at any and all times while construction, alterations or improvements are in progress, to meet with the licensed architect and general contractor and enter onto the Location for this purpose. If we determine in good faith that the provisions of this *Section 2.3* are not being observed, you will, at your sole cost and expense, immediately take all necessary corrective action.

d. You must, at your sole cost and expense, use a general contractor that is licensed, and if applicable, registered in the state and local jurisdiction where your Franchised Business ~~restaurant~~ is located for any and all construction, alterations and improvements. The general contractor must have prior experience in the construction, alterations and improvement of quick-service restaurants.

e. You acknowledge that the design and appearance of the *Cold Stone Creamery* Franchised Business ~~restaurant~~ is part of the System, and that uniformity is essential to the System. Therefore, you agree that after the Franchised Business ~~restaurant~~ has been constructed, altered or improved, you will not make any material changes to the building plan or design or its appearance without our prior written consent, and you will, at your sole cost and expense, maintain the interior and exterior décor of the Franchised Business ~~restaurant~~ in a first class condition and in such manner as we may reasonably prescribe from time to time. In addition to any remodeling required by us upon the transfer of the Franchised Business and upon the renewal of this Agreement, as set forth in *Articles 12* and *13*, respectively, you will, upon thirty (30) days' prior notice from us, and at your sole cost and expense, remodel and make all alterations and improvements in and to your Franchised Business as reasonably determined by us to reflect the then-current *Cold Stone Creamery* System specifications, standards, format, image and appearance.

f. A certificate of occupancy for your Franchised Business must be submitted to us approximately six (6) days prior to the day you open your Franchised Business to the public and as otherwise requested by us throughout the Term.

2.4 Signage.

You will acquire, repair and replace, as necessary, and maintain in a first class condition throughout the Term, signs for advertising and identifying the Franchised Business as a *Cold Stone Creamery* restaurant. All signs must be in accordance with the System Standards, specifications

and any local governing body (i.e., city or county governments) requirements, as well as any other applicable laws, including the ~~Americans with Disabilities Act (“~~ADA~~”)~~, and exterior signage must be the maximum size allowed by the landlord and local governing body. You acknowledge that quality control is essential to protect and promote our Proprietary Marks, standards, and uniform image, and you shall acquire all signs only from approved suppliers. In addition, you shall prominently display on all communications, forms, advertising, business stationery and business cards, and in a sign easily visible to consumers at the Franchised Business, the following words: “INDEPENDENTLY OWNED AND OPERATED.”

2.5 Relocation.

a. If you desire to relocate the Franchised Business, you may request our consent upon the following conditions:

(i) Not less than sixty (60) days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation, due to a third-party or our request, in which event notice shall be made as soon as possible), you must make a written request for consent to relocate, describing the reasons for the relocation and providing details respecting any proposed new location.

(ii) Within twenty-one (21) days after receiving your written request, we shall advise you in writing if the proposed new location meets our minimum real estate site requirements as provided in *Section 2.1* and if you have our authorization to proceed with the relocation. In the event of our denial to proceed with the relocation, you may request an alternative proposed new location pursuant to the provisions of this *Section 2.5*.

(iii) The Term will not be extended in connection with the requested relocation.

b. At the time you request to relocate the Franchised Business, you must also meet each of the following requirements:

(i) You must not be in default under this Agreement or any other agreement or note then in effect between you and us ~~or you~~ and any affiliate of ours, and no event shall have occurred that, with the giving of notice, the passage of time, or both, would constitute a default under this Agreement;

(ii) You must neither have received more than three (3) notices of default or breach during the Term; nor more than two (2) notices of default or breach during the five (5) years immediately preceding the effective date of the proposed relocation;

(iii) The equipment, fixtures and signage used in connection with the operation of the Franchised Business must either meet our then-existing System specifications and System Standards, or you must agree, within a timeframe required by us, to replace or refurbish such items, and otherwise modify the methods of operation of the Franchised Business at your cost and expense, in order to comply with our System specifications and System Standards then applicable to new franchise owners; and

(iv) You shall have paid to us a Relocation Fee (as defined in *Section 5.14)*.

c. If we approve the relocation of your Franchised Business, (i) you and we must

execute an amendment to this Agreement indicating the address for your relocated Franchised Business and you must sign a general release provided by us, and (ii) you must open your Franchised Business at the new location within thirty (30) days after you close your Franchised Business at the current Location. Provided that you comply with all of the terms and conditions set forth in this Agreement including this Section 2.5, during the period of time between the closure of your Franchised Business at the current Location, and the opening of the Franchised Business at the approved relocation address, you will not owe the Royalty Fee (as defined in *Section 5.2*).

2.6 Restricted Use of Restaurant Location.

You may not wholly or partially sublet the Location without our prior written consent. The Location may be used only for the operation of a *Cold Stone Creamery* restaurant in compliance with this Agreement and the System Standards. You shall not conduct other businesses or activities at the Location without our prior written consent.

2.7 Not Applicable.

ARTICLE 3. OPERATIONS

3.1 Commencing Operations.

You agree to start operating your *Cold Stone Creamery* Franchised Business ~~restaurant~~ at the confirmed Location within eighteen (18) months from the Effective Date. You acknowledge that before starting operations you must, at your own expense, do the following (in addition to any other requirements set forth in this Agreement):

a. Complete a food safety training program at your sole cost and expense. We will accept the certificate for the required program through your local county or state health department or any other nationally recognized food safety program. You must provide us with a copy of your certificate prior to commencing training;

b. Successfully complete the Training Program described in *Section 4.1*;

c. Purchase, lease or otherwise acquire from the list of approved sources provided by us all the signage, supplies, equipment, fixtures, inventory and other items necessary to operate the *Cold Stone Creamery* Franchised Business; and

d. Obtain liability insurance in accordance with the requirements described in *Section 9.5* and provide to us evidence that such insurance has been obtained.

Prior to opening the Franchised Business, you must notify us that you have satisfied all requirements to begin operations, and provide us with such documents as we may reasonably request that show your compliance with all such requirements. Upon receipt of our acknowledgment that such requirements have been satisfied, you will have five (5) days to begin operations of your *Cold Stone Creamery* restaurant. If you do not begin operations of your Franchised Business ~~restaurant~~ at the confirmed Location before the expiration of the eighteen (18) month period from the Effective Date, then we may terminate this Agreement by giving you notice to that effect.

3.2 Supplies and Promotional Materials; Rollouts.

You agree to sell only those menu items, products and services authorized under the terms of this Agreement and as specified in the Confidential Manual, and you shall use only supplies and ingredients in making those menu items that are in compliance with the standards as set forth in the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist in the future. You shall purchase all such services, supplies and ingredients only from approved vendors and utilize approved distributor(s) as specified in the documents provided by, or approved by, us as they presently exist or may exist in the future. You must purchase promotional materials containing the Proprietary Marks, including stationery, business cards, promotional and advertising materials and similar items, from suppliers approved by us, except that we must first approve all such promotional and advertising materials before you use them, and all such printed materials containing any of the Proprietary Marks shall be accompanied by the words "INDEPENDENTLY OWNED AND OPERATED." Additionally, during the Term, you agree to participate in any Rollout of new products and suppliers, as defined in *Section 9.3*.

3.3 Fixtures, Furnishings, and Equipment.

Unless otherwise approved by us in writing, you will: (1) acquire, repair and replace, as necessary, and maintain in a first class condition throughout the Term, fixtures, furnishings, and equipment to be used in the operation of your Franchised Business that is in accordance with the System Standards, specifications set forth by us in the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist in the future, and with applicable laws including, without limitation, including the ~~Americans with Disabilities Act ("~~ADA~~")~~; and (2) procure the fixtures, furnishings, and equipment from suppliers or vendors previously approved in writing by us.

3.4 Online Presence.

You may not maintain a website, software application, an App (application), social media account (including, but not limited to, an account, group or page on Facebook®, Flickr®, Foursquare®, Google+®, Instagram®, LinkedIn®, Pinterest®, Snapchat®, Tumblr®, X/Twitter®, YouTube®, Vine®, VKontakte or Weibo®), or otherwise maintain a presence or advertise on the Internet or any other public computer network (individually and collectively, "Site") in connection with the Franchised Business without our prior written approval, which we may withhold in our sole discretion. If we grant you written approval, you agree to submit to us for approval before use, true and correct printouts, of all Site pages you propose to use in connection with the Franchised Business. You understand and agree that our right of approval of all such Site pages is necessitated by the fact that such Site pages will include and be inextricably linked with our Proprietary Marks. If we approve your use of a Site, you may only use Site pages that we have approved. Your Site must conform to all online presence requirements, policies and procedures per our System Standards. You agree to provide all information regarding your online presence that we require. If we grant approval for a Site, you may not use any of the Proprietary Marks on the Site except as we expressly permit. You may not post any of our proprietary, confidential or copyrighted material or information on the Site without our prior written permission. If you wish to modify your approved Site, all proposed modifications must also receive our prior written approval. You explicitly understand that you may not post on any Site (whether yours or someone else's) any material in which a third-party has any direct or indirect ownership interest (including video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image which any third-party may claim intellectual property or other rights in). If we grant

approval, you agree to list on the Site any website and social media account maintained by us, and any other information we require in the manner we dictate. You agree to obtain our prior written approval for any Internet domain name, home page address and Uniform Resource Locator. The requirement for our prior approval set forth in this *Section 3.4* will apply to all activities on the Internet or other communications network to be conducted by you, except that you may maintain one (1) or more e-mail addresses and may conduct individual e-mail communications without our prior written approval. You agree to obtain our prior approval as provided above if you propose to send advertising to multiple addressees via e-mail or text messages. You may not use a Site to represent that: (1) the Site is an official account, application, page or group of, or video produced by us; or (2) you are the owner of the *Cold Stone Creamery* brand. On any Site you use in connection with the Franchised Business, you must affirmatively state: (a) that you are a franchisee and the opinion and content being expressed are your own and not that of the *Cold Stone Creamery* brand; and (b) the Location of your Franchised Business.

3.5 Continuing Working Capital Requirement.

You must have Fifteen Thousand Dollars ($15,000) in working capital at the time you open your Franchised Business and throughout the Term.

ARTICLE 4. TRAINING, ASSISTANCE AND START-UP MATERIALS

4.1 Training Program.

We will provide up to two (2) natural persons (individually and collectively, "Trainees") with a training program designed to inform the participants as to the fundamentals of operating the Franchised Business prior to your opening of the Franchised Business. At minimum, one (1) of the two (2) natural persons must have an ownership interest in the Franchised Business. The remaining position may be filled by a natural person with an ownership interest in or management responsibility for the Franchised Business. The training program is made up of the "In-Store Training," which is approximately eighty (80) hours, and "New Owner Training," which is approximately forty (40) hours (collectively, "Training Program"). You will be solely responsible for all transportation costs, food, lodging and other personal expenses incurred by you and your employees in connection with the Training Program. The New Owner Training will be conducted either online or in person at our sole discretion. If the New Owner Training is conducted in person, it will be at the Franchisor training and education center in Scottsdale, Arizona or at such other location as we may designate at our sole discretion and the In-Store Training will be conducted at a training store in Arizona or such other location as we may designate at our sole discretion. You acknowledge that adequate knowledge regarding the operation of the Franchised Business is essential to the growth of your franchise and to the promotion of the System. ~~Notwithstanding the foregoing~~Furthermore, Franchisor has the right to require Franchisee and/or its manager(s) to attend additional training and pay the Additional Training Fee (as defined below), as provided for in this *Section 4.1* and *Section 5.10*, in the event Franchisee is not operating the Franchised Business pursuant to Franchisor's Systems Standards.

4.2 Employee Training.

You acknowledge that the employees of your *Cold Stone Creamery* Franchised Business are an integral and important part of the Franchised Business, as they will have substantial contact with customers. You alone are responsible, and acknowledge that we have no direct or indirect control and no right or authority, for the hiring, firing, training, supervising, setting the terms and

conditions of employment (including employee tasks and work schedules), compensation of your employees, or maintaining employment records, for the safety of your employees and for your employees' compliance with the System Standards. The System Standards are in place to protect our interests in the System and not for exercising any control over you, your employees or your Franchised Business. You must ensure that your employees who have direct interaction with the public are able to speak and read English and any other language that may be required to adequately meet the public needs in your Franchised Business.

4.3 Additional Programs; Continuing Assistance.

We will provide one (1) of our representatives to come to your restaurant during opening week for up to five (5) days, at our expense, to work with you or your manager on your grand opening, and on operating and marketing your restaurant. We may, in the future, request that Trainees participate in refresher or additional training programs. We may also hold an annual conference to introduce new products, discuss sales and marketing techniques, personnel training, advertising programs, merchandising procedures and other subjects. You may be charged a ~~nominal~~ registration fee for these programs and you will be solely responsible for the cost of transportation, food, lodging and other expenses incurred by Trainees at any such program. Attendance at these additional training programs and conferences is mandatory. They will be held in the metropolitan Phoenix, Arizona area, or at other locations in the United States chosen by us, at our sole discretion.

In addition to the initial training available under *Section 4.1*, we shall provide such periodic evaluations or inspections as we deem appropriate, utilizing our field representatives who may visit the Franchised Business from time to time. The frequency and duration of such visits to a Franchised Business by our representatives shall be in our sole discretion. Any such evaluation or inspection is not intended to exercise any control over your employees or the daily operation of your Franchised Business. In addition, we will be available on an ongoing basis at our offices for consultation and guidance with respect to the operation and management of the Franchised Business. In addition to the Confidential Manual, we may, but are not required to, from time to time provide you with additional materials relating to the Franchised Business.

4.4 Area Representatives.

We may retain the services of an independent third-party area representative ("Area Representative") to represent us in the area in which the ~~restaurant~~ Franchised Business is located and perform some or all of the services we provide under this Agreement. The services the Area Representative may perform could include: (i) assistance in location selection and evaluating and confirming that the Location meets our minimum site requirements; (ii) advice and guidance regarding lease negotiations; (iii) assistance in opening new *Cold Stone Creamery* locations; (iv) assistance with training on the approved POS System (as defined in *Section 4.6a.*); (v) assistance with marketing advice; (vi) periodic Quality Service Cleanliness and Experience ("QSCE") evaluations; (vii) assistance with collection of the various sums due to us from *Cold Stone Creamery* franchisees; and (viii) coordination with other *Cold Stone Creamery* franchisees in your area and general supervision and monitoring of your Franchised Business on our behalf. You agree in advance to our delegation to an Area Representative of some or all of our obligations, and assignment to an Area Representative of some or all of our rights under this Agreement. You agree that we may require you to submit to an Area Representative any reports you are required to submit to us. Upon our request, you will provide the Area Representative with access, inspection and audit rights to the same extent we have those rights under this Agreement.

You are not a third-party beneficiary of any agreement between us and any Area Representative. If we have designated an Area Representative for your Franchised Business ~~restaurant~~ as of the Effective Date, the name and contact information of the Area Representative is shown in *Section 17.3h.* We reserve the right in our sole discretion to remove any Area Representative in your area at any time and to appoint any other Area Representative for your area. We have no obligation to appoint an Area Representative in the area in which your Franchised Business ~~restaurant~~ is located, and we have no obligation to appoint a new Area Representative after we have removed an Area Representative.

You acknowledge that Area Representatives and their owners and employees may not contractually bind us without our express written authorization. You further acknowledge no Area Representative has the authority to: (i) enter into agreements or execute any agreements on our behalf; or (ii) bind us in any way without our prior written consent. Unless expressly authorized and agreed to by us in writing, we disavow any agreements, whether verbal or written, entered into by an Area Representative that in any way attempts to bind us. In any litigation or arbitration proceeding, you agree to waive any claim or defense that an Area Representative is our express or implied agent and such an assertion by you constitutes a material default under this Agreement.

4.5 Confidential Manual.

To protect the reputation and goodwill of the System and to maintain the uniform standards of operation under the Proprietary Marks, you must conduct your business in accordance with our Confidential Manual. The Confidential Manual is confidential and remains our property.

The Operations Manual is available to Franchisee via the ~~F~~franchisee portal at: https://portal.kahalamgmt.com. In the event Franchisee desires to receive a hard copy of the Operations Manual, then Franchisee shall submit such request in writing to training@kahalamgmt.com. Upon such request, a hard copy of the Operations Manual will be mailed to Franchisee via regular mail within approximately forty-five (45) days thereafter.

So that you may benefit from new knowledge gained by us as to improved techniques in the operation of the Franchised Business, we may from time to time revise, amend, restate or supplement the content of the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist in the future. You will at all times ensure that your copy of the Confidential Manual is kept current and up to date. In the event of a dispute regarding any of the content of the Confidential Manual, the master copies maintained by us at our corporate office will control.

4.6 Computer Systems; Debit and Credit Card Processing.

a. Prior to the opening of your Franchised Business~~restaurant~~, you will be required to acquire, to maintain, and to exclusively use an approved cash register/computer system ("POS System") during the operation of the Franchised Business. You and your employees must complete training for the POS System as we require, and you will be required to use the POS System to produce sales reports, keep inventory control and post sales tax, refunds, credits and allowances and submit that information to us immediately upon our request. You are required to obtain high-speed/always-on internet connection service for your POS System. If high-speed/always-on internet is not available in your area, dial-up Internet access may be used until high-speed/always-on service becomes available in your area. The POS System must be configured so that we will have remote access to the information and data stored in the POS

System, which may include inventory information. This access will allow us to exchange/collect data and other information on such bases as we will communicate to you from time to time. You will be required to maintain the POS System in good working order at all times, and to upgrade or update the POS System during the Term as we may require from time to time. It will be your responsibility to enter into contracts for the maintenance, upgrades and updates to the POS System with an approved supplier of such services identified by us on the list of approved vendors and distributors or other notification to you from us advising of suppliers for your market area. You shall also be required to own a personal computer or similar device with access to the Internet that allows you to report your Gross Sales (as defined in *Section 5.2*) online, send and receive e-mails with us, and receive online orders. All *Cold Stone Creamery* franchisees are required to participate in online ordering and delivery programs, which includes entering into one or more participation agreement(s) with one of our affiliates and/or other approved vendor(s) for remote/online order processing services and delivery services under the terms, conditions, and fees established by such vendor for the purpose of developing, implementing, using, maintaining, supporting, updating and/or upgrading technologies in connection with the franchise system, including web-based and/or mobile applications and websites. 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 franchise system. This may include amounts paid to third-party delivery service platforms and aggregators. To provide for the inevitable but unpredictable nature to 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 connection with the franchised system. There is no contractual limitation on the frequency and cost of this obligation. We may require you to upgrade the hardware and software including, but not limited to, your operating system, as reasonably necessary to provide reports and information required by us.

b. You are required to accept debit and credit cards and Gift/Loyalty Cards from consumers at the Franchised Business and participate in any online ordering programs which Franchisor may require. Prior to the opening of your Franchised Business~~restaurant~~, you will be required to acquire and maintain an approved debit, credit and Gift/Loyalty Card processing system to use during the operation of the Franchised Business. Additionally, you must utilize our approved third-party Gift/Loyalty payment card processor for processing all such Gift/Loyalty Card transactions, including entering into a Gift Card Participation Agreement with one of our affiliates, or its successors or assigns, or other approved vendor for the Gift/Loyalty Card processing services. The Payment Card Industry ("PCI") requires all companies that process, store, or transmit credit card information to protect the cardholders' information by complying with the PCI Data Security Standard ("PCI DSS"). Therefore, as a franchisee who accepts credit cards, you are required to be PCI compliant by following and adhering to PCI DSS, which includes ensuring that your POS System, back office computer (if supplied), and any other device that is plugged into the network is **only** used for business purposes. You are also required to complete an annual questionnaire and quarterly network PCI scans and install a network firewall appliance for logging, tracking, reporting, and security assessment. You are also required to validate with Franchisor that your store is PCI compliant, and Franchisor may in its sole discretion require you to install a particular type of firewall (hardware and/or software). To show such validation you must send us your ~~P~~passing ~~C~~certificate showing your Franchised Business ~~store~~ is PCI compliant. You are also required to verify that you have a PCI compliant firewall appliance installed at your ~~l~~Location if you process credit cards via a high speed internet ~~connectivity~~connection. We require your Franchised Business' POS System, including terminals, computers, and software to be in compliance with the PCI DSS at all times. The PCI DSS is often updated, and you are required

to obtain and comply with all updated standards. You must also be PCI compliant in order to obtain cyber liability/data breach insurance coverage.

ARTICLE 5. FEES AND DEPOSITS

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 5*. 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.

5.1 Initial Franchise Fee.

The initial franchise fee is Twenty Seven Thousand Dollars ($27,000) ("Initial Franchise Fee"). The Initial Franchise Fee will be due and payable by you to us by cashier's check, wire transfer or other form of immediately available funds acceptable to us, upon your execution of this Agreement. You and we agree that our grant of the franchise and your payment of the Initial Franchise Fee provided for in this *Section 5.1* does not give you any rights with respect to other franchises, if any, as we in our sole discretion may elect to make available in the future.

5.2 Royalty Fee and Surcharge.

For the period of time commencing on the later of the Effective Date or the date the Franchised Business opens to the public, and for the duration of the Term, you must pay to us a weekly royalty fee equal to six percent (6%) of total Gross Sales (as defined below) ("Royalty Fee"). If we or the landlord of the Location require you to remodel your Franchised Business in such a way that your Franchised Business (including catering) stops offering items to the public, or if there is a disaster at your Franchised Business, such as a fire, flood or damage caused by an act of God, that requires you to temporarily close your Franchised Business, you are not required to pay the Royalty Fee during the period of time of such temporary closure; provided you provide us or our authorized representative with notice of such temporary closure as soon as reasonably possible, but in no event more than twenty-four (24) hours after such closure begins. Notwithstanding the above, all amounts owed to us under this Agreement prior to the temporary closure shall still be fully due and payable. The temporary closure of your Franchised Business shall not exceed ninety (90) days, but may be extended on a case-by-case basis at our sole discretion and with our prior written approval.

In our sole discretion, we may charge, in addition to the Royalty Fee, a surcharge of up to Ten Dollars ($10) per week if your Franchised Business is located in a state that imposes additional reporting requirements on a franchisor ("Surcharge"). The Royalty Fee and applicable Surcharge shall be due and payable no later than Monday of each week, which day may be modified by us without prior notice to or approval from you, for the week ending on the preceding Tuesday in which applicable Gross Sales (as defined below) were earned from the Franchised Business. The weekly Royalty Fee and applicable Surcharge shall be paid by electronic funds transfer, as detailed below.

For the period of time commencing on the later of the Effective Date or the date the Franchised Business opens to the public, and for the duration of the Term, you are required to

report Gross Sales to our designated accounting office, which as of the Effective Date, is via the Internet at http://franchisee.kahalamgmt.com, as set forth in *Section 5.6*. Nothing herein shall prevent Franchisor from electronically polling Franchisee's POS system, restaurant management software, and financial records (or similar tools thereto) daily, or more frequently, by electronic or other remote means and Franchisee hereby grants Franchisor authority to do so; however, such authority does not negate Franchisee's requirement to ensure all sales are timely and accurately reported each week. You shall be required to establish a Depository Account (as defined in *Section 5.6*) at the time you execute this Agreement as set forth in *Section 5.6*. Payment of the Royalty Fee, Advertising Fee (as defined in *Section 5.3*), and all other fees due under this Agreement to us shall be made via electronic transfer of funds from the Depository Account. To accomplish this electronic transfer of funds from the Depository Account, you must complete, sign and deliver to us, and maintain for the duration of the Term, a current Electronic Funds Transfer Authorization in a form that we provide.

As used in this Agreement, "Gross Sales" means all sales, money or things of value, received or receivable, directly or indirectly, by Franchisee on account of the Franchised Business, less applicable sales taxes and any properly documented refunds, credits and allowances given by you to customers in accordance with the System Standards, but without deducting any of your income taxes, costs and other expenses. All sales made from catering services must be included in the Gross Sales.

5.3 Advertising Fee.

a. You must pay to us, or directly into a national advertising fund or also any regional advertising funds, as designated by us at our sole discretion, (individually and collectively, "Advertising Fund") a weekly advertising fee of three percent (3%) of the Gross Sales for the preceding week ("Advertising Fee"). Upon thirty (30) days' notice by us to you, we may unilaterally increase the Advertising Fee from its current level not to exceed four percent (4%) of your weekly Gross Sales. The Advertising Fee shall be due and payable with the Royalty Fee under *Section 5.2*. The Advertising Fee is our property and may be deposited by us into our general operating account.

b. The Advertising Fund will be used for marketing, advertising, production and media expenses to promote the *Cold Stone Creamery* name, System, products and services. We are entitled to deduct, free of charge the following from the Advertising Fund: (i) reimbursement of expenses, overhead, and employee salaries for services provided; and (ii) rent for office space provided to the Advertising Fund. We have no fiduciary obligation to you in connection with the operation of any Advertising Fund. No interest on an unexpended Advertising Fee shall be imputed or otherwise charged for the benefit of, or payable to, you. You understand and agree that the only obligations we have regarding the collection and spending of the Advertising Fee or the administration of the Advertising Fund are the express contractual obligations in this *Section 5.3*. We are not acting as a trustee, fiduciary, agent or in any other special capacity. We do not give any representation or warranty regarding the quality or effectiveness of the advertising and marketing activities funded by the Advertising Fee or of the Advertising Fund, and we will have no liability to you with respect to how these funds are spent.

c. Two percent (2%) of your Gross Sales is deposited into the national Advertising Fund; and, if a cooperative exists where your Franchised Business is located, the remaining one percent (1%) of your Gross Sales is deposited into the regional Advertising Fund for your cooperative.~~,~~ ~~i~~If no cooperative exists where your Franchised Business is located, your

Franchised Business will be considered a "single store" cooperative and you must contribute the remaining one percent (1%) of your Gross Sales to the regional Advertising Fund for your store. Your own local marketing and advertising should be developed to maximize your particular customer base.

5.4 Cooperative Advertising.

a. We encourage the formation and operation of franchisee cooperative advertising associations (each an "Association"). Each Association will help coordinate advertising, marketing efforts and programs, and attempt to maximize the efficient use of local advertising media. If an Association is formed for your region, you must contribute financially to the Association as required by us. Failure to do so will be deemed a breach of this Agreement and you may also, in Franchisor's sole discretion, lose your right to vote as to decisions regarding advertising and marketing efforts and programs.

b. Upon our request, you will assist in establishing an Association or in deciding how to allocate all or part of any Fund contribution we elect to distribute to the Association. We will decide in our sole discretion whether to make contributions from the Fund to an Association and how much to contribute. We reserve the right to establish general standards concerning the operation of an Association, advertising agencies retained by an Association, and advertising programs conducted by an Association. Notwithstanding anything to the contrary, no Association decision will be made or advertising collections spent without our prior written approval.

5.5 Not Applicable.

5.6 Depository Account; Payment Procedures.

You are required to establish, at the time you execute this Agreement, and maintain for the duration of the Term a depository account ("Depository Account") at a bank or other federally insured financial institution ("Depository") under the same name as Franchisee under this Agreement. You will initially deposit no less than Three Thousand Dollars ($3,000) into the Depository Account and are required to maintain a balance of at least Three Thousand Dollars ($3,000) in the Depository Account at all times during the Term by replenishing the Depository Account to at minimum Three Thousand Dollars ($3,000) after any withdrawals. We shall not be responsible for any bank service charges incurred by you which result from the withdrawal of funds from your Depository Account.

On Wednesday of each week, you must submit a report to us regarding the weekly period which ended on the preceding Tuesday, including details on Gross Sales and other statistical data as provided in this Agreement, Confidential Manual, or as otherwise specified from time to time by us. We will withdraw funds electronically on Monday of each week from the Depository Account. The withdrawals are based upon the figures you report and constitute the Royalty Fee and Advertising Fee as described in *Sections 5.2* and *5.3*. If you do not submit a report on any Wednesday, we may estimate the Royalty Fee and Advertising Fee based upon prior reports and withdraw the estimated amounts up to the entire Three Thousand Dollars ($3,000). We will return or credit back to you, in our sole discretion, any overage within thirty (30) days after our receipt of your report(s). We shall not be responsible to you for any interest charges for any overage collected due to your failure to timely report your sales. You shall instruct the Depository to disburse each week to our designated bank, via electronic funds transfer by the close of business on Monday (or preceding banking business day, if Monday is a bank holiday), the weekly Royalty

Fee and Advertising Fee and other fees due for that week, which week shall end on the preceding Sunday. The days of the week specified above may be modified by us without prior notice to or approval from you.

We will also withdraw the monthly POS Help Desk Phone Support Maintenance Fee (as defined in *Section 5.20*) from the Depository Account on the last Thursday of each month. Under no circumstances shall such access to the Depository Account be deemed control or joint control of the Depository Account by us.

Subject to reasonable advance notice for non-recurring payment amounts, we have the right to debit your Depository Account, or any other depository account you have with us, according to the terms of your Electronic Funds Transfer Authorization for any of the payments described in this Agreement. If you do not pay all amounts due by the due date, we may suspend our and our affiliates' services and support until your payment default is cured. Repeated failure to pay all amounts when due, whether or not the defaults are subsequently cured, may be cause for termination under *Article 14*.

You shall pay us Fifty Dollars ($50) for each electronic funds transfer attempted from your Depository Account pursuant to this *Section 5.6* that is returned for non-sufficient funds. You shall also reimburse us for all other costs and expenses incurred by us in collecting or attempting to collect funds due to us from the Depository Account (for example, without limitation, charges for non-sufficient funds, uncollected funds or other discrepancies in deposits or maintenance of the Depository Account balance in accordance with the terms hereof). The Depository Account shall be established and maintained solely for the purposes set forth in this *Section 5.6* and any other fees authorized under this Agreement and any other agreements between you and us or any of our affiliates.

5.7 Lease Review Fee.

If you request us or one of our designated affiliates to complete a Lease Review, you are required to pay us or our designated affiliate a lease review fee in the amount of Two Thousand Five Hundred Dollars ($2,500) ("Lease Review Fee") for reviewing and providing comments to your proposed lease.

5.8 Lease Guarantee Fee.

If, in order to obtain the lease agreement for the Location of your Franchised Business, the landlord requires you to obtain a lease guarantee, and we or one of our affiliates agree to serve as such guarantor, you will pay us or our affiliate a fee in the amount of ten percent (10%) of the total amount of the rental obligations being guaranteed under the lease during its term up to a maximum fee of Ten Thousand Dollars ($10,000) ("Lease Guarantee Fee"). The Lease Guarantee Fee will be due and payable upon our or our affiliate's execution of the applicable lease guarantee agreement with the landlord. Neither we nor any of our affiliates are required to serve as a guarantor of your lease for the Location of your Franchised Business; rather, the decision of whether to serve as a guarantor shall be made in our sole discretion. In the event that you request us or our affiliate to either agree to be the tenant under the lease or execute a separate guarantee to the lease, and you pay the required Lease Guarantee Fee, you agree and acknowledge that payment of the Lease Guarantee Fee shall not, in any manner, be deemed as an insurance policy which limits your liability in connection with the Franchised Business, including any and all financial liability under the sublease or lease related to the Location. You further agree

and acknowledge that our or our affiliate's agreement to act as tenant or guarantor under the lease, and your payment of the Lease Guarantee Fee to us or our affiliate, does not result in the assumption or transfer of your liability, in connection with the Franchised Business, by or to us or our affiliate.

5.9 Additional Persons Training Fee.

The training of two (2) individuals is included in the Initial Franchise Fee. If you desire to have more than two (2) people attend the Training Program, you must pay an additional training fee of One Thousand Dollars ($1,000) for each such person to attend the In-Store Training and an additional Seven Hundred Fifty Dollars ($750) for each such person to attend the New Owner Training (individually and collectively, "Additional Persons Training Fee") (see *Section 4.1*).

5.10 Additional Training Fee.

If, after attending the Training Program, you desire to, or we require that you, receive additional training, we will provide additional training time to you for a fee of Three Hundred Dollars ($300) per person per day. Such additional training will be at a time reasonably agreed to by you and us, and will be conducted at Franchisor's headquarters, online, or such other location as we may designate in our sole discretion. You will be solely responsible for all transportation costs and expenses, food, lodging and other personal costs and expenses incurred by you and your employees in connection with this additional training.

5.11 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.

5.12 Renewal Franchise Fee.

A renewal franchise fee of fifty percent (50%) of the then-current initial franchise fee not including any discounts or reductions ("Renewal Franchise Fee") is payable to us when you renew this Agreement (see *Section 13.i*).

5.13 Transfer Franchise Fee.

a. Not applicable.

b. A Potential Transferee (as defined in *Section 12.1c*.) receiving this Agreement, as may be amended, in connection with a Full Transfer (as defined in *Section 12.1a.1*.), must pay to us a transfer franchise fee of Seventeen Thousand Five Hundred Dollars ($17,500) ("Transfer Franchise Fee").

5.14 Relocation Fee.

A relocation fee of Five Hundred Dollars ($500) ("Relocation Fee") is payable to us when you sign the amendment to your Franchise Agreement for your relocation (see *Section 2.5*).

5.15 Not Applicable.

5.16 Annual Meeting Registration Fee.

If we hold an annual meeting ("Meeting"), the Meeting may be held at various locations throughout the United States and/or online as we may designate in our sole discretion. Because the planning and funding of the Meeting must be done well in advance and requires a substantial financial commitment, we have the right to debit your Depository Account for up to One Thousand Dollars ($1,000) for the Meeting registration fee at any time sixty (60) to ninety (90) days prior to the first day of the Meeting. This fee may be debited from your account (even if you do not attend the Meeting). You will also be solely responsible for all costs incidental to attending the Meeting. If you do not attend the Meeting, we will make available to you one (1) full set of the substantive materials that were presented at the Meeting.

5.17 Late Report; Interest; Late Charge; Non-Sufficient Funds Fee; Breaching Royalties; Draft Draw Charge.

If you fail to submit to us any financial statements, forms, reports or records required to be provided under this Agreement by its due date, including your weekly Gross Sales report for calculating your Royalty Fee and Advertising Fee, you must pay to us a late report charge of One Hundred Dollars ($100) per week or part thereof.

If any fees or assessments due under this Agreement, including the Royalty Fee and Advertising Fee, are not paid when due, interest shall accrue on the late payment (from the date payment is due until the date payment is made) at the Default Rate, which amount, plus a late charge of five percent (5%) of the unpaid amount, or One Hundred Dollars ($100), whichever is greater, shall be added to each late payment. For any payments made by you to us under this Agreement which are returned for non-sufficient funds of a processed check, you shall be charged a non-sufficient funds fee of Twenty-Five Dollars ($25) per occurrence. Pursuant to *Section 5.6*, for each electronic funds transfer that is attempted from the Depository Account but returned for non-sufficient funds, you shall be charged a Fifty Dollars ($50) non-sufficient funds fee per occurrence.

Franchisor has the absolute right to charge Franchisee the greater of: three (3) times the fixed Royalty Fee; or, if on a percentage Royalty Fee, the Royalty Fee will be increased up to eighteen percent (18%) of Gross Sales, with respect to any period during which Franchisee is in breach or default of its/his/her obligations under this Agreement without providing Franchisee advance notice or right to cure. The Royalty Fees paid or owing to Franchisor with respect to the period during which Franchisee is in breach or default are 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.

If you fail to provide us any necessary information or documentation with respect to our practice of drawing drafts against your bank accounts, you must pay us a draft draw charge in the amount of One Hundred Dollars ($100) per day that that failure continues.

If, as a result of your failure to remit payments required under any provision of this Agreement, we retain an attorney or a collection agency to collect such payments, you must pay all collection costs and expenses, including reasonable attorneys' fees and expenses, whether or not legal proceedings are initiated. Our rights under this *Section 5.17* are in addition to any other rights or remedies that we may have as a result of your default under this Agreement.

5.18 Audit Fees.

For the purpose of this *Section 5.18*, we have the right, at any time during business hours, and with or without prior notice to you, to inspect and audit, or cause to be inspected and audited, the business records, cash control devices, bookkeeping and accounting records, sales and income tax records and returns and other records of the Franchised Business and your entity's books and records.

You hereby grant us access to any computers utilized by you for such purposes and we will have the ability, at all times, via modem, to obtain daily and weekly sales reports and other financial records that the POS System provides. You will fully cooperate with our representatives, the Area Representative, if applicable, and independent accountants hired by us to conduct any such inspection or audit. In addition, in the event such inspection or audit is made necessary by your failure to furnish reports, supporting records or other information, as required herein, or to furnish such reports, records or information on a timely basis, or if an understatement of Gross Sales, resulting in an underpayment of the Royalty Fee or Advertising Fee for the period of any audit (which shall not be for less than one (1) month) is determined by any such audit or inspection to be five percent (5%) or greater, you will pay to us, immediately after receipt of the inspection or audit report, any additional Royalty Fee and Advertising Fee and other amounts due as a result of any such understatement, plus interest at the Default Rate from the date originally due until the date of payment and you must reimburse us for such audit or inspection, including the charges of any independent accountants, and the travel expenses, room, board and compensation of such accountants and our employees.

The remedies in this *Section 5.18* will be in addition to all other remedies and rights available to us under this Agreement or otherwise available.

5.19 Data Fee.

We may require you to pay us or a third-party we designate a data fee of up to Seventy-Five Dollars ($75) per month for polling or collecting data from your POS System.

5.20 POS Help Desk Phone Support Maintenance Service Fee.

You must purchase from us a help desk phone support maintenance service that covers phone support for both the software and hardware of your POS System that is supported by the help desk, the cost of which is currently Sixty Dollars ($60) monthly, and subject to increase upon thirty (30) days' notice ("POS Help Desk Phone Support Maintenance Service Fee"). The POS Help Desk Phone Support Maintenance Service Fee shall be paid by electronic funds transfer, as detailed in *Section 5.6,* and debited from your account on the last Thursday of each month.

5.21 New Supplier Approval Fee.

All requests for approving new or alternative suppliers must be submitted in writing by you or the supplier to our Purchasing Department. Each request will be reviewed in accordance with our then-current procedures and the supplier must meet our then-current requirements, which may include that our representatives be allowed to inspect the facilities of the proposed supplier, and that samples from the proposed supplier be delivered, at no charge, either to us or to our designee for testing. A charge not to exceed the amounts incurred in connection with the inspection and the test, with such cumulative amount not to exceed Five Thousand Dollars

($5,000), must be paid by you and/or the supplier. If approved, in our sole discretion, we will notify you or the supplier in writing within sixty (60) days after our receipt of an approval request. If you do not receive a written notification from us of our approval or disapproval, then the request will be deemed automatically denied after the expiration of such sixty (60) day period. You must not offer or sell in any manner any of the proposed alternative supplier's products until you receive our written approval of the proposed alternative supplier.

5.22 Reserved.

5.23 Non-participation Fee.

You must offer and sell at the Location of the Franchised Business all products designated by us, consistent with our System Standards. In addition, you must immediately incorporate into the Franchised Business all new products and services designated by us and must fully participate in all local, regional, seasonal, promotional and other programs, initiatives and campaigns adopted by us in which we require you to participate. If you fail or refuse to fully participate in any such program, initiative or campaign, you may, in our sole discretion, be required to pay a non-participation fee of One Hundred Dollars ($100) per day that you are not in compliance ("Non-participation Fee").

5.24 Grand Opening Marketing.

Ten Thousand Dollars ($10,000) ("Grand Opening Marketing") is payable to us on the earlier of: (i) prior to you executing a lease for the premises where the Franchised Business will be located; or (ii) prior to construction commencing at the premises where the Franchised Business will be located. We or our designated affiliate will create a marketing plan for (i) a grand opening event at your Franchised Business, and (ii) the initial advertising of your Franchised Business, and will work with you to obtain your input on the marketing plan. We or our designated affiliate will use the Grand Opening Marketing to pay for the grand opening and initial advertising, but may, in our sole discretion, reimburse you for some local store marketing expenses that you pay if you received our prior written approval and we received your reimbursement request within six (6) months from the opening of your Franchised Business to the public. The Grand Opening Marketing should be used within six (6) months of the opening of your Franchised Business to the public. However, if a portion of the Grand Opening Marketing is not used within those six (6) months, we may, in our sole discretion, and without prior notice, transfer the remaining portion of the Grand Opening Marketing after six (6) months from the opening of your Franchised Business to the public to the National Advertising Fund.

5.25 through 5.35 Not Applicable.

ARTICLE 6. PROPRIETARY MARKS

6.1 Ownership and Right to Use.

We warrant to you that:

a. We are the owner of all right, title and interest in and to the Proprietary Marks;

b. We have granted to you the personal, non-exclusive, limited, revocable right and license to use the Proprietary Marks in connection with the operation of your Franchised Business;

c. We have taken and will take all steps reasonably necessary to preserve and protect our rights in the Proprietary Marks; and

d. We will only permit you to use the Proprietary Marks in accordance with the System Standards.

6.2 Covenants of Franchise Owners.

a. You acknowledge our ownership of the Proprietary Marks, and you agree that during the Term and after its expiration or termination, you will not directly or indirectly contest, or aid in contesting, the validity of the Proprietary Marks or our ownership of the Proprietary Marks, nor will you take any action which might impair or prejudice our ownership of the Proprietary Marks. You shall not, directly or indirectly, apply to register, register or otherwise seek to own or control any of the Proprietary Marks, or any confusingly similar mark thereto, whether in whole or in part, in any place or jurisdiction either within or outside of the United States; nor will you assist any others to do so.

b. You agree that the license granted pursuant to this Agreement authorizes you to use the Proprietary Marks solely in connection with the Franchised Business only at the Location, and for no other purpose. You have no right to license or sublicense any aspect of the System Standards or any of the Proprietary Marks.

c. You agree to use the Proprietary Marks only in the manner and to the extent specifically licensed by this Agreement. You further agree that any unauthorized use or continued use of the Proprietary Marks after the termination or expiration of this Agreement will constitute irreparable harm and is subject to injunctive relief.

d. The license granted by this Agreement includes only the Proprietary Marks, now existing or which may exist in the future. This license does not include the right to use any other trademarks, service marks, trade name or trade dress owned by us or our licensor anywhere in the world. You agree that any and all goodwill associated with and identified by your use of the Proprietary Marks will inure directly and exclusively to our benefit, and that, on the expiration or termination of this Agreement, no monetary amount will be due or payable to you as a result of any goodwill associated with your ownership or operation of the Franchised Business.

6.3 Limitations on Franchisee's Use of Proprietary Marks.

To develop and maintain high and uniform standards of quality and service and thereby protect our reputation and goodwill and that of the System, you agree:

a. To operate and advertise the Franchised Business only under the Proprietary Marks authorized by us;

b. To adopt and use the Proprietary Marks licensed by this Agreement solely in the manner prescribed by us;

c. That your corporate, partnership or other entity name including trade name, will not include any of the Proprietary Marks, in whole or in part, or any terms confusingly similar thereto, unless first authorized by us in writing;

d. To submit all advertising, promotional materials and all printed matter, including stationery, business cards, and any materials to be used on the Internet to us for our written approval before you use any of these items; and

e. That we may from time to time change or modify the System Standards, including modifying existing Proprietary Marks or adopting new marks. You agree, at your own expense, to adopt, use and display any such new or modified Proprietary Marks within ninety (90) days after notification from us. However, if we require you to modify or discontinue use of our proprietary 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 proprietary information infringed upon a third-party's rights, we or our affiliate will bear the actual, direct, and reasonable costs of those modifications or discontinuances. The rights granted to Franchisee under this Section shall be Franchisee's sole and exclusive remedy for any infringement by any part of the System.

Upon your abandonment of the Franchised Business (whether voluntary or involuntary), termination or expiration of this Agreement, you must immediately cease to use, in any manner whatsoever, any of the Proprietary Marks or any other marks which, in whole or in part, may be confusingly similar to any of the Proprietary Marks.

6.4 Non-Exclusive License of Proprietary Marks.

You understand and agree that your license to use the Proprietary Marks is non-exclusive; that we, in our sole discretion, can grant to other franchisees the right to use the Proprietary Marks and obtain the benefits of the System Standards, in addition to the licenses and rights granted to you under this Agreement; and that we or our affiliates may develop and license other proprietary marks in conjunction with concepts other than the *Cold Stone Creamery* concept, on any terms and conditions we deem advisable. You will have no right or interest in any such other licenses, proprietary marks or systems.

6.5 Notification of Infringement and Claims.

You agree that you will notify us immediately of any apparent infringement of, or challenge to your use of any of the Proprietary Marks, or any claim by any person of any rights in any of the Proprietary Marks. You agree that you will not communicate with any person, other than us and our legal counsel, in connection with any such infringement, challenge or claim. We will have the sole discretion to take such action as we may deem appropriate to protect the Proprietary Marks and the exclusive right to control any litigation, United States Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge, claim or otherwise relating to any Proprietary Marks. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interests in connection with any such litigation or proceeding, or to otherwise protect and maintain our interests in the Proprietary Marks.

ARTICLE 7. TRADE SECRETS AND PROPRIETARY INFORMATION

7.1 Innovations.

During the Term, you and your principals, officers, managers and employees may conceive, invent, create, design or develop various ideas, techniques, methods, processes and procedures, recipes, formulae, products, packaging or other concepts and features relating to restaurant operations, business practices or the manufacturing, production, marketing and sale of super-premium ice cream, cakes, pies, smoothies, shakes, specialty beverages, other dessert with frozen confections, and other food and beverage items, and related goods now in existence or later developed, adopted, or improved in connection with the Franchised Business (individually and collectively, "Innovations"). You, without further consideration, hereby assign any and all of your rights, title and interest in the Innovations, including any intellectual property rights, to us, and also agree to cooperate with us and our counsel in the protection of the Innovations, including the perfecting of title thereto in us. In addition, you will require all of your principals, officers, managers and employees to sign an agreement in the form set forth in our System Standards and incorporated herein by reference ("Confidentiality Agreement"), and shall be liable to us for obligating your principals, officers, managers and employees to assign all of their rights, title and interest to the Innovations to us and requiring your principals, officers, managers and employees to cooperate in obtaining, protecting, maintaining and enforcing our right, title and interest in the Innovations.

7.2 Confidentiality Agreement.

a. In connection with the operation of the Franchised Business, you will from time to time receive, have access to, or learn certain information and materials that are proprietary to us or our affiliate. You and any person signing this Agreement under the heading "Personal Acceptance of *Sections 7.1, 7.2, 14.6* and *14.8*" agree that you will keep confidential, and will not use for your own purposes, nor supply or divulge to any other person, any of our Trade Secrets, including our methods of operation, processes, techniques, formulae and procedures, information a reasonable person would believe to be confidential and any other proprietary information regardless of whether such is expressly marked as confidential ("Confidential Information"). You acknowledge that much of the information imparted to you by us is confidential, constitutes Trade Secrets, ~~are~~ is unique to us, and remains our sole exclusive property. Our Confidential Information includes, without limitation, the following:

1. The Confidential Manual and any amendments thereto;

2. Ingredients, recipes, and methods of preparation of food products;

3. Methods of operation of *Cold Stone Creamery* restaurants;

4. Information about products, services, or procedures before they become public knowledge;

5. Information which relates in any manner to our business or the System Standards, whether oral or reduced to writing, and which is not generally known to, or readily ascertainable by, other persons who might derive economic benefit from its disclosure or use; and

6. Any other information which may be imparted to you from time to time and designated by us as confidential.

b. You and any person signing this Agreement under the heading "Personal Acceptance of *Sections 7.1, 7.2, 14.6* and *14.8*" acknowledge and agree that the Confidential Information and any business goodwill of the Franchised Business is our sole and exclusive property, and that you will preserve the confidentiality thereof. Upon termination or expiration of this Agreement, all items, records or documentation recording or incorporating any Confidential Information, including any copies thereof, will be immediately turned over by you to us or our authorized representative.

c. You agree to take all steps necessary, at your own expense, to protect the Confidential Information, including our Trade Secrets, and to adopt and implement all reasonable procedures prescribed by us from time to time to prevent the unauthorized use or disclosure of any of the Confidential Information. We require that all of your executive officers, agents, directors, shareholders, trustees, beneficiaries, partners and managers who may or are likely to obtain knowledge concerning the Proprietary Information (and who do not sign this Agreement under the heading "Personal Acceptance of *Sections 7.1, 7.2, 14.6* and *14.8*") sign the Confidentiality Agreement binding such person to preserve the confidentiality of the Confidential Information as part of the terms and conditions of such person's employment or association with you. You must obtain a Confidentiality Agreement signed by any such person prior to or at the same time that you begin employment of, or association with, that person. This will be a continuing obligation on your part throughout the Term. You must keep each original signed Confidentiality Agreement and provide us with a copy of each Confidentiality Agreement when requested by us or our authorized representative.

d. Notwithstanding the above, Confidential Information shall not include information which you can reasonably prove: (i) entered the public domain through no breach by you or your affiliate of any duty of confidentiality, or (ii) you received our prior express written consent to disclose in the manner in which you disclosed it.

e. If anyone under a Confidentiality Agreement is legally compelled or required by a regulatory body to disclose any Confidential Information, he/she/it will notify us as soon as possible and will use his/her/its best efforts to obtain, and give us an opportunity to obtain, appropriate assurances of confidential treatment.

f. The requirements under this *Section 7.2* will remain in full force and effect during the Term and after termination or expiration of this Agreement.

ARTICLE 8. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

8.1 Relationship of the Parties.

You and we agree that this Agreement does not create any fiduciary or employment relationship between you, or any of your employees, and us, that you are an independent contractor, and that nothing in this Agreement is intended to make either you or us a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. You shall not enter into any agreement on behalf of or otherwise bind us for any purpose.

Should it ever be asserted that Franchisor is the employer, joint employer or co-employer of any of your or your affiliate's employees in any private or government investigation, action, proceeding, arbitration, or other setting, you irrevocably agree to assist Franchisor in defending said allegation, including (if necessary) appearing at any venue requested by Franchisor to testify on our 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 your employees).

8.2 *Indemnification of Franchisor*.

You agree to indemnify, defend and hold us and our affiliates (including our parent and subsidiary companies, current, past and future predecessors, successors and assigns), and each of our shareholders, owners, directors, officers, members, managers, partners, joint venturers, attorneys, employees, contractors, agents, representatives, guarantors, insurers, spouses, heirs, executors, trustees and estates (collectively with us, "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, Promotions (as defined in Article 10), operation, including your failure to comply with PCI DSS or any law, statute, regulation, order, rule, or ordinance, or management of the Franchised Business, except for Claims held to have resulted solely from our gross negligence or willful misconduct. Notwithstanding the foregoing, we will have the right, at our option, to defend any Claim, 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 Cold Stone Creamery brand.

8.3 Indemnification of Franchisee.

We agree to indemnify, defend and hold you and your 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 Claim of infringement or unfair competition in connection with your authorized use of the Proprietary Marks or Confidential Information, provided that such use is in accordance with the provisions of this Agreement. However, if we require you to modify or discontinue use of our Proprietary 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 Proprietary 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.

8.4 Special Power of Attorney.

You agree to cooperate with and assist us as we may request from time to time to obtain, protect, maintain or enforce our intellectual property and Proprietary Marks, including executing

documents and appearing as a witness. You hereby appoint us as your attorney-of-fact and hereby grant us an irrevocable Special Power of Attorney, coupled with an interest, with full power and authority for the purpose of executing documents or taking such action as necessary or appropriate as you might or could do if personally present, hereby ratifying all that we, as your attorney-in-fact, shall lawfully do or cause to be done by virtue of this Special Power of Attorney to obtain, protect, maintain or enforce our intellectual property and Proprietary Marks if we are, for any reason, unable to obtain your cooperation or assistance. The Special Power of Attorney granted by this *Section 8.4*, shall survive your dissolution, death, incompetence or disability and the termination or expiration of this Agreement.

ARTICLE 9. OPERATING STANDARDS AND DUTIES OF FRANCHISE OWNER

9.1 Compliance with System Standards and Confidential Manual.

You understand and acknowledge that every detail of the operation of the Franchised Business is important in order to develop and maintain high and uniform standards of quality, cleanliness, appearance, service, facilities and techniques; to increase the demand for the System; and to protect our reputation and goodwill and that of other *Cold Stone Creamery* franchisees. You also acknowledge that the operation of the Franchised Business is your sole responsibility, and that neither we nor our affiliates have any responsibility to obtain customers for you. The System Standards will constitute provisions of this Agreement as if fully set forth herein.

9.2 Authorized Products and Services.

a. You agree that you will not, without our prior written approval, offer at the Location any menu items, beverages, products or services that are not authorized by us for the Franchised Business, as set forth in the System Standards.

b. You have complete discretion in establishing the minimum price you charge for your products. Although we may suggest pricing strategy, you will have the final pricing decision.

c. Notwithstanding the terms of *Section 9.2b.*, we may conduct periodic promotional campaigns during which a specified product or products are promoted at a specified price. During the promotional period, you may not charge your customers more than the specified promotional price, although you may charge less than the promotional price.

d. We may conduct new marketing, research and development, branding and operational program tests, which will generally be conducted with experienced, existing franchisees and may include incentives and other rights that are not available to all franchisees.

e. You hereby consent to third-party vendors, suppliers and distributors sharing with us any and all information, reports, invoices and related documentation covering and otherwise detailing your purchases for the Franchised Business, and to us sharing your contact information with them when we reasonably believe they may offer you a desired benefit.

f. You are required to accept debit and credit cards (including Visa®, MASTERCARD® and AMERICAN EXPRESS®) and Gift/Loyalty Cards from consumers at the Franchised Business. Prior to the opening of your Franchised Business, you are required to acquire, and maintain during the Term, an approved debit, credit and Gift/Loyalty Card processing

system ("Card Processing System") to use during the operation of the Franchised Business. Additionally, you must utilize our approved third-party payment card processor, as identified in the System Standards, for processing all Card Processing System transactions.

9.3 Specifications and Standards for Supplies; Approved Suppliers; Rollouts.

a. You must purchase or otherwise acquire certain proprietary or required equipment and supplies utilized in the Franchised Business only from our designated approved distributors or suppliers. If, during the Term, we change designated approved distributors or suppliers for any of the proprietary or required equipment and supplies utilized in the Franchised Business, you shall change to the new designated approved distributor or supplier within sixty (60) days after written notification of such change from us.

You acknowledge Franchisor and/or its affiliates has the right to receive commissions, volume discounts, purchase discounts, performance payments, bonuses, rebates, marketing and advertising allowances, co-op advertising, administrative fees, enhancements, price discounts, economic benefits and/or other payments ("Payments") based upon the actual purchases of the foods, beverages, and other products by Franchisor, its affiliates, area developers and franchisees from suppliers. Any such Payments made to Franchisor may be retained by Franchisor ~~or distributed to franchisees in such amounts and using such allocation methods as Franchisor~~as it deems appropriate, in its sole discretion. All Payments received from a supplier for a designated purpose (such as participation at an annual convention, etc.) will be spent in accordance with the supplier's designated purpose.

b. If you desire to purchase or otherwise acquire any equipment, supplies or inventory items required by the System Standards but not previously approved by us, or from sources not previously approved by us, you must submit to us sufficient specifications, photographs, drawings and other information sufficient to allow us to determine whether such equipment, supplies or inventory items meet our System Standards. We may require that our representatives be allowed to inspect the facilities of the proposed supplier and revoke its approval upon the supplier's failure to meet any of our then-current minimum System Standards. We may also require that samples from the proposed supplier be delivered, at no charge to us, either to us or to our designee for testing. A charge not to exceed the reasonable cost and expense of the inspection and the actual cost and expense of the test must be paid to us either by you or by the proposed supplier. We will notify you within sixty (60) days after your request of our approval or disapproval of the proposed product or supplier, with such determination to be made at our sole discretion. If you do not receive a written notification from us of our approval or disapproval, then the request will be deemed automatically denied after the expiration of such sixty (60) day period You acknowledge and agree that our approval of any item or supplier of equipment, supplies or inventory not previously approved by us will not, in and of itself, make the supplier of that item an approved supplier for other *Cold Stone Creamery* franchise owners in the System. We may, in our sole discretion, at any time and from time to time, re-inspect the facilities and products of any approved supplier and revoke its approval upon the supplier's failure to meet any of our then-current System Standards. If you receive a notice of revocation from us, you must immediately stop selling disapproved products and purchasing from the disapproved supplier.

c. We will provide to you a list of all recommended and required items of equipment, fixtures, supplies, smallwares and interior decor. This list will be included in the System Standards.

d. At any time and from time to time, we may in our sole option engage in new product rollouts to add to or change the menu items offered for sale in the Franchised Business and the ingredients or supplier of ingredients utilized in the preparation of the menu items sold in the Franchised Business ("Rollout"). If we engage in a Rollout, you shall participate in the changes that are the subject of such Rollout, including offering the new menu items, changing the menu items, changing to the new supplier of the ingredients utilized in the preparation of the menu items, and changing to the new ingredients utilized in the preparation of the menu items. If we engage in a Rollout, we will notify you of the details of the Rollout and provide you sixty (60) days from said notification to take the applicable actions required by the Rollout.

9.4 Compliance with Legal Requirements and Good Business Practices.

You must, at your sole expense, operate the Franchised Business in full compliance with all applicable Federal, state and local statutes, laws, ordinances and regulations, including, without limitation, health and safety regulations, food and drug laws, disability laws, labor and employment laws and data privacy laws, as may be amended, supplemented or enacted from time to time. You must pay all costs and expenses incurred by, and in the conduct of, the Franchised Business, including all rent, salaries, taxes (excluding our income taxes), disbursements, license or permit fees, insurance premiums, traveling expenses and any other business expenses when they become due. If you receive any demand, action, suit or proceeding, or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to your Franchised Business, you must immediately notify us, and in no event, later than three (3) days after your receipt. Any such notice must be accompanied by a copy of the demand, complaint, order, writ, injunction, award, decree or other similar document. You must, in all dealings with your employees, customers, suppliers, the public and us adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business practice that may be injurious to the System or the goodwill associated with the Proprietary Marks.

9.5 Maintenance of Insurance.

At all times during the Term, you must maintain in full force and effect at least the minimum types and amounts of insurance coverage that we require, under one (1) or more policies of insurance (each of which shall be primary coverage and shall not be contributory or secondary to any other coverage maintained by us), insured under the particular name of the Franchisee and for the particular address of the Franchised Business. You understand and acknowledge that you remain fully liable for any and all claims in connection with the operation of the Franchised Business arising during the Term of this Agreement, including without limitation, for any time period during which you may be in the process of obtaining a valid and complete certificate of insurance or is otherwise out of compliance. We do not waive and hereby reserve your obligations under this Agreement, including without limitation your insurance obligations.

Such insurance policies must be issued by insurers acceptable to us having an A.M. Best's financial strength rating of at minimum "A-VIII," and grant us authority to obtain copies of your certificate of insurance directly from the carrier or your agent/broker. The particular requirements of our minimum insurance coverage will be made available to you throughout your term. Currently, the general liability insurance required by this Agreement must: (i) name Kahala Franchising, L.L.C. as the certificate holder; (ii) name Kahala Franchising, L.L.C. and MTY Franchising USA, Inc. and their parents, subsidiaries, affiliates, officers, directors, and employees as additional insureds; (iii) contain a waiver by the insurance carrier of all subrogation rights

against us and our affiliates and our affiliates' respective officers, directors and employees for casualty losses; (iv) indicate the address of the Franchised Business being insured; and (v) provide that we will receive a copy, via an endorsement, thirty (30) days' prior notice of cancellation of any such policy. Additional minimum insurance coverage requirements (subject to increase or otherwise change in our sole discretion) are as follows:

TYPE OF COVERAGE	LIMITS/SPECIFICATIONS
General Liability	$1,000,000 Bodily Injury/Property Damage Per Occurrence / $2,000,000 Aggregate
Building Improvements and Betterments	100% of Full Replacement Cost – No Coinsurance (minimum of $100,000)
Business Personal Property	100% of Full Replacement Cost – No Coinsurance – Special Form or equivalent (minimum of $100,000)
Spoilage	$5,000
Flood, Earthquake and Volcanic Eruption	Subject to Territory Limitations – required if in a designated Flood Zone
Workers' Compensation and Employer's Liability Insurance	As required by law
~~Employment Practices Liability Insurance with Franchisor Defense coverage~~	~~$1,000,000~~
Hired and Non-Owned Automobile Liability	$1,000,000 Combined Single Limit per accident

You need to evaluate if your particular business will require greater coverage or other types of insurance. For example, we strongly recommend that you consult with an insurance broker to discuss whether your particular lease/situation requires and/or should obtain additional common types of insurance (including without limitation, employment practices liability, umbrella insurance, and cyber liability/data breach insurance coverage). Such insurance may significantly increase your premiums, but may also save you money in the long run.

You are responsible for maintaining insurance coverage and limits as required by us, at minimum, pursuant to this *Section 9.5*, provided, if your landlord requires additional coverage, higher limits, or any other requirements not required by us, then you are responsible for maintaining such additional items as well. You must always keep the required insurance coverage in force at all times during the operation of the Franchised Business, and you must comply with any changes we make periodically to our insurance requirements. Upon 30 days' notice to you, we may require you to increase and/or otherwise change the minimum coverage of the insurance referred to above, including to reflect identification of special risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances.

Subject to *Section 3.1*, before you may open your Franchised Business~~restaurant~~, annually thereafter at least ten (10) days prior to renewal of your insurance coverage, and at any other time on our request, you must provide us with certificates of insurance or copies of insurance policies showing that you are in compliance with our insurance requirements, as well as proof that you have paid the premiums you owe for the insurance we require. You will pay your insurance premiums to your insurance broker or to the insurance company issuing the policy. We or our affiliate may, at our option and in addition to our other rights and remedies under this Agreement, obtain such insurance coverage on your behalf, and you must promptly execute any applications

or other forms or instruments required to obtain any such insurance and pay to us, on demand, any costs, expenses and premiums (in whole or part) incurred by us. Your obligation to obtain and maintain the insurance described above will not be limited in any way by reason of any insurance maintained by us, nor will your performance of such obligations relieve you of any obligations under *Section 8.2*.

9.6 Management of the Franchised Business.

You are directly responsible for all aspects of operating the Franchised Business, and you agree that you will, at all times, operate the Franchised Business and use your best efforts to enhance your Franchised Business and the System. The Franchised Business must be personally managed and directly operated by either you or another partner, shareholder or member of your business organization, or a manager.

9.7 Inspections by Franchisor.

For the purpose of this *Section 9.7*, you must make available to us or our authorized representatives such financial and other information concerning the Franchised Business, and you must permit us or our authorized representatives to have full and free access to such information at your Franchised Business Location during regular business hours without prior notice. We and our authorized representatives will have the right to communicate freely with your employees, and make extracts from, and copies of, all such information. Our authorized representative may make announced or unannounced inspections of your Franchised Business to ensure compliance with all of the requirements of this Agreement.

9.8 Personal Guaranty.

If you are an individual and married, your spouse must execute and deliver to us a Guaranty of Franchise Agreement at the same time that you sign the Agreement unless your spouse is also signing the Agreement as an individual.

If you are a corporation, limited liability company, or other business entity, each of your shareholders, members, or other owners, whether direct or indirect (and their respective spouses, if married) must execute and deliver to us a Guaranty of Franchise Agreement at the same time that you sign this Agreement.

In the event any person who has not previously signed a Guaranty of Franchise Agreement becomes your spouse or shareholder, member, or other owner, direct or indirect or a spouse of such shareholders, members, or other owner, at any time after the execution of this Agreement, you must cause such person(s) to immediately execute and deliver a Guaranty of Franchise Agreement to us.

Failure to provide a Guaranty of Franchise Agreement to us may, in our sole discretion, be grounds for termination of this Agreement as set forth in *Section 14.2a*.

9.9 Not Applicable.

ARTICLE 10. ADVERTISING AND PROMOTION

10.1 Advertising by Franchisor.

We (or at our election a third-party which may be an affiliate of ours) will administer the Advertising Fund that will include your Advertising Fee and those of other franchise owners in the System. If an affiliate of ours administers the Advertising Fund or places advertising in connection with the System, such affiliate may be paid a fee that will not exceed the fee that would be payable to unrelated third-parties for comparable services. Unless required by applicable law, we will have no obligation to create a trust account, escrow account or other special account for the Advertising Fund, and the monies comprising the Advertising Fund may be placed in our general account. We may also reserve the Advertising Fee for use in a subsequent year.

We will direct all advertising and promotional programs. We will have sole discretion over all creative concepts, materials and media used in such programs and the placement and allocation of such programs. The Advertising Fund will be used for marketing, advertising, production and media expenses to promote the *Cold Stone Creamery* trade name, System, products and services. We are entitled to deduct, free of charge, the following from the Advertising Fund: reimbursement of expenses, overhead, and employee salaries for services provided; and rent for office space provided to the Advertising Fund. We are not required to use any specific amounts from the Advertising Fund in your market. However, we in our sole discretion, may use some amounts contributed by you to any Advertising Fund, if any (see *Section 5.3*), in the same geographic area in which your Franchised Business is located.

10.2 Advertising by Franchisee.

In addition to your Advertising Fee, if applicable, and your grand opening promotional advertising program required under *Section 5.24*, and unless your Franchised Business is located in an enclosed shopping mall or other enclosed structure identified in *Section 1.1*, you agree to pay for a regular (white pages) and classified (yellow pages) telephone directory advertisement in the main directory distributed in the area where your Franchised Business is located, in such directory categories as we specify, utilizing forms of listing and classified directory advertisements approved by us. We also recommend that, in addition to your Advertising Fee, you spend at least two percent (2%) of your monthly Gross Sales on local advertising.

Your own local marketing and advertising plan should be developed to maximize your particular customer base. You should not rely upon a marketing program or plan by us as the sole means of obtaining customers. All marketing and advertising materials must be reviewed by ~~the~~ Franchisor's or Franchisor's affiliate's marketing department for look and feel. The marketing department's review is not for determining compliance with federal, state and local laws.

All advertising by you in any medium must be conducted in a professional manner and must conform to the System Standards. We may make available to you, from time to time, advertising, promotional plans and materials for purchase.

Under no circumstances may you use, without limitation, the name, image, or voice of a celebrity, public figure, character or other person in connection with the Proprietary Marks or the Franchised Business without our prior written consent. We retain the sole and exclusive right to use, without limitation, the name, services or image of any celebrity, public figure, character or other person in advertising, endorsing or recommending the System.

ARTICLE 11. ACCOUNTING PROCEDURES AND REPORTS

11.1 Maintenance of Records.

You shall keep full, complete, and accurate books and accounts in accordance with generally accepted accounting principles, and in the form and manner indicated below or as from time to time further required by us. You agree to submit reports and data to us electronically if we advise you to do so. You agree:

a. to submit to us electronically the weekly Gross Sales as set forth in *Section 5.6*;

b. to submit to us, on or before the thirtieth (30th) day of each month, commencing with the opening of the Franchised Business, in a format and method approved by us (including through a third-party vendor that franchisee may be required to pay for), a profit and loss statement of the Franchised Business for the preceding calendar month prepared in accordance with generally accepted accounting principles;

c. to submit to us, within ninety (90) days after the end of each calendar year, commencing with the opening of the Franchised Business, in a format approved by us, a profit and loss statement and balance sheet (including a statement of retained earnings or partnership account) for the preceding calendar year;

d. to submit to us, at the times required, such other periodic forms, reports and information as may from time to be time be required by us;

e. to preserve, in the English language and for the time periods set forth below, all accounting records and supporting documents related to the Franchised Business (individually and collectively, "Records"), including:

1. daily cash reports;

2. cash receipts journal and general ledger;

3. cash disbursements journal and weekly payroll register;

4. monthly bank statements, daily deposit slips and canceled checks;

5. all tax returns, including your personal returns and those of your officers, shareholders, partners and members;

6. suppliers invoices (paid and unpaid);

7. dated cash register tapes (detailed and summary);

8. semi-annual balance sheets and monthly profit and loss statements;

9. daily production, throwaway and finishing records and weekly inventories;

10. records of promotion and coupon redemptions;

11. records of all outside sales; and

12. such other records as we may from time to time request.

f. to record all sales on cash registers approved by us, as specified in the Confidential Manual;

g. to file all of your federal and state tax returns on a timely basis and to provide copies of them to us. We may, where applicable, require that tax returns from all of your shareholders, members or partners be provided to us, if you are other than an individual;

h. During the Term, you shall preserve the Records for at least the current fiscal year and for the three (3) immediately preceding fiscal years. For three (3) years after the date of any transfer of an interest in this Agreement, the transferor of such interest will preserve the Records for its last three (3) fiscal years of operation under this Agreement. For three (3) years after the expiration of the Term (or after any earlier termination), you shall preserve the Records for the last three (3) fiscal years of operation of the Franchised Business; and

i. In connection with our efforts to attract additional franchise owners to the System, we will have the right to use (without identifying you, except as required or allowed by law) any financial statements, sales reports, profit and loss statements or balance sheets provided by you and, in connection therewith, you authorize us to disclose any information contained on such financial reports as may be required by any federal or state registration or disclosure law.

11.2 Audit by Franchisor.

We will have the right, at any time during business hours, and with or without prior notice to you, to inspect and audit, or cause to be inspected and audited, the Records and cash control devices of the Franchised Business, and your corporate, partnership or limited liability company books and records (if you are a corporation, partnership, limited liability company, or other entity). You agree that we may access any computers utilized by you for such purposes.

You will fully cooperate with our authorized representatives and independent accountants hired by us to conduct any such inspection or audit. In the event any such inspection or audit discloses an understatement of your Gross Sales for any period in question, you will pay to us, immediately after receipt of the inspection or audit report, any additional Royalty Fee or Advertising Fee due as a result of any such understatement, plus interest at the Default Rate from the date originally due until the date such understatement is paid in full.

In addition, in the event such inspection or audit is made necessary by your failure to timely furnish Records, or if an understatement of the Royalty Fee or Advertising Fee for the period of any audit (which period shall not be for less than one (1) month) is determined by any such audit or inspection to be five percent (5%) or greater, you must reimburse us all amounts incurred in connection with such audit or inspection including our employee costs and expenses, any independent accountants' and attorneys' fees, transportation, room, and meal expenses.

The remedies in this *Section 11.2* will be in addition to all our other remedies and rights under this Agreement or under applicable law.

ARTICLE 12. TRANSFER

Sections 12.1 through *12.4* apply to all transfers, except transfers by us, which are described in *Section 12.5*.

12.1 Prior Consent of Franchisor.

a. As used in this Agreement, "Transfer" means any voluntary, involuntary (including by operation of law), direct or indirect assignment, sale, gift or other transfer by you, including:

1. "Full Transfer," which is any act or circumstance, except those set forth in *Section 12.1.a.2.*, by which fifty percent (50%) or more of the ownership or control is shifted from any individual or corporation, partnership or other business entity (individually and collectively, "Entity") to another, including:

(i) Transfer of this Agreement or the Franchised Business, or any right or interest granted by this Agreement;

(ii) Transfer of an interest in you, if you are an Entity;

(iii) Merger, consolidation or issuance of additional ownership interests or redemption of ownership interests in you, if you are an Entity; or

(iv) Transfer of an interest in any other Entity holding an interest in this Agreement or you, if you are an Entity.

2. "Affiliate Transfer," which includes:

(i) Transfer in a separation or divorce, regardless of how much of the ownership or control is shifted from any individual or Entity to another;

(ii) Transfer of this Agreement or the Franchised Business, or any right or interest granted by this Agreement from your name as an individual(s) to your Entity name in which you are the sole owner(s) of the Entity;

(iii) Transfer of this Agreement or the Franchised Business, or any right or interest granted by this Agreement, from your Entity name in which you are the sole owner(s) to your name as an individual(s);

(iv) Transfer of this Agreement or the Franchised Business, or any right or interest granted by this Agreement from one Entity name to another Entity name in which the owners of the entities are the same;

(v) Removing an owner from the Franchisee (unless the person has a fifty percent (50%) or more ownership interest);

(vi) Adding an owner to the Franchisee (unless the person has a fifty percent (50%) or more ownership interest); or

(vii) Transfer by which less than fifty percent (50%) of the ownership or control is shifted from any individual or entity to another for any act or circumstance listed in *Section 12.1.a.1.*

b. We are entering into this Agreement based upon our knowledge of and faith in your ability. Therefore, the Franchised Business and all the rights granted by this Agreement are personal to you and you may not Transfer without our prior written consent. Any attempted Transfer without

our prior written consent will be null and void, and will give us the right to terminate this Agreement and your rights under it, in addition to any remedies which we may have for the breach of this covenant by reason of an attempted Transfer.

c. We shall not unreasonably withhold or delay our consent to a Transfer, so long as it is shown to our satisfaction that the potential transferee ("Potential 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.

12.2 Advance Notice of Proposed Terms and Right of First Refusal.

a. If you, or any of your shareholders, members or partners, have received and desire to accept a signed bona fide written offer from a third-party to Transfer, you shall notify us and provide us with a complete copy of the offer (letter of intent) which must include the name, address and telephone number for every Potential Transferee. You must also include information as to the identity of all who will own an interest in this Agreement or in the Franchised Business after the completion of the Transfer, their respective interests, and the proposed terms and conditions of sale and payment.

b. We shall have the right and option, exercisable within thirty (30) days after the date we receive a copy of the offer, to purchase the interest proposed to be transferred, at the price and upon the same terms and conditions specified in the notice.

c. If we do not exercise our option, and the terms of the unaccepted offer are altered, you must, in each such instance, notify us of the changed offer; and we will again have thirty (30) days to exercise our right to purchase on the altered terms. If we do not 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; (ii) the Transfer takes place no later than six (6) months from receipt of our written refusal to exercise our option to purchase; and (iii) all the conditions set forth in *Section 12.3* are satisfied.

12.3 Requirement for Consent to Transfer.

If a Transfer is proposed and we do not exercise our right of first refusal pursuant to *Section 12.2*, then we will consent to the Transfer, provided that:

a. All your obligations under this Agreement are fully paid and satisfied, including the Royalty Fee and Advertising Fee; you are not in default under any provisions of this Agreement or any other agreement, legal instrument or document with us or any of our affiliates; and you enter into written agreements with us, including (except where prohibited by law) a general release by you of all claims against us;

b. Potential Transferee provides to us a completed application and financial documents, is financially acceptable, is not associated with any of our competitors, is of good moral character and reputation, and meets our criteria, which includes: 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 opinion to communicate with employees, customers and suppliers and to satisfactorily complete our training; no conflicting interests; and other criteria and conditions that we apply to new franchisees;

c. Potential Transferee provides us with copies of all governing documents of Potential 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;

d. You provide to us a copy of the purchase and sale agreement, if a Full Transfer, or other documentation evidencing the Transfer, if an Affiliate Transfer, and following our analysis of the terms and conditions of the proposed Transfer, we, in our sole discretion, conclude that such terms and conditions will not interfere with the financial feasibility of the future operation of the Franchised Business;

e. Potential Transferee enters into all agreements, legal instruments and other documents, whether our then-current agreements, legal instruments and documents or a transfer of this Agreement and related legal instruments and documents, as determined by us (individually and collectively, "Transfer Documents"). The terms of the Transfer Documents may vary materially from the current agreements used by us, including the payment of a higher Royalty Fee and Advertising Fee;

f. Not applicable;

g. Potential Transferee pays to us the transfer franchise fee set forth in the Transfer Documents, if a Full Transfer; or Potential Transferee pays us the Document Administration Fee, if an Affiliate Transfer; Franchisee shall be liable to the Franchisor for the transfer franchise fee or Document Administration Fee in the event the Potential Transferee fails to pay such fee that is owing in full;

h. Not applicable;

i. Potential Transferee successfully completes the training program required by the Transfer Documents, if a Full Transfer;

j. Potential Transferee agrees to complete all remodeling and improvements as required by us, and must upgrade the POS System to the then-current required POS System, within the time period specified by us, if a Full Transfer;

k. You and Potential 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 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; and

l. You agree to complete and sign a letter of agency, letter of authorization, or equivalent and provide it to Potential Transferee so that Potential Transferee may keep the existing telephone number when the store is transferred to Potential Transferee.

12.4 Death or Incapacity of Individual Franchisee; Change in Entity.

a. Death or incapacity of Franchisee when Franchisee is an individual:

(i) In the event of your death or incapacity, your legal representative may, for a period of ninety (90) days from the date of death or incapacitation, continue to operate the Franchised Business, provided that the operation is conducted in accordance with this Agreement and any other agreements with us.

(ii) If your representative desires to continue the operation of the Franchised Business beyond the ninety (90) day period, then, prior to the expiration of this period, your legal representative must apply in writing for the right to transfer the Franchised Business to the person or persons (whether spouse, heir, devisee, purchaser, or any other person), as the legal representative may specify. The application for transfer will be treated in the same manner as any other proposed Transfer under this Agreement.

(iii) If your legal representative does not comply with the provisions of the preceding paragraph, or does not propose a Potential Transferee acceptable to us under the standards set forth in this Agreement, all rights licensed to you under this Agreement will terminate immediately and automatically revert to us. We shall have the right and option, in our sole discretion, exercisable upon such termination, to purchase all removable furniture, fixtures, signs, equipment and other chattels, but not leasehold improvements, at a price to be agreed upon by the parties or, if no agreement as to price is reached by the parties, at such price as may be determined by a qualified appraiser, approved by both parties, such approval not to be unreasonably withheld. We shall give notice of our intent to exercise the option no later than twenty-one (21) days prior to termination.

b. Death or incapacity of any shareholder, partner, or member in Franchisee when Franchisee is a business entity:

(i) In the event of the death or incapacity of any of your shareholders, partners, or members, the surviving shareholders, partners, or members may, for a period of ninety (90) days from the date of death or incapacitation, continue to operate the Franchised Business, provided that the operation is conducted in accordance with this Agreement and any other agreements with us.

(ii) If your shareholders, partners or members desire to continue the operation of the Franchised Business beyond the ninety (90) day period, then, prior to the expiration of this period, your shareholders, partners, or members must apply jointly with all surviving shareholders, partners or members in writing, for the right to transfer the Franchised Business (or the interest of the deceased or incapacitated shareholder, partner, or member in the Franchised Business), to the person or business entity as the surviving shareholders, partners, or members may specify. The application for transfer will be treated in the same manner as any other proposed Transfer under this Agreement.

(iii) If all surviving shareholders, partners or members do not comply with the provisions of the preceding paragraph, or do not propose a Potential Transferee acceptable to us under the standards set forth in this Agreement, all rights licensed to you under this Agreement will terminate immediately and automatically revert to us. We shall have the right and option, in our sole discretion, exercisable upon such termination, to purchase all removable furniture, fixtures, signs, equipment and other chattels, but not leasehold improvements, at a price to be

agreed upon by the parties or, if no agreement as to price is reached by the parties, at such price as may be determined by a qualified appraiser, approved by both parties, such approval not to be unreasonably withheld. We shall give notice of our intent to exercise the option no later than twenty-one (21) days prior to termination.

12.5 Assignment by Franchisor.

You agree and affirm that we may, without your prior consent, sell our business, our assets, or our System, in whole or in part, to a third-party; may issue a public offering of our securities; may engage in private placement of some or all of our securities; may merge with or acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. You further agree and affirm that we have the right, now and in the future, without your prior consent, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of such franchise network, chain or business, which you acknowledge may be proximate to your Franchised Business, and to operate, franchise or license such franchise networks, chains or businesses operating under the Proprietary Marks or any other marks following our purchase, merger, acquisition or affiliation. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages against us arising from or related to the loss of your rights to use the System as authorized under this Agreement.

This Agreement will inure to the benefit of our successors and assigns. In conjunction with one (1) or more of the transactions contemplated above, or as otherwise determined by us, we have the right to assign our rights and obligations under this Agreement to any person or entity, without your prior consent. Upon such assignment, we will be relieved of all obligations or liabilities then existing or thereafter able to be asserted under this Agreement.

12.6 Restrictions on Security Interests and Subfranchising.

Except as otherwise set forth in this *Section 12.6*, you shall not have any rights to pledge, encumber, hypothecate or otherwise give any third-party a security interest in this Agreement in any manner whatsoever, nor subfranchise or otherwise transfer, or attempt to subfranchise or transfer the Franchised Business, in whole or in part, so long as it is operated as the Franchised Business, without our express prior written permission, which permission may be withheld for any reason whatsoever in our sole discretion. Notwithstanding anything contained herein to the contrary, you shall have the right to pledge your accounts receivable, net of ~~royalties~~ the Royalty Fee, Advertising Fee, and rent, without our prior written consent for the sole purpose of obtaining financing for the operation of the Franchised Business, provided you are in full compliance with this Agreement and any other agreement, arrangement or understanding with us.

ARTICLE 13. RENEWAL

Subject to the terms and conditions described below, you will have the right to renew your license to operate the Franchised Business for an additional term of five (5) years. In the event you desire to renew your license, you must give us notice to that effect at least one hundred twenty (120) days prior to the expiration date of the Term. In addition to giving the notice of renewal referred to above in a timely manner, in order to have the right to renew the license to operate the Franchised Business for an additional term, you must also meet each of the following requirements:

a. You must not then be in default under this Agreement or any other agreement, legal instrument or document with us or any of our affiliates, and no event shall have occurred that, with the giving of notice, the passage of time, or both, would constitute a default under this Agreement, including all financial obligations to us;

b. You must be in complete compliance with the terms of this Agreement, including all financial obligations to us, and the then-current Confidential Manual;

c. You must not have received more than three (3) notices of default or breach of this Agreement during ~~its~~ the T~~t~~erm, nor more than two (2) notices of default or breach during the five (5) years immediately preceding the effective date of the proposed renewal;

d. You must have the existing right to maintain possession of the Location or you must have secured and developed a suitable substitute location that meets our then-current minimum site requirements (such confirmation will be provided to you by us in writing);

e. You must sign a general release provided by us;

f. You and we must execute all agreements, legal instruments and other documents (individually and collectively, "Renewal Documents") then used by us in the renewal of franchises and then being required of new franchise owners in connection with the System. The Renewal Documents will supersede this Agreement, but will not terminate your liability to perform any obligations which you have not yet performed under this Agreement, or which survive the termination of this Agreement; nor will the Renewal Documents terminate or supersede any Guaranty of Franchise Agreement, Confidentiality Agreement, or Non-Disclosure and Non-Competition Agreement executed pursuant to this Agreement. The terms of the Renewal Documents may vary materially from the current agreements used by us, including the payment of a higher Royalty Fee and Advertising Fee;

g. The equipment, fixtures and signage used in connection with the operation of the Franchised Business must either meet our then-existing System specifications and standards, or you must agree, within a timeframe required by us, to replace or refurbish such items, and otherwise modify the methods of operation of the Franchised Business at your cost and expense, in order to comply with our System specifications and standards then applicable to new franchise owners;

h. You agree to complete all remodeling and improvements as required by us, and must upgrade the POS System to the then-current required POS System, within the time period specified by us; and

i. You shall have paid to us the Renewal Franchise Fee as required under *Section 5.12*.

If you do not meet any of the requirements for renewal, we will give you a notice to that effect which will specify the requirements not met. The notice will be given to you within sixty (60) days after you deliver to us your notice of intent to renew.

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Default; Termination.

a. You will be in default under this Agreement:

(i) If: (a) you become insolvent or make an assignment for the benefit of creditors; (b) you file a petition in bankruptcy, or if such a petition is filed against and consented to by you, and such petition is not dismissed within thirty (30) days from the filing date of such petition; (c) you are adjudicated bankrupt; (d) a bill in equity or other proceeding for the appointment of your receiver or other custodian for your business or assets is filed and is consented to by you or is not dismissed within thirty (30) days from the filing date of such bill or other proceeding; (e) a receiver or other custodian is appointed; (f) proceedings for composition with creditors under any state or federal law is instituted by or against you; (g) the real or personal property of the Franchised Business is sold at levy thereupon by any sheriff, marshal or constable, or sold by a secured party under any state's Commercial Code;

(ii) If you fail to pay, perform, observe or comply with any of your duties and obligations under this Agreement or the Confidential Manual, including failure to provide a fully-executed copy of the lease to us when due and failure to pay when due, any sum due to us under this Agreement (including the Royalty Fee and Advertising Fee) or to any Advertising Fund (inclusive of any Association); or if you breach any of your obligations under any lease, sublease, mortgage, equipment agreement, promissory note, vendor account, conditional sales contract or other contract arising from, or in connection with, the Franchised Business, to which you are a party or by which you are bound, whether or not we are a party thereto;

(iii) If your lease or sublease for the Location of the Franchised Business is either: (a) in default and you fail to cure such default as provided in the lease or sublease; (b) is terminated for reason of default by you; or (c) the Location is lost as a result of your failure to comply with the lease or sublease;

(iv) If you fail, within thirty (30) days of the entry of a final judgment against you in an amount exceeding Two Thousand Dollars ($2,000), to discharge, vacate or reverse the judgment or to stay its execution pending appeal, or to discharge any judgment which is not vacated or reversed within thirty (30) days after expiration of the stay of execution;

(v) If we determine that a serious health or safety problem exists at the Franchised Business, in which case, we may require you to immediately correct the problem or cease operating until the problem is corrected;

(vi) If you, or any owner, co-owner or principal of the Franchised Business, is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that is reasonably likely to adversely affect the System, the goodwill associated therewith, or our interest therein;

(vii) Except for any reason provided in *Section 5.2*, if you abandon the Franchised Business, which abandonment shall conclusively be deemed established if the Franchised Business is closed for more than three (3) consecutive days;

(viii) Except for any reason provided in *Section 5.2*, if you close or relocate the Franchised Business, without our express advance written consent;

(ix) If you fail to maintain an independent contractor relationship with us;

(x) If you either negligently or knowingly inaccurately report, or fail to report, any information in your franchise application;

(xi) If you or any owner, co-owner or principal of the Franchised Business commits an act, or permits an act to be committed, that violates any federal, state or local law that adversely impacts the Franchised Business;

(xii) If you fail to participate in any Rollout detailed in *Section 9.3*;

(xiii) If you violate any of the provisions of *Sections 2.3, 3.2, 9.2, 9.3* or *9.4* including the requirement that you: (a) sell or offer for sale only those products and services authorized by us; (b) purchase such authorized products and services only from suppliers or service providers who are approved in writing by us; and (c) utilize or switch to any of our designated approved suppliers, including a supplier who has entered into a national or regional master supplier agreement with us;

(xiv) If you transfer or attempt to transfer any rights or obligations under this Agreement or any other property or assets to any third-party in violation of the provisions of *Article 12*;

(xv) If you or any of your owners, officers, directors, managers, members, or partners (as applicable): (a) become subject to U.S. Executive Order 13224 or are involved in any activity that violates the U.S. Foreign Corrupt Practices Act or any other anti-corruption, bribery or any other laws, orders or governmental notices affecting your ability to conduct business in or with the United States, as may be amended and whether in effect as of the Effective Date or at any time during the Term, (b) are identified on the U.S. Department of the Treasury's Office of Foreign Assets Control Specialty Designated National and Blocked Persons list, or (c) receive any funding from any country that is subject to an embargo by the United States, any foreign government or government official, political party; or

(xvi) If you intentionally made any false representations and warranties under *Section 17.1.*

b. Cross-default: A default by you under this Agreement will be deemed a default of all agreements between: (i) you and your principals in his or her individual capacity or any other entity in which your principals are owners, members, managers, shareholders or partners (individually and collectively, "Franchisee Entity"); and (ii) us or any of our affiliates or predecessors (individually and collectively, "Franchisor Entity"). A Franchisee Entity's default of any other agreement, legal instrument or other document between the Franchisee Entity and a Franchisor Entity will be deemed a default under this Agreement. A default by any guarantor of your obligations under this Agreement or any agreement, legal instrument or document between a Franchisee Entity and a Franchisor Entity will be deemed a default of this Agreement.

c. Termination: If you fail to cure any default to our satisfaction, within the applicable period following notice from us, if applicable, or otherwise breach this Agreement, we may, in

addition to all other remedies at law or in equity or as otherwise set forth in this Agreement, immediately terminate this Agreement. This termination will be effective immediately upon the giving of notice pursuant to *Article 15*.

d. Cross-termination: If this Agreement is terminated as a result of your default of this Agreement or any other agreement related to the Franchised Business, we may, at our option, elect to terminate any or all other agreements, legal instruments or documents between a Franchisee Entity and a Franchisor Entity. If any agreement, legal instrument or document between a Franchisee Entity and a Franchisor Entity is terminated as a result of a default by the Franchisee Entity, we may, at our sole discretion, elect to terminate this Agreement. It is agreed that an incurable or uncured default under this Agreement or any other agreement, legal instrument or document between a Franchisee Entity and a Franchisor Entity will be grounds for termination of this Agreement or any other agreement, legal instrument or document between a Franchisee Entity and a Franchisor Entity, without additional notice or opportunity to cure.

14.2 Opportunity to Cure.

a. Fourteen-Day Cure Period - Except as otherwise provided in this *Section 14.2*, you will have the right to cure your default under this Agreement within fourteen (14) days after notice of default is given by us pursuant to *Article 15*. Notwithstanding the foregoing, the following lesser periods will apply under the circumstances described:

b. Seven-Day Cure Period - A seven (7) day cure period will apply if you fail, refuse, or neglect to pay when due, any monies owing to us (including the Royalty Fee and Advertising Fee), or otherwise to any Advertising Fund (inclusive of any Association), or if you fail to maintain the insurance coverage set forth in this Agreement;

c. 48-Hour Cure Period – A forty-eight (48) hour cure period will apply (1) if you are in default of *Section 3.4* or (2) if you fail to participate in any limited time product offering, value offering, contest, promotion or charity event. You must initiate your participation in such offering, contest, promotion or event within forty-eight (48) hours and fully participate in such offering, contest, promotion or event as soon as reasonably possible, in our sole discretion, thereafter;

d. 24-Hour Cure Period - A twenty-four (24) hour cure period will apply to your violation of any law, regulation, order or our standards relating to health, sanitation or safety; or, except as provided in *Section 5.2*, if you cease to operate the Franchised Business for a period of forty-eight (48) hours without our prior written consent. In addition, a twenty-four (24) hour cure period will apply if you post on any Site or direct others to any site or page, post, blog or other social media site where there are posted any defamatory or offensive comments about: other franchisees; the *Cold Stone Creamery* brand; other brands franchised by us or one of our affiliates; your or other franchisees' customers; any of our, your or franchisees' vendors; us or any of our affiliates; or any of our, your or franchisees' competitors;

e. Immediate Cure Period (less than 24 hours) – An immediate cure period (less than twenty-four (24) hours) will apply if you post any content to a Site in which the content includes any inappropriate public displays of affection, our or others' confidential information or materials, violations of health or safety standards, foul or obscene language, or any images of or information about any persons from whom you did not obtain prior written consent;

f. No Cure Period - No cure period will be available: (1) if you are in default of *Sections 3.1, 7.2, 9.4, 14.1a.(i), 14.1a.(iii), 14.1a.(vi), 14.1a.(vii), 14.1a.(viii)*, *14.1a.(xiv)*, *14.1a.(xv),* or *14.6*; (2) if you intentionally underreport weekly Gross Sales, falsify financial data, fail to promptly provide upon our request financial data and records specified in this Agreement, or otherwise commit an act of fraud with respect to your rights or obligations under this Agreement; (3) if you repeatedly fail to comply with the provisions of this Agreement, whether or not subsequently cured; (4) if you, having twice previously cured a default of this Agreement, commit the default again; (5) if you made any false representations and warranties under *Sections 17.1f., 17.1g., 17.1m.* or *17.1n.*; or (6) if you engage in trademark misuse or otherwise materially misuse or make an unauthorized use of any of the components of the System or commit any other act which does, or can reasonably be expected to, materially impair the goodwill or reputation associated with any aspect of the System;

g. Statutory Cure Period - If a statute in the state or municipality in which the Franchised Business is located requires application of that state or municipal law, and that statute requires a cure period for the applicable default which is longer than any cure period specified in this *Article 14*, the statutory cure period will apply.

14.3 Our Right to Take Over Management.

We have the right (but not the obligation), under the circumstances described below, to enter the Franchised Business and assume the Franchised Business' management for any period of time we feel is appropriate. If we assume the Franchised Business' management, you must pay us, in addition to the Royalty Fee and Advertising Fee, six percent (6%) of the Gross Sales, plus our direct out-of-pocket cost and expenses, for the period of time we assume the Franchised Business' management. If we assume the Franchised Business' management, you acknowledge that our duty is limited to using our reasonable efforts, and we will not be liable to you or your owners for any debts, losses or obligations the Franchised Business incurs, or to any of your creditors for any supplies or services the Franchised Business purchases. We may assume the Franchised Business' management if you abandon the Franchised Business or if you fail to comply with any provision of this Agreement and did not cure the failure within the time period we specify in our notice to you. You agree to complete and sign a letter of agency, letter of authorization, or equivalent and provide it to us upon our request if we assume the Franchised Business' management so that we may keep the existing telephone, facsimile, alarm, and credit card machine numbers (as applicable) in operation under our phone service provider. You also agree to keep the phone, water, gas, electric service (as applicable) turned on and active for one (1) week after we assume the Franchised Business's management to allow us to switch the services over to us or our affiliate. Our exercise of our management rights under this *Section 14.3* will not affect our right to terminate this Agreement.

14.4 Remedies.

a. Interest, Costs and Damages - If you fail to remit when due any payments required under this Agreement, you agree to pay, in addition to the unpaid amounts, all of our collection costs and expenses, expert fees, reasonable attorneys' fees, and costs and expenses, including all fees, costs and expenses of court, including all appeals, with interest on the unpaid amounts at the Default Rate or the highest permissible rate. If you fail to cure a default, following notice, within the applicable time period set forth in *Section 14.2*, or if this Agreement is terminated as a result of your default, you shall pay to us all damages of any kind and nature whatsoever and all collection costs and expenses, expert fees, reasonable attorneys' fees, and costs and expenses,

including all fees, costs and expenses of court, including all appeals, together with interest at the Default Rate or the highest permissible rate. If you fail to report Gross Sales in accordance with *Sections 5.2* and *5.6*, we may estimate your Royalty Fee and Advertising Fee based on prior reports, and may sue for and obtain judgment for such estimates unless you prove, prior to the entry of any default order or judgment, that your Royalty Fee and Advertising Fee are different than the estimates.

b. Waiver of Punitive Damages - Both we and you waive, to the full extent permitted by law, any right ~~they~~ we or you otherwise may have had to claim, pursue, demand or receive any exemplary or punitive damages arising out of or related in any way to this Agreement and its addenda, amendments, appendices, exhibits and attachments.

c. If you breach any of the terms of this Agreement, including if you are in default of this Agreement, we may enforce our rights by injunction, specific performance, or any other remedy available under this Agreement, at law or in equity, including termination. These remedies are cumulative and not exclusive and we may use all remedies available. In addition, we may elect to terminate this Agreement and all your rights under it as set forth in *Section 14.5*.

d. If you breach any of the terms of this Agreement, including if you are in default of this Agreement, we have the right to have a receiver appointed to take possession, manage and control the assets of the Franchised Business, collect the profits, and pay the net income for the operation of the Franchised Business as ordered by a court of competent jurisdiction. The right to appoint a receiver will be available regardless of whether waste or danger of loss or destruction of the assets exists.

14.5 Effect of Termination or Expiration.

Upon termination or expiration of this Agreement, we can advise all suppliers of *Cold Stone Creamery* proprietary food items and other supplies bearing any of the Proprietary Marks or service marks to cease delivering the items and products to you.

Upon your abandonment of the Franchised Business (whether voluntary or involuntary), any termination of this Agreement (whether pursuant to *Sections 14.1, 14.2, 14.4*, or otherwise), or upon expiration of the Term, you must immediately cease to hold yourself out to the public as a franchise owner of the System, and you must comply with the following:

a. Immediately pay to us or any affiliate of ours all sums owing from you to us or such affiliate, including the Royalty Fee and Advertising Fee, for any period prior to the date of termination, the applicable Early Termination Damages (as defined in Section 14.9 below), and all amounts owed for services, supplies or other items purchased by you from us or any affiliate of ours, or that were financed by us or any affiliate of ours, or which we or any affiliate of ours loaned to you, together with any interest or late fees accrued thereon, together with all other sums due us under this Agreement, and all damages of any kind or nature whatsoever that may be allowed by law;

b. Immediately cease to use, in any manner whatsoever, including in all advertising, the Proprietary Marks, any Trade Secrets, any Confidential Information, any benefits of the System or any part thereof, any methods associated with the System, any forms, recipes, Confidential Manual, slogans, signs, sign posts, marks, symbols, or devices used in connection with the operation of the Franchised Business; and you must deliver or destroy all of the above-

mentioned materials, including any materials containing or referencing any of the foregoing, to us as directed by us. If we do not recover any such items, such items shall be valued at their then-current replacement cost, for purposes of determining the damages owing by you to us for failure to return such items, if we pursue a damage claim as a result thereof;

c. Immediately discontinue all advertising as a franchisee of the System, and thereafter refrain from any advertising that would indicate that you are or ever were a franchisee or licensee of ours, or otherwise were affiliated with us or the System;

d. Immediately take such steps as may be necessary or appropriate to:

(i) delete your listing in all telephone directories, if applicable, and terminate any other listings that indicate that you are or were a franchisee or licensee of ours, or otherwise were affiliated with us or the System; and

(ii) transfer to our designee or us all telephone numbers used by you in connection with the Franchised Business. You acknowledge that between you and us, we have the sole right and interest in all telephone numbers and directory listings associated with any Proprietary Marks, and you authorize us and appoint us and any officer or agent of ours, as your attorney-in-fact, to direct the telephone company and all listings agencies to accept such direction, or this Agreement, as conclusive evidence of our exclusive rights in such telephone numbers and directory listings and our authority to direct their transfer;

e. Immediately take such action as may be required to cancel all fictitious or assumed names, amend any entity name, or dissolve any entity that contains any Proprietary Mark, in whole or in part, regardless of whether the entity name was authorized by us, and amend or cancel any and all equivalent registrations relating to your use of any Proprietary Mark. You acknowledge that between you and us, we have the sole right and interest in all such fictitious or assumed names, entity name, and equivalent registrations, and you authorize us and appoint us and any officer or agent of ours as your attorney-in-fact, to effect the termination or cancellation of such fictitious or assumed names or equivalent registrations should you fail or refuse to do so, and the appropriate federal, state, and local agencies may accept your direction or this Agreement as conclusive evidence of our exclusive rights in such fictitious or assumed names or equivalent registrations, and our authority to direct their termination or cancellation;

f. Comply with the confidentiality requirements and the covenant against competition in this Agreement for the specified period. You acknowledge that you, or (if an entity) your authorized representative, has carefully reviewed the confidentiality requirements and the covenant against competition in this Agreement; and that you have agreed to be bound by all the requirements and covenants; and

g. Maintain at a place made known to us all books, records and reports required under this Agreement for a period of not less than three (3) years after the date of termination or expiration of this Agreement, to allow us to make a final inspection of your books and records for the purpose of verifying that all amounts owing have been paid.

If you fail to do any of the foregoing, we may pursue any remedy available at law or in equity against: (i) you; (ii) any or all guarantors of your obligations under this Agreement; and (iii) you and any or all guarantors of your obligations under this Agreement.

h. 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 14.5.h*, 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 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 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~~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, an amount equal to your cost for such assets, less depreciation and amortization using a two hundred percent (200%) declining balance method over a five (5) year period. If all, or any portion of, your assets that are being purchased by us or our authorized representative are subject to lien(s), we or our authorized representative may pay, on your behalf, the lienholder(s) that portion of the purchase price for your 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 14.5.h*, 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~~.

14.6 Covenant Not to Compete; Conflicting Interests.

a. During the Term and for a period of two (2) years after your abandonment of the Franchised Business, expiration of this Agreement, or termination of this Agreement (whether voluntary or involuntary), you shall not engage in any Competing Business (as defined in

Section 14.6c.) with any *Cold Stone Creamery* restaurant, nor shall you have any Conflicting Interest (as defined in *Section 14.6d.*) in a Competing Business. The provisions of this Agreement bind you in any capacity, including as a franchisee, sole proprietor, partner, limited partner, member, employer, franchisor, shareholder, officer, director or employee.

b. During the Term, and for a period of two (2) years after your abandonment of the Franchised Business, expiration of this Agreement, or termination of this Agreement (whether voluntary or involuntary), you shall not divert or attempt to divert any business, customers, or potential customers of the *Cold Stone Creamery* System to any Competing Business, by direct or indirect inducement or otherwise. In addition, you shall not at any time do or perform any act, directly or indirectly, which harms the goodwill or reputation of us or the System.

c. For purposes of this *Section 14.6*, "Competing Business" means a business which is primarily engaged in the sale of ice cream, along with cakes, cupcakes, pies, smoothies and other dessert products prepared or served with ice cream or as an ingredient, and all variations thereof, within a geographical area consisting of: (1) during the Term, anywhere else; and (2) after abandonment, expiration or termination of this Agreement, within a ten (10) mile radius from the Location or location of any *Cold Stone Creamery* restaurant of ours, our third-party licensees or our third-party franchisees. The term "*Cold Stone Creamery* restaurant" includes not only the restaurants now in existence, but also those established at a later date. The term of this covenant will be extended by any time consumed in litigation to enforce it in both trial and appellate courts. If a court of competent jurisdiction determines that the restrictions in this paragraph are excessive in time, geographic scope, or otherwise, the court may reduce the restriction to the level that provides the maximum restriction allowed by law.

d. For purposes of this *Section 14.6*, "Conflicting Interest" means an interest by which you, or your executive officers, directors and shareholders (if you are a corporation), or your partners (if you are a partnership), or your members (if you are a limited liability company), or your designated manager, spouses, and/or guarantor(s) directly or indirectly, have a controlling interest in, lend money to, consult with or otherwise assist any Competing Business. If any of the persons named above do not sign this Agreement under the heading "Personal Acceptance of *Sections 7.1, 7.2, 14.6 and 14.8,*" then you agree to obtain the execution by such person of a written agreement setting forth the foregoing in a form acceptable to us.

14.7 Continuing Obligations.

All your obligations that expressly survive the expiration or termination of this Agreement, including *Sections 14.5* and *14.6*, or by the implicit nature thereof require performance after the expiration or termination of this Agreement, will continue in full force and effect (subsequent to, and notwithstanding, your abandonment of the Franchised Business (whether voluntary or involuntary) the expiration of the Term, or termination of this Agreement), until they are satisfied in full or by their nature expire. The indemnities and obligations set forth in *Article 8* will continue in full force and effect subsequent to, and notwithstanding, the expiration or termination of this Agreement.

14.8 Remedies.

You acknowledge and agree that the restrictions contained in this Agreement, including in this *Article 14*, are fair and reasonable and necessary for the protection of our legitimate business interests and you intend and agree that such restrictions be enforceable and enforced to their

fullest extent. You further understand and agree that, notwithstanding any other provision of this Agreement, your breach of your obligations under this *Article 14*, will cause us irreparable harm for which recovery of monetary damages alone would not be an adequate remedy. Both parties shall be entitled to obtain timely injunctive relief, including a temporary restraining order, preliminary and permanent injunctions, to protect their rights under this Agreement, in addition to and not exclusive of any and all other remedies available to each party.

14.9 Early Termination Damages.

If you discontinue operating your Franchised Business before this Agreement expires, with or without obtaining our prior written consent, or in the event of a termination of this Agreement arising from or related to your default and breach of its provisions, you will become obligated to pay Franchisor early termination damages ("Early Termination Damages"). The Early Termination Damages shall be considered damages and not a penalty, are not in lieu of other damages, and your payment of these damages shall not constitute a release of any other obligation owed to us. 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.

The amount of the Early Termination Damages is calculated as follows:

a. Compute the average monthly Royalty Fee and Advertising Fee due for any consecutive twelve (12) month period within the forty-eight (48) months immediately preceding the date we receive notification of the closure, or if you failed to timely notify us of the closure then the date the Franchise Business closed, or, if the Franchised Business has been open for less than twelve (12) months, the average monthly Royalty Fee and Advertising Fee due since the opening of the Franchised Business ("Monthly Average");

b. Multiply the Monthly Average by the number of months remaining in the Term; and

c. Divide the resulting total computed in b. above by two (2).

For example purposes only: If the average monthly Royalty Fee and Advertising Fee were collectively $1,000 and there were five years (60 months) remaining in the Term, the Early Termination Damages would be $30,000, calculated as follows: $1,000 x 60 months = $60,000 ÷ 2 = $30,000.

If you unilaterally close the Franchised Business and/or unilaterally terminate this Agreement prior to the end of the Term, you must give us at least ninety (90) days prior notice of the early termination ("Early Termination Notice") pursuant to the applicable notice requirements as set forth in Article 15 of this Agreement. For avoidance of doubt, sending the Early Termination Notice via facsimile, email or through other electronic means does not constitute proper notice). Within ten (10) days after our receipt of your Early Termination Notice, we will calculate the Early Termination Damages, which will be due and payable thirty (30) days prior to the closure of your Franchised Business. In the event of a closure or termination arising from or related to

your default under this Agreement, or ~~that~~ if you do not: (i) timely or properly provide us with the Early Termination Notice at least ninety (90) days prior to the early termination of your Franchised Business and this Agreement; (ii) remain open for at least ninety (90) days after providing us with the Early Termination Notice; and (iii) pay the Early Termination Damages in full at least thirty (30) days prior to closing of the Franchised Business, the Early Termination Damages due may, in our sole discretion, be increased as follows: it will be calculated by multiplying the Monthly Average by the number of months remaining in the Term, and will not be divided by two (2).

If you have not paid your Royalty Fee and/or Advertising Fee for any period(s) within the forty-eight (48) months prior to notifying us of your early closure or termination, or if you have not reported your Gross Sales for any period(s) within the forty-eight (48) months prior to notifying us of your intended early termination, we will estimate the Royalty Fee and Advertising Fee based upon prior reports to calculate the Monthly Average.

ARTICLE 15. NOTICES

Unless otherwise provided in this *Article 15*, 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 ~~on page 1 of this Agreement~~ below or to such other address as we may designate in writing from time to time in accordance with this *Article 15*. All notices to you may be given at the address set forth ~~on page 1 of this Agreement~~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 *Article 15* 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.

If to Franchisor: KAHALA FRANCHISING, LLC
Attn: Legal Department
9311 E. Via De Ventura
Scottsdale, Arizona 85258

If to Franchisee: FRANCHISEE ENTITY, a[n]
Attn:

Telephone No.
Email(s):

ARTICLE 16. CONSTRUCTION AND ENFORCEMENT; MISCELLANEOUS

16.1 Independent Contractors.

The relationship between you and us is that of independent contractors. You are in no way to be deemed our partner, joint venturer, agent, employee, or servant. You have no authority to bind us to any contractual obligation or incur any liability for or on our behalf. You shall identify yourself as an independent owner of the Franchised Business in all dealings with customers, lessors, contractors, suppliers, public officials, employees, and others.

16.2 Severability and Substitution of Provisions.

Except as provided to the contrary in this Agreement, each article, section, term and provision of this Agreement, and any portion thereof, will be considered severable, and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation, or as a result of a final, non-appealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that regulation or ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement as may otherwise remain valid, and such other portions will continue to be given full force and effect and bind the parties to this Agreement. If the severed provision is material to this Agreement, we shall promptly provide a substitute provision to replace the invalid severed provision consistent with then-current law and the original intent of the parties.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of, or refusal to renew, this Agreement than is required under this Agreement, or the taking of some other action not required under this Agreement, or if under any applicable law, regulation, or court ruling of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice or other action required by such law, regulation, or court ruling will be substituted for the comparable provisions of this Agreement, and we will have the right, in our sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Such modifications to this Agreement shall be effective only in such jurisdiction, unless we elect to give them greater applicability, and otherwise shall be enforced as originally made and entered into in all other jurisdictions.

16.3 Dispute Resolution.

a. 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 16.3d. or is not subject to mediation under the terms of this Agreement, shall be settled by binding arbitration administered by the American Arbitration Association ("AAA") before a single arbitrator in accordance with its Commercial Arbitration Rules as modified below, and pursuant to the Federal Arbitration Act, 9 U.S.C. §1 et seq.

b. Except to the extent that the United States Trademark Act of 1946, as amended (15 U.S.C. § 1051 *et seq*.), the laws of the State where the Franchised Business is located govern all rights and obligations of the parties under this Agreement without regard to conflict of law, and any arbitration shall take place before a sole arbitrator in the County of the State where the

Franchised Business is located. The parties agree that the arbitrator shall be an attorney licensed to practice law in the United States and must have a minimum of five (5) years of experience in franchise law. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall, in the award, allocate all of the costs and expenses of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party, against the party who did not prevail. This agreement to arbitrate shall survive termination or expiration of this Agreement. The parties agree that any arbitration shall be solely between them (including any affiliates) and shall not include as a party, by consolidation, joinder, or in any other manner, any other person or entity, unless both parties to this Agreement consent in writing. Both parties shall have the absolute right to refuse such consent. The parties expressly waive any right to bring or participate in any class or other consolidated, joined or multi-party arbitration claim or proceeding, whether or not permissible under the AAA Commercial Arbitration Rules, including any claim brought on their behalf by an association of which it, he or she is a member. At the request of either party, the arbitration shall be conducted in a manner that maintains the confidentiality of the proceedings.

c. The arbitrator will issue a reasoned award, with findings of fact and conclusions of law. Actions to enforce an express obligation to pay monies may be brought under the Expedited Procedures of the AAA's Commercial Arbitration Rules. Discovery shall be conducted according to the AAA Commercial Arbitration Rules.

d. Prior to the commencement of an arbitration proceeding, a party must notify the other party of its intent to commence arbitration by providing written notice to the other party that describes the facts and subject matter of the Dispute at least sixty (60) days prior to commencing arbitration with the AAA. During the sixty (60) days after a written notice of intent to arbitrate is received by either party, the parties must first mediate the Dispute with a mutually agreed upon private mediator. At the request of any party, the mediation will be confidential. The mediation shall be conducted in the County of the State where the Franchised Business is located, unless the parties mutually agree to a different location. The parties to the mediation will share equally in its costs and expenses, except those costs and expenses incurred separately by each party, including counsel fees and expenses. The mediation process will be deemed "Completed" when the parties agree that it has been completed, the mediator declares that any impasse exists, or sixty (60) days have elapsed since the date of the initiating party's notice to the other party that it is initiating the mediation process, whichever occurs first.

e. Notwithstanding anything contained in this Agreement to the contrary, the provisions of Sections 16.3a., 16.3b., 16.3c. and 16.3d. 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 for damage to our goodwill, the Confidential Information, the Proprietary Marks or for fraudulent conduct by you; or (ii) the delay resulting from the dispute resolution process set forth in section 16.3 may endanger or adversely affect the public (for example, unhealthy, unsafe or unsanitary conditions would continue to exist), or may cause irreparable harm to Franchisor or its affiliates. For such Disputes, we may bring an action in any federal or state court having jurisdiction, whether for monetary damages, temporary 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 and agree not to contest venue, forum non conveniens or jurisdiction of such court. THE PARTIES AGREE THAT ALL DISPUTES SUBMITTED TO THE COURT PURSUANT TO THIS SECTION SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

f. Disputes concerning the validity or scope of arbitration, including whether the Dispute is subject to arbitration, are beyond the authority of the arbitrator and will be determined by a court of competent jurisdiction pursuant to the Federal Arbitration Act, 9 U.S.C. §1 et seq., as amended from time to time.

g. To the extent Law permits, any Dispute arising out of or relating to this Agreement, whether in arbitration or in court, will be conducted only on an individual basis and not in a class, consolidated or representative action. Notwithstanding any other provision of this Agreement or the AAA Rules, disputes regarding the interpretation, applicability, or enforceability of this class waiver may be resolved only by a court and not by an arbitrator. If this waiver of class or consolidated actions is deemed invalid or unenforceable, neither party is entitled to arbitration.

a. 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 16.3d.* 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.

b. Any arbitration shall take place before a sole arbitrator in Maricopa County, he County of the State where the Franchised Business is locatedArizona or, if our headquarters are no longer located in Maricopa County, Arizona, then the arbitration shall take place in the county in which our headquarters are located at the time the arbitration is commenced. You agree that conducting the arbitration where we are located is appropriate due to the multiple locations throughout the United States where our franchisees are located. The parties agree that the arbitrator shall be an attorney licensed to practice law in the United States and must have a minimum of five (5) years of experience in franchise law. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall, in the award, allocate all of the costs and expenses of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party, against the party who did not prevail. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any other dispute, arbitration proceeding or litigation, except to the extent such issue may have been specifically determined in another proceeding between the parties. This agreement to arbitrate shall survive any termination or expiration of this Agreement, however effected. The parties agree that any arbitration shall be solely between them (including any affiliates) and shall not include as a party, by consolidation, joinder, or in any other manner, any other person or entity, unless both parties consent in writing. Both parties shall have the absolute right to refuse such consent. Further, the parties expressly waive any right to bring or participate in any class or other consolidated, joined or multi-party arbitration claim or proceeding, whether or not permissible under the AAA Commercial Arbitration Rules, including any claim brought on their behalf by an association of which it, he or she is a member. At the request of any party, the arbitration shall be conducted in a manner that maintains the confidentiality of the proceedings.

c. The arbitrator will issue a reasoned award, with findings of fact and conclusions of law. Actions to enforce an express obligation to pay monies may be brought under the Expedited Procedures of the AAA's Commercial Arbitration Rules. The Federal Arbitration Act shall govern,

excluding all state arbitration laws. Arizona The law of the State where the Franchised Business is located will govern all other issues. With respect to discovery, the arbitrator shall require each party to make a good cause showing before any discovery exceeding that specifically authorized by the AAA Commercial Arbitration Rules will be granted.

d. Prior to the commencement of an arbitration proceeding, the parties must first submit any Dispute to non-binding mediation. At the request of any party, the mediation will be confidential. The mediation shall be conducted in the County of the State where the Franchised Business is locatedMaricopa County, Arizona or in the county in which our headquarters are located at the time of mediation, unless the parties shall mutually agree to a different location. The parties to the mediation will share equally in its costs and expenses, except those costs and expenses incurred separately by each party, including counsel fees and expenses. The mediation process will be deemed "Completed" when the parties agree that it has been completed, the mediator declares that any impasse exists, or sixty (60) days have elapsed since the date of the initiating party's notice to the other party that it is initiating the mediation process, whichever occurs first.

e. Notwithstanding anything contained in this Agreement to the contrary, the provisions of Sections 16.3a., 16.3b., 16.3c. and 16.3d. 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 Proprietary 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 and agree not to contest venue, forum non conveniens or jurisdiction of such court or arbitration.

f. Disputes concerning the validity or scope of arbitration, including whether the Dispute is subject to arbitration, are beyond the authority of the arbitrator and will be determined by a court of competent jurisdiction pursuant to the Federal Arbitration Act, 9 U.S.C. §1 et seq., as amended from time to time.

g. Either party may appeal the final award of the arbitrator, if it is over One Hundred Thousand Dollars ($100,000), to the appropriate U.S. District Court. The Court's review of the arbitrator's findings of fact will be under the clearly erroneous standard, and the Court's review of all legal rulings will be *de novo*. If it should be determined that this provision for federal court review is not enforceable, then either party may appeal the arbitrator's final award, if it is over One Hundred Thousand Dollars ($100,000), to a panel of three (3) arbitrators chosen under AAA Optional Appellate Arbitration Rules , which will employ the same standards of review stated immediately above.

16.4 Applicable Law and Forum; Waiver of Jury; Statute of Limitations and Limitation on Franchisor Liability.

a. Except to the extent that the United States Trademark Act of 1946, as amended (15 U.S.C., § 1051 et seq.) or the franchising laws of any state that may be applicable, the laws of the State of where the Franchised Business is located Arizona govern all rights and obligations

~~of the parties under this Agreement without regard to conflict of law. The parties agree, subject to the mandatory mediation and arbitration provisions of *Section 16.3*, that any appropriate state or federal court located in the County of the State where the Franchised Business is located Maricopa County, Arizona has exclusive jurisdiction over any Dispute arising under or in connection with this Agreement and is the proper forum in which to adjudicate the case or controversy. Notwithstanding the foregoing any action initiated by us may, at our election, be brought in any jurisdiction where you are domiciled or that has jurisdiction over you. The parties hereto irrevocably submit to the jurisdiction of, and venue in, any such court, and hereby waive any objection or defense thereto. THE PARTIES AGREE THAT ALL DISPUTES SUBMITTED TO THE COURT PURSUANT TO THIS SECTION SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.~~

~~b.~~a. Notwithstanding anything contained in this Agreement to the contrary, the parties agree that any claims under, arising out of, or related to, this Agreement must be brought within two (2) years of the date on which the underlying cause of action accrued, and the parties hereby waive any right to bring any such action after such two (2)-year period, except for the collection of any unpaid Royalty Fee, Advertising Fee, and any other amount due to us or our affiliates.

~~c.~~b. **YOU HEREBY WAIVE THE RIGHT TO SEEK OR COLLECT PUNITIVE, MULTIPLE, CONSEQUENTIAL AND SPECIAL DAMAGES IN ANY FORUM, INCLUDING ARBITRATION. YOU HEREBY FURTHER WAIVE THE RIGHT, IF ANY, OF ANY ASSOCIATION OR MEMBERSHIP GROUP TO ASSERT CLAIMS ON YOUR BEHALF IN ANY ACTION.**

~~d.~~c. **YOU HEREBY WAIVE THE RIGHT TO ANY DAMAGES IN CONNECTION WITH OR RESULTING FROM THE WRONGFUL ISSUANCE OF AN INJUNCTION.**

~~e.~~d. The parties agree that the maximum damages that you may recover in connection with a wrongful termination of your franchise and this Agreement will be an amount equal to the product of:

(i) the annual net profit (as defined below) multiplied by the lessor of:

~~the lesser of:~~

(a) The number of full years existing between the date on which the franchise and this agreement were wrongfully terminated and the date on which the Term would have otherwise expired; or

(b) Three.

For purposes of this Agreement, the term "net profit" means an amount equal to the net profits of your Franchised Business, as reflected on your tax return filed with the Internal Revenue Service prior to such termination; provided, however, that if such tax return reflects the operations of your Franchised Business for a period less than one (1) year, such net profits will be annualized based upon the net profits reflected in such tax return.

16.5 No Guarantee of Franchisee's Success.

You have been informed of and acknowledge the highly competitive nature of the business involved, and agree that the successful operation of your Franchised Business will depend in part, upon your best efforts, capabilities, management, and efficient operation; as well as the general economic trend and other market conditions.

16.6 Existence of Various Forms of Franchise Agreements.

You acknowledge that our present and future franchisees operate under a number of forms of franchise agreements and consequently, our obligations and rights with respect to our various franchisees may differ materially in certain instances. The existence of different forms or versions of the franchise agreement does not entitle you to benefit from any such difference; nor does it operate to alter or amend the agreement of the parties set forth in this Agreement.

16.7 Franchise Owner May Not Withhold Payments.

You agree that you will not, on grounds of alleged or actual nonperformance or breach by us of any of our obligations under this Agreement, withhold payment of any Royalty Fee, Advertising Fee, amounts due to us or any of our affiliates for goods or services purchased by you, or any other amounts due to us or any of our affiliates.

16.8 Remedies Are Cumulative.

The rights and remedies of the parties to this Agreement are cumulative and not exclusive, and no exercise or enforcement by either party of any right or remedy under this Agreement shall preclude the exercise or enforcement by such party of any other right or remedy under this Agreement or otherwise available at law or in equity to such party.

16.9 Interpretation.

All the terms and provisions of this Agreement will be binding upon and inure to the benefit of the successors and assigns of the parties. However, nothing in this *Section 16.9* may be construed as our consent to the Transfer of this Agreement or any rights by you.

16.10 Waiver.

Our failure to insist upon the strict performance of any term, covenant or condition contained in this Agreement will not constitute or be construed as a waiver or relinquishment of our right to enforce thereafter any such term, covenant or condition and such term, covenant or condition will continue in full force and effect. For example, Franchisor's acceptance of any payments made, or Franchisor's failure to require any payments, by Franchisee after a breach of this Agreement shall not be, nor be construed as, a waiver by Franchisor of any breach by Franchisee of any term, covenant or condition of this Agreement or of Franchisor's right to later require such payments as a result of such prior breach.

16.11 Litigation Expense.

If an action at law or suit in equity is brought to establish, obtain or enforce any right by either of the parties to this Agreement, the prevailing party in the suit or action, in the trial and appellate

courts, will be entitled to recover from the non-prevailing party reasonable attorneys' fees, costs and expenses and disbursements incurred in such suit or action.

16.12 No Third-Party Beneficiaries.

This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity shall be entitled to any rights hereunder by virtue of so-called "third-party beneficiary rights" or otherwise.

16.13 Binding Effect; Modification.

This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, personal representatives, heirs, permitted assigns and successors in interest. No amendment, change, or modification of this Agreement shall be binding on any party unless executed in writing by you and us.

16.14 Entire Agreement; Nature and Scope; Construction.

This Agreement, all exhibits, attachments, addendums, and amendments, constitute the entire understanding and agreement between the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. If required to be signed, any state specific addendums are incorporated herein by reference. Any representation not specifically contained in this Agreement made prior to entering into this Agreement does not survive subsequent to the execution of this Agreement. We and you have entered into this Agreement for the sole purpose of authorizing you to use the System licensed by this Agreement in the operation of the Franchised Business during the Term in which those specific items designated by us for sale and use in such locations are offered for sale and use in individual, face-to-face transactions with patrons visiting the Franchised Business (and equivalent telephone, online, or mail transactions accepted as a convenience to that customer group). All consideration being furnished by us to you during the course of performance of this Agreement has been determined based on the limited rights and other limitations expressed herein. No other rights have been bargained for or paid for. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth in this Agreement. The parties further acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain.

Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Disclosure Document. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

16.15 Terminology.

In addition to the terms defined elsewhere in this Agreement, the following terms defined below are incorporated in this Agreement by reference and shall be deemed to include all persons who succeed to the interest of the original, where applicable:

The term “affiliate” means any person who, directly or indirectly through one (1) or more intermediaries, controls, is controlled by, or is under common control with any person;

The term “Dollars” means United States Dollars and all amounts due under this Agreement shall be paid in United States currency;

The use of the terms “includes” and “including” in any provision of this Agreement followed by specific examples used shall not be construed to limit application of the provision to only the specific examples used;

The term “person” means any natural person, corporation, partnership, trust, other entity, association or form of organization;

The term “will” and “shall” shall be synonymous, and shall be mandatory and not discretionary, unless otherwise specifically provided herein; and

Any references to articles or sections refer to articles and sections in this Agreement unless specified otherwise.

16.16 Counterparts.

This Agreement may be executed in one (1) or more original counterparts, and all of which, when taken together, shall be deemed to be one (1) original Agreement. The signatures required for execution may be transmitted to the other party via facsimile or a scanned .pdf file sent via email and such signature shall be deemed a duplicate original, shall be effective upon receipt by the other party, may be admitted in evidence and shall fully bind the party and person making such signature. A fully-executed copy of this Agreement shall be of the same force and effect as the original.

16.17 Offerings.

If you are a corporation, partnership or other entity, and if you intend to offer securities, partnership interests or other ownership interests in you through any public or private offering, you shall not use any Proprietary Marks in such public or private offering, except to reflect your franchise relationship with us; nor shall you misrepresent your relationship with us by any statement or omission of an essential statement. You shall indemnify and hold us harmless from any liability in connection with such offering. Nothing in the foregoing shall modify the provisions of *Article 12*, and no such offering shall be made without first complying with any applicable provisions of *Article 12*.

16.18 Time.

Time is of the essence of each and every provision of this Agreement.

16.19 Force Majeure.

Neither of the parties will be liable for loss or damage or be deemed to be in breach of this Agreement if the failure to perform the party’s obligations results from: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any

government or any department or agency thereof, or (b) acts of God, and in each case being unforeseeable forces which Franchisee could not by the exercise of due diligence have avoided; provided however that Franchisee must: (i) immediately upon the start of the above-mentioned act, provide written notice to Franchisor that it expressly enacts its rights granted under this Section, and (ii) use all commercially reasonable efforts to mitigate the effect of the event of Force Majeure upon its performance and to fulfill its obligations under this Agreement. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that no such cause will excuse payments of amounts owed at the time of such occurrence or payment of the Royalty Fee and all other amounts due to us and our affiliates thereafter, or permit Franchisee to permanently close the Franchised Business.

16.20 Plurals and Captions.

Words in the singular number include the plural when the context requires (and vice-versa). The table of contents and the captions are inserted only for convenience and are not a part of this Agreement or a limitation of the scope of the particular article or section to which each refers.

16.21 Joint and Several Liability.

If you consist of two (2) or more individuals, whether in the form of separate individuals or a business entity controlled by the individuals, then each individual and each business entity will be jointly and severally liable under the provisions of this Agreement.

16.22 Trademark Notice.

All trademarks referenced in this Agreement are those of their respective owners.

16.23 No Accord or Satisfaction.

If you pay, or we otherwise receive, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt may, in our sole discretion, be applied against the earliest amount due us. In addition, if interest or late fees are owed, we may, in our sole discretion, apply any amounts paid to the late fees and interest before such amounts are applied to the principal amount owed. We may accept any check or other payment in any amount without prejudice to our right to recover the entire balance of the amount due or to pursue any other right or remedy. No endorsement or statement by you on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be construed as an accord or satisfaction.

ARTICLE 17. ACKNOWLEDGMENTS AND REPRESENTATIONS OF FRANCHISEE

17.1 Certain Representations and Warranties of Franchisee.

You represent and warrant that the following statements are true and complete as of the Effective Date:

a. You do not seek to obtain the Franchised Business for speculative or investment purposes and have no present intention to sell or transfer or attempt to sell or transfer the Franchised Business except as previously approved by Franchisor and subject and conditioned

to Article 12 of this Agreement.

b. You understand and acknowledge the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Confidential Manual and the necessity of operating the Franchised Business under the System Standards. You represent that you have the capabilities, professionally, financially and otherwise, to comply with our System Standards.

c. If you are a corporation, limited liability company, partnership, or other form of entity, you are duly incorporated, organized, or formed and are qualified to do business in the state and any other applicable jurisdiction within which the Franchised Business is located, and you are and shall remain duly organized and in good standing during the Term.

d. You represent and warrant that: (i) if you are an individual, you are; or (ii) if you are an entity, that each of your owners, shareholders, partners, and members are, a United States citizen or a lawful resident alien of the United States.

e. All financial and other information that you have provided to us or otherwise made available to us in connection with your application for this franchise is true, complete, accurate, and not intentionally misleading.

f. The execution of this Agreement by you will not constitute or violate any other agreement or commitment to which you are a party.

g. Any individual executing this Agreement on your behalf is duly authorized to do so and the Agreement shall constitute your valid and binding obligation and, if applicable, all of your partners, members, or shareholders, if you are a partnership, limited liability company, or corporation.

h. You have, or if you are a partnership, corporation or other entity, your partners or principals have, carefully read this Agreement and all other related documents to be executed by you concurrently or in conjunction with the execution hereof; that you have obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement; that you understand the nature of this Agreement and that you intend to comply with and be bound by this Agreement.

i. You have read and understand the information and disclosures made in the Disclosure Document provided to you as acknowledged in *Section 17.3e.* You understand and acknowledge that: (i) estimates for initial start-up expenses are estimates only and there can be additional start-up expenses; and (ii) your sales may differ substantially from any sales provided in Item 19 of the Disclosure Document, and there is no assurance that your sales will meet or exceed any sales listed in Item 19 of the Disclosure Document. You have had the opportunity to and have consulted or elected not to consult with your attorney, accountant and business advisors before entering into this Agreement.

j. You understand and agree that, while not applicable in every case, our past experience indicates that owner-operated restaurants generally perform better than absentee owners with hired managers. The food business is a personal business and is dependent upon your business skill and judgment. This includes your choice of employees. Your skill in hiring the right people to work in your Franchised Business is very important in determining whether people

decide to purchase menu items from your Franchised Business or from another restaurant in the same vicinity.

k. You understand and agree that ownership of a franchise and the Franchised Business carries certain risks. These risks include the loss of your initial investment, other continued financial losses such as rent payments due under lease obligations and other contractual obligations, the loss of your time and energy in starting up and running your Franchised Business, and loss of earnings and investment income from your investment in the Franchised Business. You understand and agree that the Franchised Business may make money and may lose money and are entering this business venture with this express understanding. You are not relying upon anything which is not contained within this Agreement or the Disclosure Document in determining and deciding to become a franchisee.

l. Notwithstanding the foregoing, you understand and agree that the System must not remain static if it is to meet (without limitation) presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, social trends and other market place variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System, including altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition or other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer, modifying or substituting entirely the equipment, signage, trade dress, décor, color schemes and uniform System Standards and specifications and all other unit constructions, design, appearance and operation attributes which you are required to observe under this Agreement; and, abandoning, changing, improving, modifying or substituting the Proprietary Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations. You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed. Except as provided herein, we shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby.

m. You represent that neither you nor any of your affiliates, officers, directors, managers, members, or partners (as applicable) or funding sources are subject to U.S. Executive Order 13224, identified on the U.S. Department of the Treasury's Office of Foreign Assets Control Specially Designated National and Blocked Persons list, or any terrorist list or other blocked persons list. In addition, you represent that you have not received funding from, nor are you owned, controlled, or acting on behalf of the government of any country that is subject to an embargo by the United States, any foreign government official, political party or international organization, and that no foreign government or government official, political party or international organization has any financial interest in the Franchised Business or any monies earned by the Franchised Business.

n. You represent, warrant and agree that you, your officers, directors, managers, members, or partners (as applicable) will each at all times conduct themselves in an ethical manner and avoid any activity that might result in a violation of the U.S. Foreign Corrupt Practices Act, Anti-Terrorism Laws, or any other applicable anti-corruption or bribery laws.

17.2 Additional Information Respecting Franchisee.

a. You have delivered to us or will deliver concurrent herewith, complete and accurate copies of all of your organizational documents, including all partnership agreements, certificates of partnership, articles of organization, operating agreements, articles or certificates of incorporation, by-laws and shareholder agreements, including all amendments, side letters and other items modifying such documents.

b. Reserved.

17.3 Acknowledgements of Franchisee.

a. You acknowledge that you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that this business venture involves substantial business risks and will largely depend upon your ability. Other than the financial performance representation contained in Item 19 of the Disclosure Document, if any, we expressly disclaim making, and you acknowledge that you have not received or relied on, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the Franchised Business contemplated by this Agreement.

Franchisee Initials _____/_____

b. You hereby certify that none of our employees, no other person speaking on our behalf, and no Area Representative, if applicable, have: (i) made any oral, written, visual, or other representation, agreement, commitment, claim, or statement that stated or suggested any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise other than any financial performance representation contained in Item 19 of the Disclosure Document; or (ii) made any oral, written, visual, or other representation, agreement, commitment, claim, or statement from which any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise might be ascertained, related to a *Cold Stone Creamery* franchise, that is different from, contrary to, or not contained in the *Cold Stone Creamery* Disclosure Document; or (iii) made any representation, agreement, commitment, claim or statement to you that is different from, contrary to, or not contained in, the *Cold Stone Creamery* Disclosure Document. You acknowledge and agree that we do not make or endorse, nor do we allow any of our employees or other persons speaking on our behalf to make or endorse, any additional oral, written, visual, or other representation, agreement, commitment, claim, or statement that states or suggests any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise with respect to a *Cold Stone Creamery* franchise other than any financial performance representation contained in Item 19 of the Disclosure Document.

Franchisee Initials _____/_____

c. You acknowledge that you have received, read and understand this Agreement and the related exhibits, attachments and agreements and that we have afforded you sufficient time and opportunity to consult with advisors selected by you about the potential benefits and risks of entering into this Agreement.

Franchisee Initials _____/_____

d. You understand that this Agreement, including any amendments and exhibits,

contains the entire agreement between the parties concerning the Franchised Business, and that any prior oral or written statements that are not set out in this Agreement, including any amendments, exhibits and attachments will not be binding. You acknowledge and agree that we do not permit any representations, agreements, commitments, claims, or statements or approve any changes in this Agreement or any of the amendments, exhibits and attachments to this Agreement, except by means of a written amendment or addendum signed by all parties to this Agreement. You acknowledge that nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Disclosure Document.

Franchisee Initials _____/_____

e. You acknowledge receipt of our Disclosure Document fourteen (14) days prior to the execution of this Agreement or your payment of any monies to us or our agent (or sooner if required by applicable state law).

Franchisee Initials _____/_____

f. You acknowledge that, other than what was previously disclosed to you in our Disclosure Document to which you acknowledge receipt thereof, you have not: (1) received any financial statements for us or any of our parent or affiliated companies; or (2) relied on the financial condition of us or of any of our parent or affiliated companies when making the decision to purchase the Franchised Business.

Franchisee Initials _____/_____

g. You acknowledge, as detailed in *Section 2.3*, that you must, at your own cost and expense, use only our designated and approved Design Architect for the design of your Franchised Business.

Franchisee Initials _____/_____

h. You acknowledge that the following is your Area Representative (if applicable):

_____
_____
_____

Franchisee Initials _____/_____

i. If an Area Representative is identified in *Section 17.3h.*, you make the following representations with respect to the Area Representative:

(i) You have met or spoken to only _____, the Area Representative;

(ii) Other than any financial performance representation contained in Item 19 of the Disclosure Document, at no time did the Area Representative make any promises or statements, or projections or forecasts, or estimates or warranties or representations or other statement or agreement concerning profits or expenses or costs or actual or projected sales of any kind directly or by implication about *Cold Stone Creamery* restaurants or about the Franchised Business that we desire to develop under this Agreement or about obtaining the confirmed

Location or about any other matter other than what is contained in the *Cold Stone Creamery* Disclosure Document or *Cold Stone Creamery* restaurant brochure.

(iii) You acknowledge that you have not received any written materials from us or the Area Representative except for the *Cold Stone Creamery* brochure and Disclosure Document; and

If there are any exceptions to *Sections 17.3i.(i) – (iii)*, identify the item number and list the exception here:

_____

_____

Franchisee Initials _____/_____

j. You acknowledge there have been no other inducements made with any person or entity, including the Identified Area Representative, encouraging you to purchase the Franchised Business, such as a "side deal" or other promise or agreement not included in the Agreement.

Franchisee Initials _____/_____

k. You acknowledge and understand that *Article 6* covers the use of the *Cold Stone Creamery* trademark and prohibition on registration of our Proprietary Marks. You acknowledge the ownership of the Proprietary Marks by us, and you agree that during the Term and after its expiration or termination, you will not, directly or indirectly, apply to register, register or otherwise seek to use or control or in any way use "*Cold Stone Creamery*", or any other of our proprietary marks, or any confusingly similar form or variation, in any place or jurisdiction either within or outside the United States; nor will you assist any others to do so. You further agree that your corporate, partnership or other entity name will not include any of the Proprietary Marks or phrases similar thereto as a part thereof. Furthermore, you acknowledge and understand that you are prohibited from filing applications for the registration of our trade names used in connection with your Franchised Business.

Franchisee Initials _____/_____

l. You acknowledge and understand that in the event you have registered a trade name or entity name containing our trademarks, you will be required to immediately discontinue all further use of the trademark, all Proprietary Marks and any other marks or names confusingly similar thereto in your entity name. Furthermore, you will take such action as may be required to amend your entity name and affirmatively cancel or terminate and dissolve all fictitious or assumed names or other registrations that contain our Proprietary Marks. In the event you do not comply and execute any and all instruments and documents necessary to protect and maintain our interests in the Proprietary Marks, we will then have power of attorney to execute any documents necessary to protect and maintain our interests in the Proprietary Marks.

Franchisee Initials _____/_____

ARTICLE 18. SUBMISSION OF AGREEMENT

The submission of this Agreement to you does not constitute an offer and this Agreement shall become effective only upon the execution thereof by the parties. THIS AGREEMENT SHALL NOT BE BINDING ON US UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY FRANCHISOR.

[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, has duly executed and delivered this Agreement as of the Effective Date.

FRANCHISEE: _____, a(n) _____

By:_____
[Name, Title]

By:_____
[Name, Title]

FRANCHISOR: KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

PERSONAL ACCEPTANCE OF SECTIONS 7.1, 7.2, 14.6, AND 14.8

Each of the undersigned individually and personally accepts and agrees to be bound by the provisions of Sections 7.1, 7.2, 14.6, and 14.8 of the foregoing Franchise Agreement.

_____, _____, an individual
(signature)
Date:_____

_____, _____, an individual
(signature)
Date:_____

_____, _____, an individual
(signature)
Date:_____

_____, _____, an individual
(signature)
Date:_____

EXHIBIT E-2

TO THE FRANCHISE DISCLOSURE DOCUMENT

Franchise Agreement (Renewal)

COLD STONE CREAMERY

FRANCHISE AGREEMENT
(Renewal)

between

KAHALA FRANCHISING, L.L.C.

and

_____, a(n) _____

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COLD STONE CREAMERY
FRANCHISE AGREEMENT
("Agreement")

PARTIES:

KAHALA FRANCHISING, L.L.C., ("Franchisor")
an Arizona limited liability company
~~Attn: Legal Department~~
~~9311 E. Via De Ventura~~
~~Scottsdale, Arizona 85258~~

_____ ([individually and collectively,] "Franchisee")
a(n) _____
_____
_____
_____
~~Telephone No.: _____~~

RESTAURANT NO.: _____

EFFECTIVE DATE: _____ ("Effective Date")

TRADITIONAL RESTAURANT (YES or NO): _____

RESTAURANT DESCRIPTION IF NON-TRADITIONAL: _____

A "traditional" restaurant is a restaurant that is easily accessible by the general public, such as a free-standing building, inline retail shop, shopping mall, ~~and~~ or street front location. A traditional *Cold Stone Creamery* restaurant normally offers a full menu. A "non-traditional" restaurant is a *Cold Stone Creamery* restaurant that is located in a non-traditional marketplace, as determined by us (in our sole discretion), such as an airport, amusement park, sports or entertainment venue, train station, travel plaza, toll roads, cafeteria, retail store, convenience store, military base, hospital, office building, movie theater, hotel, casino, kiosk, cart, or high school or college campus. A non-traditional restaurant may also be a *Cold Stone Creamery* restaurant that is co-branded into another brand restaurant, at Franchisor's sole discretion. A non-traditional *Cold Stone Creamery* restaurant normally offers a limited version of the full *Cold Stone Creamery* menu.

To simplify the language in this Agreement, the terms "we," "us," "our" and the like may be used to refer to the Franchisor, and the terms "you," "your" and the like may be used to refer to the Franchisee. The term "you" as used herein is applicable to one (1) or more persons, a corporation, partnership, trust, other entity, association or form of organization as the case may be, and the singular usage includes the plural, masculine, neuter, feminine, and possessive usages. Franchisor and Franchisee may individually be referred to as a "party" and collectively referred to as the "parties."

RECITALS:

This Agreement is entered into with reference to the following facts and circumstances:

A. We have, over a period of time and at considerable expense, developed and established a uniform and unique method of operation, customer service, advertising, publicity, processes, recipes, techniques and technical knowledge in connection with the restaurant business, specializing in super-premium ice cream, cakes, pies, smoothies, shakes, specialty beverages, other dessert with frozen confections, and other related beverage and food items. These restaurants do business under the trade name "*Cold Stone Creamery*®". These Cold Stone Creamery recipes, techniques, processes and methods constitute our "Trade Secrets." All of our knowledge, experience, Trade Secrets, processes, methods, specifications, techniques, Proprietary Marks (as defined in Recital B.), System Standards (as defined in *Section 1.4*) and information are referred to in this Agreement as the "System." The System may be changed, supplemented, improved and further developed by us from time to time.

B. We have owned and issued franchises to others for the operation of franchised restaurants in the United States and in other countries. We have registered and applied for proprietary marks with the United States Patent and Trademark Office and with offices in other countries serving similar functions. These proprietary interests, trademarks, service marks, logos, insignias, trade names and trade dress are referred to in this Agreement as the "Proprietary Marks."

C. We are engaged in the business of licensing the right to use the Proprietary Marks in connection with the operation and promotion of the System.

D. You understand and recognize that: (1) our Trade Secrets, Proprietary Marks, developments and other properties as recited above are of considerable value; and (2) it is of importance to us and all of our franchisees to maintain the development of the System in a uniform and distinctive manner, allowing you and our other franchisees to enjoy a public image and reputation greater than most single franchisees could establish.

E. You desire to make use of the "*Cold Stone Creamery*®" trademark and to enjoy the benefits of that mark, the other Proprietary Marks, and the System; and to establish a "*Cold Stone Creamery*" franchise to be operated in accordance with System Standards set forth from time to time by us. System Standards are set forth in, without limitation, the confidential "ops package," which consists of the "operations manual" ("Operations Manual"), "ops toolkit" and related printed and electronic documents, both now existing and hereinafter developed (individually and collectively, "Confidential Manual"). We are willing to grant you the right to do so under the terms, conditions and provisions set forth in this Agreement, which includes any and all appendices, addenda, amendments, attachments and exhibits.

F. You recognize the necessity and desirability of protecting our reputation, goodwill, Trade Secrets, and other confidential business information; and that disclosure of Trade Secrets and confidential business information, including specifics of the System to any third-party, will cause irreparable damage and harm to us.

AGREEMENT:

The parties agree that the foregoing Recitals are hereby incorporated and made part of this Agreement and further agree as follows:

ARTICLE 1. GRANT OF FRANCHISE; TERM; SYSTEM STANDARDS

1.1 Franchise Grant.

We hereby grant to you a *Cold Stone Creamery* franchise that includes the right to use the System ("Franchised Business") as provided in this Agreement, at the following location ("Location"):

~~Arena, Mall, Facility, or Center Name: _____ (if applicable)~~

Street Address: _____

City/State/Zip Code: _____ ~~("Location")~~

Additional Location Information _____
(if applicable)

1.2 Location of the Franchised Business; No Exclusive Territory or Other Rights.

You must operate the Franchised Business only from the Location, including any catering services of *Cold Stone Creamery* menu items you provide. You acknowledge that the *Cold Stone Creamery* franchise granted under this Agreement is non-exclusive, that we are not granting you any territorial protection or any other exclusive rights, and that we, directly or through one (1) or more affiliates, reserve the right in our sole discretion, and without compensating you or seeking your prior approval: (i) to establish, and grant to other franchisees or licensees the right to establish, a *Cold Stone Creamery* restaurant or any other business using the Proprietary Marks, the *Cold Stone Creamery* System or any variation thereof, in any location other than the approved Location (including locations in the immediate vicinity of your Location), on any terms and conditions that we deem appropriate; (ii) to establish, and grant to other franchisees or licensees the right to establish, any restaurant concept other than *Cold Stone Creamery* in any location on any terms and conditions that we deem appropriate (including locations in the immediate vicinity of the Location); (iii) to sell products identified by the Proprietary Marks or other trademarks, service marks or commercial symbols in any location through any distribution channels, including grocery stores, convenience stores, supermarkets, club stores, vending machines, delivery services and restaurants other than *Cold Stone Creamery* restaurants; and (iv) to take any other action that we are not expressly prohibited from taking under this Agreement.

We hereby grant to you during the term of this Agreement, a non-exclusive right and license to operate a single restaurant at the Location only, according to the System Standards and subject to the terms, conditions and restrictions contained in this Agreement. This Agreement is limited to the operation of one traditional restaurant, unless otherwise amended, and does not grant you the right to buy, own or operate additional restaurants.

Except as expressly limited in this Agreement, we (for ourselves and our affiliates and designees) retain all rights with respect to all Proprietary Marks and the sale of *Cold Stone*

Creamery products anywhere in the world with no compensation or liability to you, including the right to:

a. Establish and operate (or license to any other person or entity the right to establish and operate) *Cold Stone Creamery* restaurants owned or licensed by us at any location;

b. Develop, market, own, operate and participate in any other business under the Proprietary Marks or any other trademarks (including trademarks identified in the Franchise Disclosure Document ("Disclosure Document") and other trademarks we or our affiliates own or have the right to license);

c. Develop, lease and license the use of, at any location, trademarks other than the Proprietary Marks, in connection with the operation of a system that offers products or services that are the same as, or similar to, those offered by us under this Agreement on any terms or conditions that we deem advisable, in our sole discretion;

d. Merge with, acquire or be acquired by any other business, including a business that competes with your Franchised Business, or acquire and convert any retail stores, including retail stores operated by competitors, or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporate-owned;

e. Distribute, sell, and license other persons or entities to distribute and sell, products through all other channels of distribution, including catalog sales, telemarketing, grocery stores, warehouses, big box shops, specialty shops, limited access highway food facilities, vending machines and similar automated dispensing systems, mobile units, off-site sales accounts, electronic mail, Internet sales, and movie theaters (individually and collectively, "Other Channels"); and

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

1.3 Term of Agreement.

The term for this Agreement ~~is for a single renewal term that~~ will commence on the Effective Date and will expire on ~~the five (5) year anniversary of the Effective Date~~ _____, unless terminated earlier in accordance with *Article 14* or any other provisions of this Agreement, or transferred in accordance with *Article 12* ("Term").

1.4 System Standards.

You shall operate the Franchised Business ~~restaurant~~ in accordance with our standards, including the following:

a. restaurant design, maintenance, health and safety and remodeling;

b. types, models, brands and suppliers of required fixtures, furnishings, equipment, signs, materials and supplies;

c. recipes and ingredients, menu items and menu design;

d. cooperation with and participation in sales, marketing, advertising and promotional programs (including loyalty programs, online ordering programs, discount coupons, discount gift cards, special menu promotions, and entering into product and service agreements directly with third-party vendors and service providers as required by us) and materials and media used in those programs, including discontinued use and removal of promotional materials as directed by us;

e. use and display of the Proprietary Marks;

f. restaurant operations, including matters related to the management of the Franchised Business~~restaurant~~; training of your employees consistent with the System Standards; and commercial impression of the Franchised Business to the public;

g. cooperation with and participation consistent with our responses and resolutions in response to customer feedback;

h. cooperation with and participation in: (i) market research and testing; and (ii) product and service development programs;

i. acceptance of our stored value gift cards, including gift cards sold at a discount, loyalty cards, frequency cards, gift certificates, vouchers, and any other similar electronic card and payment programs (individually and collectively, "Gift/Loyalty Card"), credit and debit cards, other payment systems, check verification services and use of point of sale computer systems; You agree to enter into a separate participation agreement with the approved vendor for data processing services;

j. bookkeeping, accounting, data processing and record keeping systems; computer hardware and software; connections to the Internet or to proprietary networks; forms, methods, formats, content and frequency of reports to us of Gross Sales (as defined in *Article 5*), financial performance and condition; and providing tax returns and other operating and financial information to us; and

k. conduct and maintain the Franchised Business and Location so as not to distract from or interfere with the integrity of the System (individually and collectively, "System Standards"). We may, in whole or in part, change, improve, update and further develop the System Standards, from time to time during the term. You shall comply with the updated System Standards as directed by us.

The operation and maintenance of your Franchised Business~~restaurant~~ according to the System Standards are essential to the well-being and vitality of the System and to preserve the goodwill of the Proprietary Marks for us and for all other franchisees operating under the System. It is critical to the *Cold Stone Creamery* System for all restaurants operating under the *Cold Stone Creamery* System to present a uniform and professional image to *Cold Stone Creamery* customers regardless of which location the customer visits. Any information regarding the operation of the Franchised Business ~~restaurant~~ will be considered a mandatory System Standard, unless it is clear from the express language of our communication that the information is merely optional or is intended by us as a suggestion, rather than a requirement.

You agree that System Standards constitute binding provisions of this Agreement as if they were an integral part of this Agreement.

ARTICLE 2. SELECTION OF LOCATION; CONSTRUCTION AND RELOCATION

2.1 Location Selection Procedures.

You are ultimately responsible for the continuation of operation of the Franchised Business at the selected Location. We will not have any liability to you with respect to your decision to continue to operate at the selected Location, any assistance we provide you in assisting you to make your decision, our recommendation of any location or a third party to assist you in your decision, or our allowing you to continue to operate in the selected Location. You agree that your decision to continue to operate at the selected Location will be based on your own independent investigation of the suitability of the Location~~You must select a Location that satisfies our minimum site requirements (such confirmation will be provided to you by us in writing), for your Franchised Business within nine (9) months from the Effective Date. If you cannot secure an acceptable Location for your Franchised Business within nine (9) months from the Effective Date, then we may terminate this Agreement by giving you notice to that effect. You are ultimately responsible for the selection of the Location. We will not have any liability to you with respect to your selection of the Location, any assistance we provide you in making your selection, our recommendation of any location or a third party to assist you in selecting a location, or our allowing you to move forward on any location. You agree that your selection of the Location will be based on your own independent investigation of the suitability of the Location~~.

2.2 Lease and Purchase Approval.

If you intend to lease the Location for your Franchised Business, the lease will be subject to our prior limited review and acknowledgment so that we can confirm that certain lease terms are incorporated into the lease. You must provide us, at least thirty (30) days prior to executing the lease, a copy of the lease and details relating to square footage, rent per square foot, the term of the lease, and either confirmation that such other terms as we reasonably require are incorporated into the lease or that you and the landlord agree to incorporate ~~the~~ our required lease addendum to lease agreement ("Lease Addendum") as an exhibit to the lease. You or your attorney shall be responsible for negotiating the terms of the lease, which shall be subject to our final limited review and acknowledgment. If you do not submit all of the required documents to us, we will not allow you to move forward with your lease. We have no liability to you regarding the terms or negotiations of the lease.

If, prior to executing the lease, you or your attorney request a full review of your lease, including any and all exhibits attached thereto, and we or our designated affiliate review your entire lease and exhibits and provide to you or your attorney its review of the entire lease and suggested changes to the lease ("Lease Review"), you must pay a Lease Review Fee (as defined in *Section 5.7*) to compensate for time and effort in reviewing the lease. The Lease Review is optional and only completed by us or our designated affiliate at your or your attorney's request. The Lease Review Fee is due only in the event that you or your attorney request us or our affiliate to complete a Lease Review. Each lease must contain the required lease terms set forth in the Lease Addendum ~~to Lease Agreement,~~ and must specifically state that we are a third-party beneficiary of the lease. If we cure any default by you under the lease, any amounts that we pay to cure the default will be payable by you to us on demand, together with interest thereon, at the lesser rate of one and one-half percent (1½%) or the maximum rate that does not violate applicable state usury laws ("Default Rate") per month from the date we make such payment.

You acknowledge and agree that ~~on the earlier of~~no later than thirty (30) days after our written request (email suffices), ~~: (i) you receive a fully executed copy of your lease for the Location of your Franchised Business; or (ii) you open your Franchised Business to the public,~~ you must provide a fully-executed copy of any and all of your lease documents for the Location ~~to us~~. Failure to timely provide us with a fully-executed copy of the lease documents will result in a default under this Agreement.

If you intend to purchase the Location for your Franchised Business, the terms of such purchase shall be subject to our prior approval, and you must provide us, at least thirty (30) days prior to executing the purchase agreement, a copy of the purchase agreement and details relating to square footage, price per square foot and such other terms as we reasonably require.

You acknowledge and understand that our confirmation that you may move forward with any specific location, lease or purchase agreement does not in any way guarantee or ensure the success or profitability of the Franchised Business, or the conformity of the Location, lease or purchase agreement to applicable laws, and such confirmations are only for our own benefit.

2.3 Construction.

a. You must, at your sole cost and expense, construct, furnish, make improvements to and equip, if necessary, the Franchised Business at the Location selected by you and meeting our minimum site requirements, in accordance with plans and specifications approved by us or our third-party approved architect, if applicable. Our approval of plans is solely for complying with our System Standards and not for determining compliance with laws, codes, ordinances, and other legal requirements, including the Americans with Disabilities Act ("ADA") or any requirements under the lease for your Location. You are solely responsible for ensuring that your Location conforms to all laws, codes, and ordinances, including the ADA, and all lease-specific requirements. You must, at your sole cost and expense, use our designated and approved third-party design architect ("Design Architect") to prepare the initial design drawings for any construction, alterations or improvements, as applicable, for your Franchised Business. The Design Architect must provide us with one (1) set of the design drawings, including landscaping and parking spaces if applicable, which are the detailed plans and specifications ("Plans") for your Franchised Business. We will provide you with a copy of the Plans upon our approval of the Plans. You must also, at your sole cost and expense, retain a licensed architect of record to prepare the permitted construction set of drawings for any construction, alterations or improvements. The permitted construction set of drawings must be submitted to us for our files prior to the start of construction, alterations or improvements. In addition, you must obtain the appropriate construction documents and all mechanical, plumbing, electrical and architectural plans must be sealed and stamped, as we may require, even if local laws in the jurisdiction where your Franchised Business ~~restaurant~~ is located do not require same.

b. Any material modifications to the approved Plans must be submitted to us for approval and you will not undertake any construction, alterations or improvements until such modifications have been approved by us. Approval of such modifications does not constitute any representation by us of compliance with applicable zoning laws, building codes or other laws.

c. You will be solely responsible for the cost and expense of obtaining all necessary governmental construction permits and licenses, and you must, at your sole cost and expense, comply with all laws, zoning ordinances, rules and regulations of any governmental agencies that may govern any construction, alterations or improvements of the Franchised Business in

accordance with the approved Plans. We will have the right, but are not required, to meet with the Design Architect and to inspect any construction, alterations or improvements during its course to ensure that the provisions of this *Section 2.3* are being observed; and you agree to allow our authorized representatives, at any and all times while construction, alterations or improvements are in progress, to meet with the licensed architect and general contractor and enter onto the Location for this purpose. If we determine in good faith that the provisions of this *Section 2.3* are not being observed, you will, at your sole cost and expense, immediately take all necessary corrective action.

d. You must, at your sole cost and expense, use a general contractor that is licensed, and if applicable, registered in the state and local jurisdiction where your Franchised Business ~~restaurant~~ is located for any and all construction, alterations and improvements. The general contractor must have prior experience in the construction, alterations and improvement of quick-service restaurants.

e. You acknowledge that the design and appearance of the *Cold Stone Creamery* Franchised Business ~~restaurant~~ is part of the System, and that uniformity is essential to the System. Therefore, you agree that after the Franchised Business ~~restaurant~~ has been constructed, altered or improved, you will not make any material changes to the building plan or design or its appearance without our prior written consent, and you will, at your sole cost and expense, maintain the interior and exterior décor of the Franchised Business ~~restaurant~~ in a first class condition and in such manner as we may reasonably prescribe from time to time. In addition to any remodeling required by us upon the transfer of the Franchised Business and upon the granting of a successor term to operate the Franchised Business, as set forth in *Articles 12* and *13*, respectively, you will, upon thirty (30) days' prior notice from us, and at your sole cost and expense, remodel and make all alterations and improvements in and to your Franchised Business as reasonably determined by us to reflect the then-current *Cold Stone Creamery* System specifications, standards, format, image and appearance.

f. You must submit to us a certificate of occupancy for your Franchised Business at any time upon our request.

2.4 Signage.

You will acquire, repair and replace, as necessary, and maintain in a first class condition throughout the Term, signs for advertising and identifying the Franchised Business as a *Cold Stone Creamery* restaurant. All signs must be in accordance with the System Standards, specifications and any local governing body (i.e., city or county governments) requirements, as well as any other applicable laws, including the ~~Americans with Disabilities Act ("ADA")~~ADA, and exterior signage must be the maximum size allowed by the landlord and local governing body. You acknowledge that quality control is essential to protect and promote our Proprietary Marks, standards, and uniform image, and you shall acquire all signs only from approved suppliers. In addition, you shall prominently display on all communications, forms, advertising, business stationery and business cards, and in a sign easily visible to consumers at the Franchised Business, the following words: "INDEPENDENTLY OWNED AND OPERATED."

2.5 Relocation.

a. If you desire to relocate the Franchised Business, you may request our consent upon the following conditions:

(i) Not less than sixty (60) days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation, due to a third-party or our request, in which event notice shall be made as soon as possible), you must make a written request for consent to relocate, describing the reasons for the relocation and providing details respecting any proposed new location.

(ii) Within twenty-one (21) days after receiving your written request, we shall advise you in writing if the proposed new location meets our minimum real estate site requirements as provided in *Section 2.1* and if you have our authorization to proceed with the relocation. In the event of our denial to proceed with the relocation, you may request an alternative proposed new location pursuant to the provisions of this *Section 2.5*.

(iii) The Term will not be extended in connection with the requested relocation.

b. At the time you request to relocate the Franchised Business, you must also meet each of the following requirements:

(i) You must not be in default under this Agreement or any other agreement or note then in effect between ~~us or~~ you and us or any affiliate of ours, and no event shall have occurred that, with the giving of notice, the passage of time, or both, would constitute a default under this Agreement;

(ii) You must neither have received more than three (3) notices of default or breach during the Term; nor more than two (2) notices of default or breach during the five (5) years immediately preceding the effective date of the proposed relocation;

(iii) The equipment, fixtures and signage used in connection with the operation of the Franchised Business must either meet our then-existing System specifications and System Standards, or you must agree, within a timeframe required by us, to replace or refurbish such items, and otherwise modify the methods of operation of the Franchised Business at your cost and expense, in order to comply with our System specifications and System Standards then applicable to new franchise owners; and

(iv) You shall have paid to us a Relocation Fee (as defined in *Section 5.14)*.

c. If we approve the relocation of your Franchised Business, (i) you and we must execute an amendment to this Agreement indicating the address for your relocated Franchised Business and you must sign a general release provided by us, and (ii) you must open your Franchised Business at the new location within thirty (30) days after you close your Franchised Business at the current Location. Provided that you comply with all of the terms and conditions set forth in this Agreement including this Section 2.5, during the period of time between the closure of your Franchised Business at the current Location, and the opening of the Franchised Business at the approved relocation address, you will not owe the Royalty Fee (as defined in *Section 5.2*).

2.6 Restricted Use of Restaurant Location.

You may not wholly or partially sublet the Location without our prior written consent. The Location may be used only for the operation of a *Cold Stone Creamery* restaurant in compliance with this Agreement and the System Standards. You shall not conduct other businesses or activities at the Location without our prior written consent.

2.7 Not Applicable.

ARTICLE 3. OPERATIONS

3.1 You agree to commence and continue operations at your *Cold Stone Creamery* Franchised Business as of the Effective Date~~Not **Applicable**~~**.**

3.2 Supplies and Promotional Materials; Rollouts.

You agree to sell only those menu items, products and services authorized under the terms of this Agreement and as specified in the Confidential Manual, and you shall use only supplies and ingredients in making those menu items that are in compliance with the standards as set forth in the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist in the future. You shall purchase all such services, supplies and ingredients only from approved vendors and utilize approved distributor(s) as specified in the documents provided by, or approved by, us as they presently exist or may exist in the future. You must purchase promotional materials containing the Proprietary Marks, including stationery, business cards, promotional and advertising materials and similar items, from suppliers approved by us, except that we must first approve all such promotional and advertising materials before you use them, and all such printed materials containing any of the Proprietary Marks shall be accompanied by the words "INDEPENDENTLY OWNED AND OPERATED." Additionally, during the Term, you agree to participate in any Rollout of new products and suppliers, as defined in *Section 9.3*.

3.3 Fixtures, Furnishings, and Equipment.

Unless otherwise approved by us in writing, you will: (1) acquire, repair and replace, as necessary, and maintain in a first class condition throughout the Term, fixtures, furnishings, and equipment to be used in the operation of your Franchised Business that ~~is~~ are in accordance with the System Standards, specifications set forth by us in the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist in the future, and with applicable laws including, without limitation, ~~including the Americans with Disabilities Act ("ADA")~~the ADA; and (2) procure the fixtures, furnishings, and equipment from suppliers or vendors previously approved in writing by us.

3.4 Online Presence.

You may not maintain a website, software application, an App (application), social media account (including, but not limited to, an account, group or page on Facebook®, Flickr®, Foursquare®, Google+®, Instagram®, LinkedIn®, Pinterest®, Snapchat®, Tumblr®, X/Twitter®, YouTube®, Vine®, VKontakte or Weibo®), or otherwise maintain a presence or advertise on the Internet or any other public computer network (individually and collectively, "Site") in connection with the Franchised Business without our prior written approval, which we may withhold in our sole discretion. If we grant you written approval, you agree to submit to us for approval before use, true and correct printouts, of all Site pages you propose to use in connection with the Franchised Business. You understand and agree that our right of approval of all such Site pages is necessitated by the fact that such Site pages will include and be inextricably linked with our Proprietary Marks. If we approve your use of a Site, you may only use Site pages that we have approved. Your Site must conform to all online presence requirements, policies and procedures per our System Standards. You agree to provide all information regarding your online presence that we require. If we grant approval for a Site, you may not use any of the Proprietary Marks on

the Site except as we expressly permit. You may not post any of our proprietary, confidential or copyrighted material or information on the Site without our prior written permission. If you wish to modify your approved Site, all proposed modifications must also receive our prior written approval. You explicitly understand that you may not post on any Site (whether yours or someone else's) any material in which a third-party has any direct or indirect ownership interest (including video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image which any third-party may claim intellectual property or other rights in). If we grant approval, you agree to list on the Site any website and social media account maintained by us, and any other information we require in the manner we dictate. You agree to obtain our prior written approval for any Internet domain name, home page address and Uniform Resource Locator. The requirement for our prior approval set forth in this *Section 3.4* will apply to all activities on the Internet or other communications network to be conducted by you, except that you may maintain one (1) or more e-mail addresses and may conduct individual e-mail communications without our prior written approval. You agree to obtain our prior approval as provided above if you propose to send advertising to multiple addressees via e-mail or text messages. You may not use a Site to represent that: (1) the Site is an official account, application, page or group of, or video produced by us; or (2) you are the owner of the *Cold Stone Creamery* brand. On any Site you use in connection with the Franchised Business, you must affirmatively state: (a) that you are a franchisee and the opinion and content being expressed are your own and not that of the *Cold Stone Creamery* brand; and (b) the Location of your Franchised Business.

3.5 Continuing Working Capital Requirement.

You must have Fifteen Thousand Dollars ($15,000) in working capital ~~at the time you open your Franchised Business~~as of the Effective Date and throughout the Term.

ARTICLE 4. TRAINING, ASSISTANCE AND START-UP MATERIALS

4.1 Training Program.

The training program is made up of the "In-Store Training," which is approximately eighty (80) hours, and "New Owner Training," which is approximately forty (40) hours (collectively, "Training Program"). You will be solely responsible for all transportation costs, food, lodging and other personal expenses incurred by you and your employees in connection with the Training Program. The New Owner Training will be conducted either online or in person at our sole discretion. If the New Owner Training is conducted in person, it will be at the Franchisor training and education center in Scottsdale, Arizona or at such other location as we may designate at our sole discretion and the In-Store Training will be conducted at a training store in Arizona or such other location as we may designate at our sole discretion. You acknowledge that adequate knowledge regarding the operation of the Franchised Business is essential to the growth of your franchise and to the promotion of the System. ~~Notwithstanding~~ Furthermore~~the foregoing~~, Franchisor has the right to require Franchisee and/or its manager(s) to attend additional ~~In-Store Training (as defined below),~~ training and pay the Additional Training Fee (as defined below) as provided for in this *Section 4.1* and *Section 5.10*, in the event Franchisee is not operating the Franchised Business pursuant to Franchisor's Systems Standards. Notwithstanding the foregoing, because Franchisee has prior experience in the food service industry, and in particular with the operation of a *Cold Stone Creamery* restaurant, Franchisor hereby waives the requirement for Franchisee to attend and successfully complete the Training Program at the time Franchisee executes this Agreement. Franchisor and Franchisee hereby agree that Franchisor has no obligation to provide the Training Program to Franchisee, or any persons who have an

ownership interest in the Franchised Business, prior to, or in connection with Franchisee's continuing operations of the Franchised Business. Franchisee understands and agrees that the foregoing waiver is not a permanent waiver by Franchisor and Franchisor does not waive and hereby reserves the right to require Franchisee to later attend and successfully complete any training as may be prescribed by Franchisor at any time during the Term. ~~Furthermore, Franchisor has the right to require Franchisee and/or its manager(s) to attend additional training and pay the Additional Training Fee (as defined below), as provided for in this *Section 4.1* and *Section 5.10*, in the event Franchisee is not operating the Franchised Business pursuant to Franchisor's Systems Standards.~~

4.2 Employee Training.

You acknowledge that the employees of your *Cold Stone Creamery* Franchised Business are an integral and important part of the Franchised Business, as they will have substantial contact with customers. You alone are responsible, and acknowledge that we have no direct or indirect control and no right or authority, for the hiring, firing, training, supervising, setting the terms and conditions of employment (including employee tasks and work schedules), compensation of your employees, or maintaining employment records, for the safety of your employees and for your employees' compliance with the System Standards. The System Standards are in place to protect our interests in the System and not for exercising any control over you, your employees or your Franchised Business. You must ensure that your employees who have direct interaction with the public are able to speak and read English and any other language that may be required to adequately meet the public needs in your Franchised Business.

4.3 Additional Programs; Continuing Assistance.

We may, in the future, request that you participate in refresher or additional training programs. We may also hold an annual conference to introduce new products, discuss sales and marketing techniques, personnel training, advertising programs, merchandising procedures and other subjects. You may be charged a ~~nominal~~ registration fee for these programs and you will be solely responsible for the cost of transportation, food, lodging and other expenses incurred by you at any such program. Attendance at these additional training programs and conferences is mandatory. They will be held in the metropolitan Phoenix, Arizona area, or at other locations in the United States chosen by us, at our sole discretion.

We shall provide such periodic evaluations or inspections as we deem appropriate, utilizing our field representatives who may visit the Franchised Business from time to time. The frequency and duration of such visits to a Franchised Business by our representatives shall be in our sole discretion. Any such evaluation or inspection is not intended to exercise any control over your employees or the daily operation of your Franchised Business. In addition, we will be available on an ongoing basis at our offices for consultation and guidance with respect to the operation and management of the Franchised Business. In addition to the Confidential Manual, we may, but are not required to, from time to time provide you with additional materials relating to the Franchised Business.

4.4 Area Representatives.

We may retain the services of an independent third-party area representative ("Area Representative") to represent us in the area in which the Franchised Business ~~restaurant~~ is located and perform some or all of the services we provide under this Agreement. The services

the Area Representative may perform could include: (i) assistance in location selection and evaluating and confirming that the Location meets our minimum site requirements; (ii) advice and guidance regarding lease negotiations; (iii) assistance in opening new *Cold Stone Creamery* locations; (iv) assistance with training on the approved POS System (as defined in *Section 4.6a.*); (v) assistance with marketing advice; (vi) periodic Quality Service Cleanliness and Experience ("QSCE") evaluations; (vii) assistance with collection of the various sums due to us from *Cold Stone Creamery* franchisees; and (viii) coordination with other *Cold Stone Creamery* franchisees in your area and general supervision and monitoring of your Franchised Business on our behalf. You agree in advance to our delegation to an Area Representative of some or all of our obligations, and assignment to an Area Representative of some or all of our rights under this Agreement. You agree that we may require you to submit to an Area Representative any reports you are required to submit to us. Upon our request, you will provide the Area Representative with access, inspection and audit rights to the same extent we have those rights under this Agreement. You are not a third-party beneficiary of any agreement between us and any Area Representative. If we have designated an Area Representative for your Franchised Business ~~restaurant~~ as of the Effective Date, the name and contact information of the Area Representative is shown in *Section 17.3h.* We reserve the right in our sole discretion to remove any Area Representative in your area at any time and to appoint any other Area Representative for your area. We have no obligation to appoint an Area Representative in the area in which your Franchised Business ~~restaurant~~ is located, and we have no obligation to appoint a new Area Representative after we have removed an Area Representative.

You acknowledge that Area Representatives and their owners and employees may not contractually bind us without our express written authorization. You further acknowledge no Area Representative has the authority to: (i) enter into agreements or execute any agreements on our behalf; or (ii) bind us in any way without our prior written consent. Unless expressly authorized and agreed to by us in writing, we disavow any agreements, whether verbal or written, entered into by an Area Representative that in any way attempts to bind us. In any litigation or arbitration proceeding, you agree to waive any claim or defense that an Area Representative is our express or implied agent and such an assertion by you constitutes a material default under this Agreement.

4.5 Confidential Manual.

To protect the reputation and goodwill of the System and to maintain the uniform standards of operation under the Proprietary Marks, you must conduct your business in accordance with our Confidential Manual. The Confidential Manual is confidential and remains our property.

The Operations Manual is available to Franchisee via the ~~Franchisee~~ franchisee portal at: https://portal.kahalamgmt.com. In the event Franchisee desires to receive a hard copy of the Operations Manual, then Franchisee shall submit such request in writing to training@kahalamgmt.com. Upon such request, a hard copy of the Operations Manual will be mailed to Franchisee via regular mail within approximately forty-five (45) days thereafter.

So that you may benefit from new knowledge gained by us as to improved techniques in the operation of the Franchised Business, we may from time to time revise, amend, restate or supplement the content of the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist in the future. You will at all times ensure that your copy of the Confidential Manual is kept current and up to date. In the event of a dispute regarding any of the content of the Confidential Manual, the master copies maintained by us at our corporate office will control.

4.6 Computer Systems; Debit and Credit Card Processing.

a. Prior to ~~the opening~~commencing operations of your Franchised Business~~restaurant~~, you will be required to acquire, to maintain, and to exclusively use an approved cash register/computer system ("POS System") during the operation of the Franchised Business. You and your employees must complete training for the POS System as we require, and you will be required to use the POS System to produce sales reports, keep inventory control and post sales tax, refunds, credits and allowances and submit that information to us immediately upon our request. You are required to obtain high-speed/always-on internet connection service for your POS System. If high-speed/always-on internet is not available in your area, dial-up Internet access may be used until high-speed/always-on service becomes available in your area. The POS System must be configured so that we will have remote access to the information and data stored in the POS System, which may include inventory information. This access will allow us to exchange/collect data and other information on such bases as we will communicate to you from time to time. You will be required to maintain the POS System in good working order at all times, and to upgrade or update the POS System during the Term as we may require from time to time. It will be your responsibility to enter into contracts for the maintenance, upgrades and updates to the POS System with an approved supplier of such services identified by us on the list of approved vendors and distributors or other notification to you from us advising of suppliers for your market area. You shall also be required to own a personal computer or similar device with access to the Internet that allows you to report your Gross Sales (as defined in *Section* ***Error! Reference source not found.*** ~~*5.2*~~) online, send and receive e-mails with us, and receive online orders. All *Cold Stone Creamery* franchisees are required to participate in online ordering and delivery programs, which includes entering into one or more participation agreement(s) with one of our affiliates and/or other approved vendor(s) for remote/online order processing services and delivery services under the terms, conditions, and fees established by such vendor for the purpose of developing, implementing, using, maintaining, supporting, updating and/or upgrading technologies in connection with the franchise system, including web-based and/or mobile applications and websites. 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 franchise system. This may include amounts paid to third-party delivery service platforms and aggregators. To provide for the inevitable but unpredictable nature to 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 connection with the franchised system. There is no contractual limitation on the frequency and cost of this obligation. We may require you to upgrade the hardware and software including, but not limited to, your operating system, as reasonably necessary to provide reports and information required by us.

b. You are required to accept debit and credit cards and Gift/Loyalty Cards from consumers at the Franchised Business and participate in any online ordering programs which Franchisor may require. Prior to commencing operations~~the opening~~ of your Franchised Business~~restaurant~~, you will be required to acquire and maintain an approved debit, credit and Gift/Loyalty Card processing system to use during the operation of the Franchised Business. Additionally, you must utilize our approved third-party Gift/Loyalty payment card processor for processing all such Gift/Loyalty Card transactions, including entering into a Gift Card Participation Agreement with one of our affiliates, or its successors or assigns, or other approved vendor for the Gift/Loyalty Card processing services. The Payment Card Industry ("PCI") requires all companies that process, store, or transmit credit card information to protect the cardholders' information by complying with the PCI Data Security Standard ("PCI DSS"). Therefore, as a

franchisee who accepts credit cards, you are required to be PCI compliant by following and adhering to PCI DSS, which includes ensuring that your POS System, back office computer (if supplied), and any other device that is plugged into the network is **only** used for business purposes. You are also required to complete an annual questionnaire and quarterly network PCI scans and install a network firewall appliance for logging, tracking, reporting, and security assessment. You are also required to validate with Franchisor that your store is PCI compliant, and Franchisor may in its sole discretion require you to install a particular type of firewall (hardware and/or software). To show such validation you must send us your ~~Passing~~ passing ~~Certificate~~ certificate showing your Franchised Business ~~store~~ is PCI compliant. You are also required to verify that you have a PCI compliant firewall appliance installed at your ~~location~~ Location if you process credit cards via a high speed internet ~~connectivity~~connection. We require your Franchised Business' POS System, including terminals, computers, and software to be in compliance with the PCI DSS at all times. The PCI DSS is often updated, and you are required to obtain and comply with all updated standards. You must also be PCI compliant in order to obtain cyber liability/data breach insurance coverage.

ARTICLE 5. FEES AND DEPOSITS

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 5*. 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.

5.1 Not Applicable.

5.2 Royalty Fee and Surcharge.

For the period of time commencing on the ~~later of the~~ Effective Date ~~or the date the Franchised Business opens to the public~~, and for the duration of the Term, you must pay to us a weekly royalty fee equal to six percent (6%) of total Gross Sales (as defined below) ("Royalty Fee"). If we or the landlord of the Location require you to remodel your Franchised Business in such a way that your Franchised Business (including catering) stops offering items to the public, or if there is a disaster at your Franchised Business, such as a fire, flood or damage caused by an act of God, that requires you to temporarily close your Franchised Business, you are not required to pay the Royalty Fee during the period of time of such temporary closure; provided you provide us or our authorized representative with notice of such temporary closure as soon as reasonably possible, but in no event more than twenty-four (24) hours after such closure begins. Notwithstanding the above, all amounts owed to us under this Agreement prior to the temporary closure shall still be fully due and payable. The temporary closure of your Franchised Business shall not exceed ninety (90) days, but may be extended on a case-by-case basis at our sole discretion and with our prior written approval.

In our sole discretion, we may charge, in addition to the Royalty Fee, a surcharge of up to Ten Dollars ($10) per week if your Franchised Business is located in a state that imposes additional reporting requirements on a franchisor ("Surcharge"). The Royalty Fee and applicable Surcharge shall be due and payable no later than Monday of each week, which day may be modified by us without prior notice to or approval from you, for the week ending on the preceding

Tuesday in which applicable Gross Sales (as defined below) were earned from the Franchised Business. The weekly Royalty Fee and applicable Surcharge shall be paid by electronic funds transfer, as detailed below.

For the period of time commencing on the ~~later of the~~ Effective Date ~~or the date the Franchised Business opens to the public~~, and for the duration of the Term, you are required to report Gross Sales to our designated accounting office, which as of the Effective Date, is via the Internet at http://franchisee.kahalamgmt.com, as set forth in *Section 5.6*. Nothing herein shall prevent Franchisor from electronically polling Franchisee's POS system, restaurant management software, and financial records (or similar tools thereto) daily, or more frequently, by electronic or other remote means and Franchisee hereby grants Franchisor authority to do so; however, such authority does not negate Franchisee's requirement to ensure all sales are timely and accurately reported each week. You shall be required to establish a Depository Account (as defined in *Section 5.6*) at the time you execute this Agreement as set forth in *Section 5.6*. Payment of the Royalty Fee, Advertising Fee (as defined in *Section 5.3*), and all other fees due under this Agreement to us shall be made via electronic transfer of funds from the Depository Account. To accomplish this electronic transfer of funds from the Depository Account, you must complete, sign and deliver to us, and maintain for the duration of the Term, a current Electronic Funds Transfer Authorization in a form that we provide.

As used in this Agreement, "Gross Sales" means all sales, money or things of value, received or receivable, directly or indirectly, by Franchisee on account of the Franchised Business, less applicable sales taxes and any properly documented refunds, credits and allowances given by you to customers in accordance with the System Standards, but without deducting any of your income taxes, costs and other expenses. All sales made from catering services must be included in the Gross Sales.

5.3 Advertising Fee.

a. You must pay to us, or directly into a national advertising fund or also any regional advertising funds, as designated by us at our sole discretion, (individually and collectively, "Advertising Fund") a weekly advertising fee of three percent (3%) of the Gross Sales for the preceding week ("Advertising Fee"). Upon thirty (30) days' notice by us to you, we may unilaterally increase the Advertising Fee from its current level not to exceed four percent (4%) of your weekly Gross Sales. The Advertising Fee shall be due and payable with the Royalty Fee under *Section 5.2*. The Advertising Fee is our property and may be deposited by us into our general operating account.

b. The Advertising Fund will be used for marketing, advertising, production and media expenses to promote the *Cold Stone Creamery* name, System, products and services. We are entitled to deduct, free of charge, the following from the Advertising Fund: (i) reimbursement of expenses, overhead, and employee salaries for services provided; and (ii) rent for office space provided to the Advertising Fund. We have no fiduciary obligation to you in connection with the operation of any Advertising Fund. No interest on an unexpended Advertising Fee shall be imputed or otherwise charged for the benefit of, or payable to, you. You understand and agree that the only obligations we have regarding the collection and spending of the Advertising Fee or the administration of the Advertising Fund are the express contractual obligations in this *Section 5.3*. We are not acting as a trustee, fiduciary, agent or in any other special capacity. We do not give any representation or warranty regarding the quality or effectiveness of the advertising and

marketing activities funded by the Advertising Fee or of the Advertising Fund, and we will have no liability to you with respect to how these funds are spent.

c. Two percent (2%) of your Gross Sales is deposited into the national Advertising Fund; and, if a cooperative exists where your Franchised Business is located, the remaining one percent (1%) of your Gross Sales is deposited into the regional Advertising Fund for your cooperative~~, .~~ ~~if~~ If no cooperative exists where your Franchised Business is located, your Franchised Business will be considered a "single store" cooperative and you must contribute the remaining one percent (1%) of your Gross Sales to the regional Advertising Fund for your store. Your own local marketing and advertising should be developed to maximize your particular customer base.

5.4 Cooperative Advertising.

a. We encourage the formation and operation of franchisee cooperative advertising associations (each an "Association"). Each Association will help coordinate advertising, marketing efforts and programs, and attempt to maximize the efficient use of local advertising media. If an Association is formed for your region, you must contribute financially to the Association as required by us. Failure to do so will be deemed a breach of this Agreement and you may also, in Franchisor's sole discretion, lose your right to vote as to decisions regarding advertising and marketing efforts and programs.

b. Upon our request, you will assist in establishing an Association or in deciding how to allocate all or part of any Fund contribution we elect to distribute to the Association. We will decide in our sole discretion whether to make contributions from the Fund to an Association and how much to contribute. We reserve the right to establish general standards concerning the operation of an Association, advertising agencies retained by an Association, and advertising programs conducted by an Association. Notwithstanding anything to the contrary, no Association decision will be made or advertising collections spent without our prior written approval.

5.5 Not Applicable.

5.6 Depository Account; Payment Procedures.

As of the Effective Date, you are required to maintain for the duration of the Term a depository account ("Depository Account") at a bank or other federally insured financial institution ("Depository") under the same name as Franchisee under this Agreement. You are required to maintain a balance of at least Three Thousand Dollars ($3,000) in the Depository Account at all times during the Term by replenishing the Depository Account to at minimum Three Thousand Dollars ($3,000) after any withdrawals. We shall not be responsible for any bank service charges incurred by you which result from the withdrawal of funds from your Depository Account.

On Wednesday of each week, you must submit a report to us regarding the weekly period which ended on the preceding Tuesday, including details on Gross Sales and other statistical data as provided in this Agreement, Confidential Manual, or as otherwise specified from time to time by us. We will withdraw funds electronically on Monday of each week from the Depository Account. The withdrawals are based upon the figures you report and constitute the Royalty Fee and Advertising Fee as described in *Sections 5.2* and *5.3*. If you do not submit a report on any Wednesday, we may estimate the Royalty Fee and Advertising Fee based upon prior reports and withdraw the estimated amounts up to the entire Three Thousand Dollars ($3,000). We will return

or credit back to you, in our sole discretion, any overage within thirty (30) days after our receipt of your report(s). We shall not be responsible to you for any interest charges for any overage collected due to your failure to timely report your sales. You shall instruct the Depository to disburse each week to our designated bank, via electronic funds transfer by the close of business on Monday (or preceding banking business day, if Monday is a bank holiday), the weekly Royalty Fee and Advertising Fee and other fees due for that week, which week shall end on the preceding Sunday. The days of the week specified above may be modified by us without prior notice to or approval from you.

We will also withdraw the monthly POS Help Desk Phone Support Maintenance Fee (as defined in *Section 5.20*) from the Depository Account on the last Thursday of each month. Under no circumstances shall such access to the Depository Account be deemed control or joint control of the Depository Account by us.

Subject to reasonable advance notice for non-recurring payment amounts, we have the right to debit your Depository Account, or any other depository account you have with us, according to the terms of your Electronic Funds Transfer Authorization for any of the payments described in this Agreement. If you do not pay all amounts due by the due date, we may suspend our and our affiliates' services and support until your payment default is cured. Repeated failure to pay all amounts when due, whether or not the defaults are subsequently cured, may be cause for termination under *Article 14*.

You shall pay us Fifty Dollars ($50) for each electronic funds transfer attempted from your Depository Account pursuant to this *Section 5.6* that is returned for non-sufficient funds. You shall also reimburse us for all other costs and expenses incurred by us in collecting or attempting to collect funds due to us from the Depository Account (for example, without limitation, charges for non-sufficient funds, uncollected funds or other discrepancies in deposits or maintenance of the Depository Account balance in accordance with the terms hereof). The Depository Account shall be established and maintained solely for the purposes set forth in this *Section 5.6* and any other fees authorized under this Agreement and any other agreements between you and us or any of our affiliates.

5.7 Lease Review Fee.

If you request us or one of our designated affiliates to complete a Lease Review, you are required to pay us or our designated affiliate a lease review fee in the amount of Two Thousand Five Hundred Dollars ($2,500) ("Lease Review Fee") for reviewing and providing comments to your proposed lease.

5.8 Lease Guarantee Fee.

If, in order to obtain the lease agreement for the Location of your Franchised Business, the landlord requires you to obtain a lease guarantee, and we or one of our affiliates agree to serve as such guarantor, you will pay us or our affiliate a fee in the amount of ten percent (10%) of the total amount of the rental obligations being guaranteed under the lease during its term up to a maximum fee of Ten Thousand Dollars ($10,000) ("Lease Guarantee Fee"). The Lease Guarantee Fee will be due and payable upon our or our affiliate's execution of the applicable lease guarantee agreement with the landlord. Neither we nor any of our affiliates are required to serve as a guarantor of your lease for the Location of your Franchised Business; rather, the decision of whether to serve as a guarantor shall be made in our sole discretion. In the event that

you request us or our affiliate to either agree to be the tenant under the lease or execute a separate guarantee to the lease, and you pay the required Lease Guarantee Fee, you agree and acknowledge that payment of the Lease Guarantee Fee shall not, in any manner, be deemed as an insurance policy which limits your liability in connection with the Franchised Business, including any and all financial liability under the sublease or lease related to the Location. You further agree and acknowledge that our or our affiliate's agreement to act as tenant or guarantor under the lease, and your payment of the Lease Guarantee Fee to us or our affiliate, does not result in the assumption or transfer of your liability, in connection with the Franchised Business, by or to us or our affiliate.

5.9 Not Applicable.

5.10 Additional Training Fee.

If you desire ~~to~~or we require that you receive additional training, we will provide additional training time to you for a fee of Three Hundred Dollars ($300) per person per day. Such additional training will be at a time reasonably agreed to by you and us, and will be conducted at Franchisor's headquarters, online, or such other location as we may designate in our sole discretion. You will be solely responsible for all transportation costs and expenses, food, lodging and other personal costs and expenses incurred by you and your employees in connection with this additional training.

5.11 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.

5.12 Not Applicable.

5.13 Transfer Franchise Fee.

a. Not applicable.

b. A Potential Transferee (as defined in *Section 12.1c*.) receiving this Agreement, as may be amended, in connection with a Full Transfer (as defined in *Section 12.1a.1*.), must pay to us a transfer franchise fee of Seventeen Thousand Five Hundred Dollars ($17,500) ("Transfer Franchise Fee").

5.14 Relocation Fee.

A relocation fee of Five Hundred Dollars ($500) ("Relocation Fee") is payable to us when you sign the amendment to your Franchise Agreement for your relocation (see *Section 2.5*).

5.15 Not Applicable.

5.16 Annual Meeting Registration Fee.

If we hold an annual meeting ("Meeting"), the Meeting may be held at various locations throughout the United States and/or online as we may designate in our sole discretion. Because the planning and funding of the Meeting must be done well in advance and requires a substantial financial commitment, we have the right to debit your Depository Account for up to One Thousand

Dollars ($1,000) for the Meeting registration fee at any time sixty (60) to ninety (90) days prior to the first day of the Meeting. This fee may be debited from your account (even if you do not attend the Meeting). You will also be solely responsible for all costs incidental to attending the Meeting. If you do not attend the Meeting, we will make available to you one (1) full set of the substantive materials that were presented at the Meeting.

5.17 Late Report; Interest; Late Charge; Non-Sufficient Funds Fee; Breaching Royalties; Draft Draw Charge.

If you fail to submit to us any financial statements, forms, reports or records required to be provided under this Agreement by its due date, including your weekly Gross Sales report for calculating your Royalty Fee and Advertising Fee, you must pay to us a late report charge of One Hundred Dollars ($100) per week or part thereof.

If any fees or assessments due under this Agreement, including the Royalty Fee and Advertising Fee, are not paid when due, interest shall accrue on the late payment (from the date payment is due until the date payment is made) at the Default Rate, which amount, plus a late charge of five percent (5%) of the unpaid amount, or One Hundred Dollars ($100), whichever is greater, shall be added to each late payment. For any payments made by you to us under this Agreement which are returned for non-sufficient funds of a processed check, you shall be charged a non-sufficient funds fee of Twenty-Five Dollars ($25) per occurrence. Pursuant to *Section 5.6*, for each electronic funds transfer that is attempted from the Depository Account but returned for non-sufficient funds, you shall be charged a Fifty Dollars ($50) non-sufficient funds fee per occurrence.

Franchisor has the absolute right to charge Franchisee the greater of: three (3) times the fixed Royalty Fee; or, if on a percentage Royalty Fee, the Royalty Fee will be increased up to eighteen percent (18%) of Gross Sales, with respect to any period during which Franchisee is in breach or default of its/his/her obligations under this Agreement without providing Franchisee advance notice or right to cure. The Royalty Fees paid or owing to Franchisor with respect to the period during which Franchisee is in breach or default are 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.

If you fail to provide us any necessary information or documentation with respect to our practice of drawing drafts against your bank accounts, you must pay us a draft draw charge in the amount of One Hundred Dollars ($100) per day that that failure continues.

If, as a result of your failure to remit payments required under any provision of this Agreement, we retain an attorney or a collection agency to collect such payments, you must pay all collection costs and expenses, including reasonable attorneys' fees and expenses, whether or not legal proceedings are initiated. Our rights under this *Section 5.17* are in addition to any other rights or remedies that we may have as a result of your default under this Agreement.

5.18 Audit Fees.

For the purpose of this *Section 5.18*, we have the right, at any time during business hours, and with or without prior notice to you, to inspect and audit, or cause to be inspected and audited, the business records, cash control devices, bookkeeping and accounting records, sales and

income tax records and returns and other records of the Franchised Business and your entity's books and records.

You hereby grant us access to any computers utilized by you for such purposes and we will have the ability, at all times, via modem, to obtain daily and weekly sales reports and other financial records that the POS System provides. You will fully cooperate with our representatives, the Area Representative, if applicable, and independent accountants hired by us to conduct any such inspection or audit. In addition, in the event such inspection or audit is made necessary by your failure to furnish reports, supporting records or other information, as required herein, or to furnish such reports, records or information on a timely basis, or if an understatement of Gross Sales, resulting in an underpayment of the Royalty Fee or Advertising Fee for the period of any audit (which shall not be for less than one (1) month) is determined by any such audit or inspection to be five percent (5%) or greater, you will pay to us, immediately after receipt of the inspection or audit report, any additional Royalty Fee and Advertising Fee and other amounts due as a result of any such understatement, plus interest at the Default Rate from the date originally due until the date of payment and you must reimburse us for such audit or inspection, including the charges of any independent accountants, and the travel expenses, room, board and compensation of such accountants and our employees.

The remedies in this *Section 5.18* will be in addition to all other remedies and rights available to us under this Agreement or otherwise available.

5.19 Data Fee.

We may require you to pay us or a third-party we designate a data fee of up to Seventy-Five Dollars ($75) per month for polling or collecting data from your POS System.

5.20 POS Help Desk Phone Support Maintenance Service Fee.

You must purchase from us a help desk phone support maintenance service that covers phone support for both the software and hardware of your POS System that is supported by the help desk, the cost of which is currently Sixty Dollars ($60) monthly, and subject to increase upon thirty (30) days' notice ("POS Help Desk Phone Support Maintenance Service Fee"). The POS Help Desk Phone Support Maintenance Service Fee shall be paid by electronic funds transfer, as detailed in *Section 5.6,* and debited from your account on the last Thursday of each month.

5.21 New Supplier Approval Fee.

All requests for approving new or alternative suppliers must be submitted in writing by you or the supplier to our Purchasing Department. Each request will be reviewed in accordance with our then-current procedures and the supplier must meet our then-current requirements, which may include that our representatives be allowed to inspect the facilities of the proposed supplier, and that samples from the proposed supplier be delivered, at no charge, either to us or to our designee for testing. A charge not to exceed the amounts incurred in connection with the inspection and the test, with such cumulative amount not to exceed Five Thousand Dollars ($5,000), must be paid by you and/or the supplier. If approved, in our sole discretion, we will notify you or the supplier in writing within sixty (60) days after our receipt of an approval request. You must not offer or sell in any manner any of the proposed alternative supplier's products until you receive our written approval of the proposed alternative supplier.

5.22 Reserved.

5.23 Non-participation Fee.

You must offer and sell at the Location of the Franchised Business all products designated by us, consistent with our System Standards. In addition, you must immediately incorporate into the Franchised Business all new products and services designated by us and must fully participate in all local, regional, seasonal, promotional and other programs, initiatives and campaigns adopted by us in which we require you to participate. If you fail or refuse to fully participate in any such program, initiative or campaign, you may, in our sole discretion, be required to pay a non-participation fee of One Hundred Dollars ($100) per day that you are not in compliance ("Non-participation Fee").

5.24 Not Applicable.

5.25 through 5.35 Not Applicable.

ARTICLE 6. PROPRIETARY MARKS

6.1 Ownership and Right to Use.

We warrant to you that:

a. We are the owner of all right, title and interest in and to the Proprietary Marks;

b. We have granted to you the personal, non-exclusive, limited, revocable right and license to use the Proprietary Marks in connection with the operation of your Franchised Business;

c. We have taken and will take all steps reasonably necessary to preserve and protect our rights in the Proprietary Marks; and

d. We will only permit you to use the Proprietary Marks in accordance with the System Standards.

6.2 Covenants of Franchise Owners.

a. You acknowledge our ownership of the Proprietary Marks, and you agree that during the Term and after its expiration or termination, you will not directly or indirectly contest, or aid in contesting, the validity of the Proprietary Marks or our ownership of the Proprietary Marks, nor will you take any action which might impair or prejudice our ownership of the Proprietary Marks. You shall not, directly or indirectly, apply to register, register or otherwise seek to own or control any of the Proprietary Marks, or any confusingly similar mark thereto, whether in whole or in part, in any place or jurisdiction either within or outside of the United States; nor will you assist any others to do so.

b. You agree that the license granted pursuant to this Agreement authorizes you to use the Proprietary Marks solely in connection with the Franchised Business only at the Location, and for no other purpose. You have no right to license or sublicense any aspect of the System Standards or any of the Proprietary Marks.

c. You agree to use the Proprietary Marks only in the manner and to the extent specifically licensed by this Agreement. You further agree that any unauthorized use or continued use of the Proprietary Marks after the termination or expiration of this Agreement will constitute irreparable harm and is subject to injunctive relief.

d. The license granted by this Agreement includes only the Proprietary Marks, now existing or which may exist in the future. This license does not include the right to use any other trademarks, service marks, trade name or trade dress owned by us or our licensor anywhere in the world. You agree that any and all goodwill associated with and identified by your use of the Proprietary Marks will inure directly and exclusively to our benefit, and that, on the expiration or termination of this Agreement, no monetary amount will be due or payable to you as a result of any goodwill associated with your ownership or operation of the Franchised Business.

6.3 Limitations on Franchisee's Use of Proprietary Marks.

To develop and maintain high and uniform standards of quality and service and thereby protect our reputation and goodwill and that of the System, you agree:

a. To operate and advertise the Franchised Business only under the Proprietary Marks authorized by us;

b. To adopt and use the Proprietary Marks licensed by this Agreement solely in the manner prescribed by us;

c. That your corporate, partnership or other entity name (including trade name), will not include any of the Proprietary Marks, in whole or in part, or any terms confusingly similar thereto, unless first authorized by us in writing;

d. To submit all advertising, promotional materials and all printed matter, including stationery, business cards, and any materials to be used on the Internet to us for our written approval before you use any of these items; and

e. That we may from time to time change or modify the System Standards, including modifying existing Proprietary Marks or adopting new marks. You agree, at your own expense, to adopt, use and display any such new or modified Proprietary Marks within ninety (90) days after notification from us. However, if we require you to modify or discontinue use of our proprietary information or use other information or rights in its place at any time other than upon us granting you a successor term to operate the Franchised Business pursuant to *Article 13*, and that requirement is a direct result of proceedings or litigation that determined that our and our franchisees' use of the proprietary information infringed upon a third-party's rights, we or our affiliate will bear the actual, direct, and reasonable costs of those modifications or discontinuances. The rights granted to Franchisee under this Section shall be Franchisee's sole and exclusive remedy for any infringement by any part of the System.

Upon your abandonment of the Franchised Business (whether voluntary or involuntary), termination or expiration of this Agreement, you must immediately cease to use, in any manner whatsoever, any of the Proprietary Marks or any other marks which, in whole or in part, may be confusingly similar to any of the Proprietary Marks.

6.4 Non-Exclusive License of Proprietary Marks.

You understand and agree that your license to use the Proprietary Marks is non-exclusive; that we, in our sole discretion, can grant to other franchisees the right to use the Proprietary Marks and obtain the benefits of the System Standards, in addition to the licenses and rights granted to you under this Agreement; and that we or our affiliates may develop and license other proprietary marks in conjunction with concepts other than the *Cold Stone Creamery* concept, on any terms and conditions we deem advisable. You will have no right or interest in any such other licenses, proprietary marks or systems.

6.5 Notification of Infringement and Claims.

You agree that you will notify us immediately of any apparent infringement of, or challenge to your use of any of the Proprietary Marks, or any claim by any person of any rights in any of the Proprietary Marks. You agree that you will not communicate with any person, other than us and our legal counsel, in connection with any such infringement, challenge or claim. We will have the sole discretion to take such action as we may deem appropriate to protect the Proprietary Marks and the exclusive right to control any litigation, United States Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge, claim or otherwise relating to any Proprietary Marks. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interests in connection with any such litigation or proceeding, or to otherwise protect and maintain our interests in the Proprietary Marks.

ARTICLE 7. TRADE SECRETS AND PROPRIETARY INFORMATION

7.1 Innovations.

During the Term, you and your principals, officers, managers and employees may conceive, invent, create, design or develop various ideas, techniques, methods, processes and procedures, recipes, formulae, products, packaging or other concepts and features relating to restaurant operations, business practices or the manufacturing, production, marketing and sale of super-premium ice cream, cakes, pies, smoothies, shakes, specialty beverages, other dessert with frozen confections, and other food and beverage items, and related goods now in existence or later developed, adopted, or improved in connection with the Franchised Business (individually and collectively, "Innovations"). You, without further consideration, hereby assign any and all of your rights, title and interest in the Innovations, including any intellectual property rights, to us, and also agree to cooperate with us and our counsel in the protection of the Innovations, including the perfecting of title thereto in us. In addition, you will require all of your principals, officers, managers and employees to sign an agreement in the form set forth in our System Standards and incorporated herein by reference ("Confidentiality Agreement"), and shall be liable to us for obligating your principals, officers, managers and employees to assign all of their rights, title and interest to the Innovations to us and requiring your principals, officers, managers and employees to cooperate in obtaining, protecting, maintaining and enforcing our right, title and interest in the Innovations.

7.2 Confidentiality Agreement.

a. In connection with the operation of the Franchised Business, you will from time to time receive, have access to, or learn certain information and materials that are proprietary to us or our affiliate. You and any person signing this Agreement under the heading "Personal Acceptance of *Sections 7.1, 7.2, 14.6* and *14.8*" agree that you will keep confidential, and will not use for your own purposes, nor supply or divulge to any other person, any of our Trade Secrets, including our methods of operation, processes, techniques, formulae and procedures, information a reasonable person would believe to be confidential and any other proprietary information regardless of whether such is expressly marked as confidential ("Confidential Information"). You acknowledge that much of the information imparted to you by us is confidential, constitutes Trade Secrets, ~~are~~ is unique to us, and remains our sole exclusive property. Our Confidential Information includes, without limitation, the following:

1. The Confidential Manual and any amendments thereto;

2. Ingredients, recipes, and methods of preparation of food products;

3. Methods of operation of *Cold Stone Creamery* restaurants;

4. Information about products, services, or procedures before they become public knowledge;

5. Information which relates in any manner to our business or the System Standards, whether oral or reduced to writing, and which is not generally known to, or readily ascertainable by, other persons who might derive economic benefit from its disclosure or use; and

6. Any other information which may be imparted to you from time to time and designated by us as confidential.

b. You and any person signing this Agreement under the heading "Personal Acceptance of *Sections 7.1, 7.2, 14.6* and *14.8*" acknowledge and agree that the Confidential Information and any business goodwill of the Franchised Business is our sole and exclusive property, and that you will preserve the confidentiality thereof. Upon termination or expiration of this Agreement, all items, records or documentation recording or incorporating any Confidential Information, including any copies thereof, will be immediately turned over by you to us or our authorized representative.

c. You agree to take all steps necessary, at your own expense, to protect the Confidential Information, including our Trade Secrets, and to adopt and implement all reasonable procedures prescribed by us from time to time to prevent the unauthorized use or disclosure of any of the Confidential Information. We require that all of your executive officers, agents, directors, shareholders, trustees, beneficiaries, partners and managers who may or are likely to obtain knowledge concerning the Proprietary Information (and who do not sign this Agreement under the heading "Personal Acceptance of *Sections 7.1, 7.2, 14.6* and *14.8*") sign the Confidentiality Agreement binding such person to preserve the confidentiality of the Confidential Information as part of the terms and conditions of such person's employment or association with you. You must obtain a Confidentiality Agreement signed by any such person prior to or at the same time that you begin employment of, or association with, that person. This will be a

continuing obligation on your part throughout the Term. You must keep each original signed Confidentiality Agreement and provide us with a copy of each Confidentiality Agreement when requested by us or our authorized representative.

d. Notwithstanding the above, Confidential Information shall not include information which you can reasonably prove: (i) entered the public domain through no breach by you or your affiliate of any duty of confidentiality, or (ii) you received our prior express written consent to disclose in the manner in which you disclosed it.

e. If anyone under a Confidentiality Agreement is legally compelled or required by a regulatory body to disclose any Confidential Information, he/she/it will notify us as soon as possible and will use his/her/its best efforts to obtain, and give us an opportunity to obtain, appropriate assurances of confidential treatment.

f. The requirements under this *Section 7.2* will remain in full force and effect during the Term and after termination or expiration of this Agreement.

ARTICLE 8. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

8.1 Relationship of the Parties.

You and we agree that this Agreement does not create any fiduciary or employment relationship between you, or any of your employees, and us, that you are an independent contractor, and that nothing in this Agreement is intended to make either you or us a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. You shall not enter into any agreement on behalf of or otherwise bind us for any purpose.

Should it ever be asserted that Franchisor is the employer, joint employer or co-employer of any of your or your affiliate's employees in any private or government investigation, action, proceeding, arbitration, or other setting, you irrevocably agree to assist Franchisor in defending said allegation, including (if necessary) appearing at any venue requested by Franchisor to testify on our 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 your employees.

8.2 *Indemnification of Franchisor*.

You agree to indemnify, defend and hold us and our affiliates (including our parent and subsidiary companies, current, past and future predecessors, successors and assigns), and each of our shareholders, owners, directors, officers, members, managers, partners, joint venturers, attorneys, employees, contractors, agents, representatives, guarantors, insurers, spouses, heirs, executors, trustees and estates (collectively with us, "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 ADA~~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, Promotions (as defined in Article 10), operation, including your failure to comply with PCI DSS or any law, statute, regulation, order, rule, or ordinance, or management of the Franchised Business, except for Claims held to have resulted solely from our gross negligence or willful misconduct. Notwithstanding the foregoing, we will have the right, at our option, to defend any Claim, 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 Cold Stone Creamery brand.

8.3 Indemnification of Franchisee.

We agree to indemnify, defend and hold you and your 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 Claim of infringement or unfair competition in connection with your authorized use of the Proprietary Marks or Confidential Information, provided that such use is in accordance with the provisions of this Agreement. However, if we require you to modify or discontinue use of our Proprietary Marks or Confidential Information or use other information or rights in its place at any time other than upon us granting you a successor term to operate the Franchised Business pursuant to *Article 13*, and that requirement is a direct result of proceedings or litigation that determined that our and our franchisees' use of the Proprietary 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.

8.4 Special Power of Attorney.

You agree to cooperate with and assist us as we may request from time to time to obtain, protect, maintain or enforce our intellectual property and Proprietary Marks, including executing documents and appearing as a witness. You hereby appoint us as your attorney-of-fact and hereby grant us an irrevocable Special Power of Attorney, coupled with an interest, with full power and authority for the purpose of executing documents or taking such action as necessary or appropriate as you might or could do if personally present, hereby ratifying all that we, as your attorney-in-fact, shall lawfully do or cause to be done by virtue of this Special Power of Attorney to obtain, protect, maintain or enforce our intellectual property and Proprietary Marks if we are, for any reason, unable to obtain your cooperation or assistance. The Special Power of Attorney granted by this *Section 8.4*, shall survive your dissolution, death, incompetence or disability and the termination or expiration of this Agreement.

ARTICLE 9. OPERATING STANDARDS AND DUTIES OF FRANCHISE OWNER

9.1 Compliance with System Standards and Confidential Manual.

You understand and acknowledge that every detail of the operation of the Franchised Business is important in order to develop and maintain high and uniform standards of quality, cleanliness, appearance, service, facilities and techniques; to increase the demand for the System; and to protect our reputation and goodwill and that of other *Cold Stone Creamery* franchisees. You also acknowledge that the operation of the Franchised Business is your sole responsibility, and that neither we nor our affiliates have any responsibility to obtain customers for you. The System Standards will constitute provisions of this Agreement as if fully set forth herein.

9.2 Authorized Products and Services.

a. You agree that you will not, without our prior written approval, offer at the Location any menu items, beverages, products or services that are not authorized by us for the Franchised Business, as set forth in the System Standards.

b. You have complete discretion in establishing the minimum price you charge for your products. Although we may suggest pricing strategy, you will have the final pricing decision.

c. Notwithstanding the terms of *Section 9.2b.*, we may conduct periodic promotional campaigns during which a specified product or products are promoted at a specified price. During the promotional period, you may not charge your customers more than the specified promotional price, although you may charge less than the promotional price.

d. We may conduct new marketing, research and development, branding and operational program tests, which will generally be conducted with experienced, existing franchisees and may include incentives and other rights that are not available to all franchisees.

e. You hereby consent to third-party vendors, suppliers and distributors sharing with us any and all information, reports, invoices and related documentation covering and otherwise detailing your purchases for the Franchised Business, and to us sharing your contact information with them when we reasonably believe they may offer you a desired benefit.

f. You are required to accept debit and credit cards (including Visa®, MASTERCARD® and AMERICAN EXPRESS®) and Gift/Loyalty Cards from consumers at the Franchised Business. You are required to acquire, as necessary, and maintain during the Term, an approved debit, credit and Gift/Loyalty Card processing system ("Card Processing System") to use during the operation of the Franchised Business. Additionally, you must utilize our approved third-party payment card processor, as identified in the System Standards, for processing all Card Processing System transactions.

9.3 Specifications and Standards for Supplies; Approved Suppliers; Rollouts.

a. You must purchase or otherwise acquire certain proprietary or required equipment and supplies utilized in the Franchised Business only from our designated approved distributors or suppliers. If, during the Term, we change designated approved distributors or suppliers for any of the proprietary or required equipment and supplies utilized in the Franchised Business, you shall change to the new designated approved distributor or supplier within sixty (60) days after written notification of such change from us.

You acknowledge Franchisor and/or its affiliates has the right to receiv~~-~~e commissions, volume discounts, purchase discounts, performance payments, bonuses, rebates, marketing and advertising allowances, co-op advertising, administrative fees, enhancements, price discounts, economic benefits and/or other payments ("Payments") based upon the actual purchases of the foods, beverages, and other products by Franchisor, its affiliates, area developers and franchisees from suppliers. Any such Payments made to Franchisor may be retained by Franchisor as it deems appropriate, in its sole discretion. All Payments received from a supplier for a designated purpose (such as participation at an annual convention, etc.) will be ~~spend~~ spent in accordance with the supplier's designated purpose.

b. If you desire to purchase or otherwise acquire any equipment, supplies or inventory items required by the System Standards but not previously approved by us, or from sources not previously approved by us, you must submit to us sufficient specifications, photographs, drawings and other information sufficient to allow us to determine whether such equipment, supplies or inventory items meet our System Standards. We may require that our representatives be allowed to inspect the facilities of the proposed supplier and revoke its approval upon the supplier's failure to meet any of our then-current minimum System Standards. We may also require that samples from the proposed supplier be delivered, at no charge to us, either to us or to our designee for testing. A charge not to exceed the reasonable cost and expense of the inspection and the actual cost and expense of the test must be paid to us either by you or by the proposed supplier. We will notify you within sixty (60) days after your request of our approval or disapproval of the proposed product or supplier, with such determination to be made at our sole discretion. You acknowledge and agree that our approval of any item or supplier of equipment, supplies or inventory not previously approved by us will not, in and of itself, make the supplier of that item an approved supplier for other *Cold Stone Creamery* franchise owners in the System. We may, in our sole discretion, at any time and from time to time, re-inspect the facilities and products of any approved supplier and revoke its approval upon the supplier's failure to meet any of our then-current System Standards. If you receive a notice of revocation from us, you must immediately stop selling disapproved products and purchasing from the disapproved supplier.

c. We will provide to you a list of all recommended and required items of equipment, fixtures, supplies, smallwares and interior decor. This list will be included in the System Standards.

d. At any time and from time to time, we may in our sole option engage in new product rollouts to add to or change the menu items offered for sale in the Franchised Business and the ingredients or supplier of ingredients utilized in the preparation of the menu items sold in the Franchised Business ("Rollout"). If we engage in a Rollout, you shall participate in the changes that are the subject of such Rollout, including offering the new menu items, changing the menu items, changing to the new supplier of the ingredients utilized in the preparation of the menu items, and changing to the new ingredients utilized in the preparation of the menu items. If we engage in a Rollout, we will notify you of the details of the Rollout and provide you sixty (60) days from said notification to take the applicable actions required by the Rollout.

9.4 Compliance with Legal Requirements and Good Business Practices.

You must, at your sole expense, operate the Franchised Business in full compliance with all applicable Federal, state and local statutes, laws, ordinances and regulations, including without limitation health and safety regulations, food and drug laws, disability laws, labor and employment laws and data privacy laws, as may be amended, supplemented or enacted from time to time. You must pay all costs and expenses incurred by, and in the conduct of, the Franchised Business, including all rent, salaries, taxes (excluding our income taxes), disbursements, license or permit fees, insurance premiums, traveling expenses and any other business expenses when they become due. If you receive any demand, action, suit or proceeding, or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to your Franchised Business, you must immediately notify us, and in no event, later than three (3) days after your receipt. Any such notice must be accompanied by a copy of the demand, complaint, order, writ, injunction, award, decree or other similar document. You must, in all dealings with your employees, customers, suppliers, the public and us adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any

business practice that may be injurious to the System or the goodwill associated with the Proprietary Marks.

9.5 Maintenance of Insurance.

At all times during the Term, you must maintain in full force and effect at least the minimum types and amounts of insurance coverage that we require, under one (1) or more policies of insurance (each of which shall be primary coverage and shall not be contributory or secondary to any other coverage maintained by us), insured under the particular name of the Franchisee and for the particular address of the Franchised Business. You understand and acknowledge that you remain fully liable for any and all claims in connection with the operation of the Franchised Business arising during the Term of this Agreement, including without limitation, for any time period during which you may be in the process of obtaining a valid and complete certificate of insurance or is otherwise out of compliance. We do not waive and hereby reserve your obligations under this Agreement, including without limitation your insurance obligations.

Such insurance policies must be issued by insurers acceptable to us having an A.M. Best's financial strength rating of at minimum "A-VIII," and grant us authority to obtain copies of your certificate of insurance directly from the carrier or your agent/broker. The particular requirements of our minimum insurance coverage will be made available to you throughout your term. Currently, the general liability insurance required by this Agreement must: (i) name Kahala Franchising, L.L.C. as the certificate holder; (ii) name Kahala Franchising, L.L.C. and MTY Franchising USA, Inc. and their parents, subsidiaries, affiliates, officers, directors, and employees as additional insureds; (iii) contain a waiver by the insurance carrier of all subrogation rights against us and our affiliates and our affiliates' respective officers, directors and employees for casualty losses; (iv) indicate the address of the Franchised Business being insured; and (v) provide that we will receive a copy, via an endorsement, thirty (30) days' prior notice of cancellation of any such policy. Additional minimum insurance coverage requirements (subject to increase or otherwise change in our sole discretion) are as follows:

TYPE OF COVERAGE	LIMITS/SPECIFICATIONS
General Liability	$1,000,000 Bodily Injury/Property Damage Per Occurrence / $2,000,000 Aggregate
Building Improvements and Betterments	100% of Full Replacement Cost – No Coinsurance (minimum of $100,000)
Business Personal Property	100% of Full Replacement Cost – No Coinsurance – Special Form or equivalent (minimum of $100,000)
Spoilage	$5,000
Flood, Earthquake and Volcanic Eruption	Subject to Territory Limitations – required if in a designated Flood Zone
Workers' Compensation and Employer's Liability Insurance	As required by law

TYPE OF COVERAGE	LIMITS/SPECIFICATIONS
~~Employment Practices Liability Insurance with Franchisor Defense coverage~~	~~$1,000,000~~
Hired and Non-Owned Automobile Liability	$1,000,000 Combined Single Limit per accident

You need to evaluate if your particular business will require greater coverage or other types of insurance. For example, we strongly recommend that you consult with an insurance broker to discuss whether your particular lease/situation requires and/or should obtain additional common types of insurance (including without limitation, employment practices liability, umbrella insurance, and cyber liability/data breach insurance coverage). Such insurance may significantly increase your premiums, but may also save you money in the long run.

You are responsible for maintaining insurance coverage and limits as required by us, at minimum, pursuant to this *Section 9.5*, provided, if your landlord requires additional coverage, higher limits, or any other requirements not required by us, then you are responsible for maintaining such additional items as well. You must always keep the required insurance coverage in force at all times during the operation of the Franchised Business, and you must comply with any changes we make periodically to our insurance requirements. Upon 30 days' notice to you, we may require you to increase and/or otherwise change the minimum coverage of the insurance referred to above, including to reflect identification of special risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances.

~~Subject to *Section 3.1*, before you may open your restaurant, annually thereafter~~On the Effective Date, at least ten (10) days prior to renewal of your insurance coverage, and at any other time on our request, you must provide us with certificates of insurance or copies of insurance policies showing that you are in compliance with our insurance requirements, as well as proof that you have paid the premiums you owe for the insurance we require. You will pay your insurance premiums to your insurance broker or to the insurance company issuing the policy. We or our affiliate may, at our option and in addition to our other rights and remedies under this Agreement, obtain such insurance coverage on your behalf, and you must promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to us, on demand, any costs, expenses and premiums (in whole or part) incurred by us. Your obligation to obtain and maintain the insurance described above will not be limited in any way by reason of any insurance maintained by us, nor will your performance of such obligations relieve you of any obligations under *Section 8.2*.

9.6 Management of the Franchised Business.

You are directly responsible for all aspects of operating the Franchised Business, and you agree that you will, at all times, operate the Franchised Business and use your best efforts to enhance your Franchised Business and the System. The Franchised Business must be personally managed and directly operated by either you or another partner, shareholder or member of your business organization, or a manager.

9.7 Inspections by Franchisor.

For the purpose of this *Section 9.7*, you must make available to us or our authorized representatives such financial and other information concerning the Franchised Business, and you must permit us or our authorized representatives to have full and free access to such information at your Franchised Business Location during regular business hours without prior notice. We and our authorized representatives will have the right to communicate freely with your employees, and make extracts from, and copies of, all such information. Our authorized representative may make announced or unannounced inspections of your Franchised Business to ensure compliance with all of the requirements of this Agreement.

9.8 Personal Guaranty.

If you are an individual and married, your spouse must execute and deliver to us a Guaranty of Franchise Agreement at the same time that you sign the Agreement unless your spouse is also signing the Agreement as an individual.

If you are a corporation, limited liability company, or other business entity, each of your shareholders, members, or other owners, whether direct or indirect (and their respective spouses, if married) must execute and deliver to us a Guaranty of Franchise Agreement at the same time that you sign this Agreement.

In the event any person who has not previously signed a Guaranty of Franchise Agreement becomes your spouse or shareholder, member, or other owner, direct or indirect or a spouse of such shareholders, members, or other owner, at any time after the execution of this Agreement, you must cause such person(s) to immediately execute and deliver a Guaranty of Franchise Agreement to us.

Failure to provide a Guaranty of Franchise Agreement to us may, in our sole discretion, be grounds for termination of this Agreement as set forth in *Section 14.2a*.

9.9 Not Applicable.

ARTICLE 10. ADVERTISING AND PROMOTION

10.1 Advertising by Franchisor.

We (or at our election a third-party which may be an affiliate of ours) will administer the Advertising Fund that will include your Advertising Fee and those of other franchise owners in the System. If an affiliate of ours administers the Advertising Fund or places advertising in connection with the System, such affiliate may be paid a fee that will not exceed the fee that would be payable to unrelated third-parties for comparable services. Unless required by applicable law, we will have no obligation to create a trust account, escrow account or other special account for the Advertising Fund, and the monies comprising the Advertising Fund may be placed in our general account. We may also reserve the Advertising Fee for use in a subsequent year.

We will direct all advertising and promotional programs. We will have sole discretion over all creative concepts, materials and media used in such programs and the placement and allocation of such programs. The Advertising Fund will be used for marketing, advertising, production and media expenses to promote the *Cold Stone Creamery* trade name, System,

products and services. We are entitled to deduct, free of charge, the following from the Advertising Fund: reimbursement of expenses, overhead, and employee salaries for services provided; and rent for office space provided to the Advertising Fund. We are not required to use any specific amounts from the Advertising Fund in your market. However, we in our sole discretion, may use some amounts contributed by you to any Advertising Fund, if any (see *Section 5.3*), in the same geographic area in which your Franchised Business is located.

10.2 Advertising by Franchisee.

In addition to your Advertising Fee, if applicable, and unless your Franchised Business is located in an enclosed shopping mall or other enclosed structure identified in *Section 1.1*, you agree to pay for a regular (white pages) and classified (yellow pages) telephone directory advertisement in the main directory distributed in the area where your Franchised Business is located, in such directory categories as we specify, utilizing forms of listing and classified directory advertisements approved by us. We also recommend that, in addition to your Advertising Fee, you spend at least two percent (2%) of your monthly Gross Sales on local advertising.

Your own local marketing and advertising plan should be developed to maximize your particular customer base. You should not rely upon a marketing program or plan by us as the sole means of obtaining customers. All marketing and advertising materials must be reviewed by ~~the~~ Franchisor's or Franchisor's affiliate's marketing department for look and feel. The marketing department's review is not for determining compliance with federal, state and local laws.

All advertising by you in any medium must be conducted in a professional manner and must conform to the System Standards. We may make available to you, from time to time, advertising, promotional plans and materials for purchase.

Under no circumstances may you use, without limitation, the name, image, or voice of a celebrity, public figure, character or other person in connection with the Proprietary Marks or the Franchised Business without our prior written consent. We retain the sole and exclusive right to use, without limitation, the name, services or image of any celebrity, public figure, character or other person in advertising, endorsing or recommending the System.

ARTICLE 11. ACCOUNTING PROCEDURES AND REPORTS

11.1 Maintenance of Records.

You shall keep full, complete, and accurate books and accounts in accordance with generally accepted accounting principles, and in the form and manner indicated below or as from time to time further required by us. You agree to submit reports and data to us electronically if we advise you to do so. You agree:

a. to submit to us electronically the weekly Gross Sales as set forth in *Section 5.6*;

b. to submit to us, on or before the thirtieth (30th) day of each month, commencing ~~with~~ on the ~~opening of the Franchised Business~~Effective Date, in a format and method approved by us (including through a third-party vendor that franchisee may be required to pay for), a profit and loss statement of the Franchised Business for the preceding calendar month prepared in accordance with generally accepted accounting principles;

c. to submit to us, within ninety (90) days after the end of each calendar year, commencing ~~with~~ on the ~~opening of the Franchised Business~~Effective Date, in a format approved by us, a profit and loss statement and balance sheet (including a statement of retained earnings or partnership account) for the preceding calendar year;

d. to submit to us, at the times required, such other periodic forms, reports and information as may from time to be time be required by us;

e. to preserve, in the English language and for the time periods set forth below, all accounting records and supporting documents related to the Franchised Business (individually and collectively, "Records"), including:

1. daily cash reports;

2. cash receipts journal and general ledger;

3. cash disbursements journal and weekly payroll register;

4. monthly bank statements, daily deposit slips and canceled checks;

5. all tax returns, including your personal returns and those of your officers, shareholders, partners and members;

6. suppliers invoices (paid and unpaid);

7. dated cash register tapes (detailed and summary);

8. semi-annual balance sheets and monthly profit and loss statements;

9. daily production, throwaway and finishing records and weekly inventories;

10. records of promotion and coupon redemptions;

11. records of all outside sales; and

12. such other records as we may from time to time request.

f. to record all sales on cash registers approved by us, as specified in the Confidential Manual;

g. to file all of your federal and state tax returns on a timely basis and to provide copies of them to us. We may, where applicable, require that tax returns from all of your shareholders, members or partners be provided to us, if you are other than an individual;

h. During the Term, you shall preserve the Records for at least the current fiscal year and for the three (3) immediately preceding fiscal years. For three (3) years after the date of any transfer of an interest in this Agreement, the transferor of such interest will preserve the Records for its last three (3) fiscal years of operation under this Agreement. For three (3) years after the expiration of the Term (or after any earlier termination), you shall preserve the Records for the last three (3) fiscal years of operation of the Franchised Business; and

i. In connection with our efforts to attract additional franchise owners to the System, we will have the right to use (without identifying you, except as required or allowed by law) any

financial statements, sales reports, profit and loss statements or balance sheets provided by you and, in connection therewith, you authorize us to disclose any information contained on such financial reports as may be required by any federal or state registration or disclosure law.

11.2 Audit by Franchisor.

We will have the right, at any time during business hours, and with or without prior notice to you, to inspect and audit, or cause to be inspected and audited, the Records and cash control devices of the Franchised Business, and your corporate, partnership or limited liability company books and records (if you are a corporation, partnership, limited liability company, or other entity). You agree that we may access any computers utilized by you for such purposes.

You will fully cooperate with our authorized representatives and independent accountants hired by us to conduct any such inspection or audit. In the event any such inspection or audit discloses an understatement of your Gross Sales for any period in question, you will pay to us, immediately after receipt of the inspection or audit report, any additional Royalty Fee or Advertising Fee due as a result of any such understatement, plus interest at the Default Rate from the date originally due until the date such understatement is paid in full.

In addition, in the event such inspection or audit is made necessary by your failure to timely furnish Records, or if an understatement of the Royalty Fee or Advertising Fee for the period of any audit (which period shall not be for less than one (1) month) is determined by any such audit or inspection to be five percent (5%) or greater, you must reimburse us all amounts incurred in connection with such audit or inspection including our employee costs and expenses, any independent accountants' and attorneys' fees, transportation, room, and meal expenses.

The remedies in this *Section 11.2* will be in addition to all our other remedies and rights under this Agreement or under applicable law.

ARTICLE 12. TRANSFER

Sections 12.1 through *12.4* apply to all transfers, except transfers by us, which are described in *Section 12.5*.

12.1 Prior Consent of Franchisor.

a. As used in this Agreement, "Transfer" means any voluntary, involuntary (including by operation of law), direct or indirect assignment, sale, gift or other transfer by you, including:

1. "Full Transfer," which is any act or circumstance, except those set forth in *Section 12.1.a.2.*, by which fifty percent (50%) or more of the ownership or control is shifted from any individual or corporation, partnership or other business entity (individually and collectively, "Entity") to another, including:

(i) Transfer of this Agreement or the Franchised Business, or any right or interest granted by this Agreement;

(ii) Transfer of an interest in you, if you are an Entity;

(iii) Merger, consolidation or issuance of additional ownership interests or redemption of ownership interests in you, if you are an Entity; or

(iv) Transfer of an interest in any other Entity holding an interest in this Agreement or you, if you are an Entity.

2. "Affiliate Transfer," which includes:

(i) Transfer in a separation or divorce, regardless of how much of the ownership or control is shifted from any individual or Entity to another;

(ii) Transfer of this Agreement or the Franchised Business, or any right or interest granted by this Agreement from your name as an individual(s) to your Entity name in which you are the sole owner(s) of the Entity;

(iii) Transfer of this Agreement or the Franchised Business, or any right or interest granted by this Agreement, from your Entity name in which you are the sole owner(s) to your name as an individual(s);

(iv) Transfer of this Agreement or the Franchised Business, or any right or interest granted by this Agreement from one Entity name to another Entity name in which the owners of the entities are the same;

(v) Removing an owner from the Franchisee (unless the person has a fifty percent (50%) or more ownership interest);

(vi) Adding an owner to the Franchisee (unless the person has a fifty percent (50%) or more ownership interest); or

(vii) Transfer by which less than fifty percent (50%) of the ownership or control is shifted from any individual or entity to another for any act or circumstance listed in *Section 12.1.a.1.*

b. We are entering into this Agreement based upon our knowledge of and faith in your ability. Therefore, the Franchised Business and all the rights granted by this Agreement are personal to you and you may not Transfer without our prior written consent. Any attempted Transfer without our prior written consent will be null and void, and will give us the right to terminate this Agreement and your rights under it, in addition to any remedies which we may have for the breach of this covenant by reason of an attempted Transfer.

c. We shall not unreasonably withhold or delay our consent to a Transfer, so long as it is shown to our satisfaction that the potential transferee ("Potential 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.

12.2 Advance Notice of Proposed Terms and Right of First Refusal.

a. If you, or any of your shareholders, members or partners, have received and desire to accept a signed bona fide written offer from a third-party to Transfer, you shall notify us and provide us with a complete copy of the offer (letter of intent) which must include the name, address and telephone number for every Potential Transferee. You must also include information as to the identity of all who will own an interest in this Agreement or in the Franchised Business after the

completion of the Transfer, their respective interests, and the proposed terms and conditions of sale and payment.

b. We shall have the right and option, exercisable within thirty (30) days after the date we receive a copy of the offer, to purchase the interest proposed to be transferred, at the price and upon the same terms and conditions specified in the notice.

c. If we do not exercise our option, and the terms of the unaccepted offer are altered, you must, in each such instance, notify us of the changed offer; and we will again have thirty (30) days to exercise our right to purchase on the altered terms. If we do not 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; (ii) the Transfer takes place no later than six (6) months from receipt of our written refusal to exercise our option to purchase; and (iii) all the conditions set forth in *Section 12.3* are satisfied.

12.3 Requirement for Consent to Transfer.

If a Transfer is proposed and we do not exercise our right of first refusal pursuant to *Section 12.2*, then we will consent to the Transfer, provided that:

a. All your obligations under this Agreement are fully paid and satisfied, including the Royalty Fee and Advertising Fee; you are not in default under any provisions of this Agreement or any other agreement, legal instrument or document with us or any of our affiliates; and you enter into written agreements with us, including (except where prohibited by law) a general release by you of all claims against us;

b. Potential Transferee provides to us a completed application and financial documents, is financially acceptable, is not associated with any of our competitors, is of good moral character and reputation, and meets our criteria, which includes: 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 opinion to communicate with employees, customers and suppliers and to satisfactorily complete our training; no conflicting interests; and other criteria and conditions that we apply to new franchisees;

c. Potential Transferee provides us with copies of all governing documents of Potential 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;

d. You provide to us a copy of the purchase and sale agreement, if a Full Transfer, or other documentation evidencing the Transfer, if an Affiliate Transfer, and following our analysis of the terms and conditions of the proposed Transfer, we, in our sole discretion, conclude that such terms and conditions will not interfere with the financial feasibility of the future operation of the Franchised Business;

e. Potential Transferee enters into all agreements, legal instruments and other documents, whether our then-current agreements, legal instruments and documents or a transfer of this Agreement and related legal instruments and documents, as determined by us (individually and collectively, "Transfer Documents"). The terms of the Transfer Documents may vary

materially from the current agreements used by us, including the payment of a higher Royalty Fee and Advertising Fee;

f. Not applicable;

g. Potential Transferee pays to us the transfer franchise fee set forth in the Transfer Documents, if a Full Transfer; or Potential Transferee pays us the Document Administration Fee, if an Affiliate Transfer; Franchisee shall be liable to the Franchisor for the transfer franchise fee or Document Administration Fee in the event the Potential Transferee fails to pay such fee that is owing in full;

h. Not applicable;

i. Potential Transferee successfully completes the training program required by the Transfer Documents, if a Full Transfer;

j. Potential Transferee agrees to complete all remodeling and improvements as required by us, and must upgrade the POS System to the then-current required POS System, within the time period specified by us, if a Full Transfer;

k. You and Potential 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 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; and

l. You agree to complete and sign a letter of agency, letter of authorization, or equivalent and provide it to Potential Transferee so that Potential Transferee may keep the existing telephone number when the store is transferred to Potential Transferee.

12.4 Death or Incapacity of Individual Franchisee; Change in Entity.

a. Death or incapacity of Franchisee when Franchisee is an individual:

(i) In the event of your death or incapacity, your legal representative may, for a period of ninety (90) days from the date of death or incapacitation, continue to operate the Franchised Business, provided that the operation is conducted in accordance with this Agreement and any other agreements with us.

(ii) If your representative desires to continue the operation of the Franchised Business beyond the ninety (90) day period, then, prior to the expiration of this period, your legal representative must apply in writing for the right to transfer the Franchised Business to the person or persons (whether spouse, heir, devisee, purchaser, or any other person), as the legal representative may specify. The application for transfer will be treated in the same manner as any other proposed Transfer under this Agreement.

(iii) If your legal representative does not comply with the provisions of the preceding paragraph, or does not propose a Potential Transferee acceptable to us under the standards set forth in this Agreement, all rights licensed to you under this Agreement will terminate immediately and automatically revert to us. We shall have the right and option, in our sole

discretion, exercisable upon such termination, to purchase all removable furniture, fixtures, signs, equipment and other chattels, but not leasehold improvements, at a price to be agreed upon by the parties or, if no agreement as to price is reached by the parties, at such price as may be determined by a qualified appraiser, approved by both parties, such approval not to be unreasonably withheld. We shall give notice of our intent to exercise the option no later than twenty-one (21) days prior to termination.

b. Death or incapacity of any shareholder, partner, or member in Franchisee when Franchisee is a business entity:

(i) In the event of the death or incapacity of any of your shareholders, partners, or members, the surviving shareholders, partners, or members may, for a period of ninety (90) days from the date of death or incapacitation, continue to operate the Franchised Business, provided that the operation is conducted in accordance with this Agreement and any other agreements with us.

(ii) If your shareholders, partners or members desire to continue the operation of the Franchised Business beyond the ninety (90) day period, then, prior to the expiration of this period, your shareholders, partners, or members must apply jointly with all surviving shareholders, partners or members in writing, for the right to transfer the Franchised Business (or the interest of the deceased or incapacitated shareholder, partner, or member in the Franchised Business), to the person or business entity as the surviving shareholders, partners, or members may specify. The application for transfer will be treated in the same manner as any other proposed Transfer under this Agreement.

(iii) If all surviving shareholders, partners or members do not comply with the provisions of the preceding paragraph, or do not propose a Potential Transferee acceptable to us under the standards set forth in this Agreement, all rights licensed to you under this Agreement will terminate immediately and automatically revert to us. We shall have the right and option, in our sole discretion, exercisable upon such termination, to purchase all removable furniture, fixtures, signs, equipment and other chattels, but not leasehold improvements, at a price to be agreed upon by the parties or, if no agreement as to price is reached by the parties, at such price as may be determined by a qualified appraiser, approved by both parties, such approval not to be unreasonably withheld. We shall give notice of our intent to exercise the option no later than twenty-one (21) days prior to termination.

12.5 Assignment by Franchisor.

You agree and affirm that we may, without your prior consent, sell our business, our assets, or our System, in whole or in part, to a third-party; may issue a public offering of our securities; may engage in private placement of some or all of our securities; may merge with or acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. You further agree and affirm that we have the right, now and in the future, without your prior consent, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of such franchise network, chain or business, which you acknowledge may be proximate to your Franchised Business, and to operate, franchise or license such franchise networks, chains or businesses operating under the Proprietary Marks or any other marks following our purchase, merger, acquisition or affiliation. With regard to any of the above sales, assignments and dispositions, you expressly and

specifically waive any claims, demands or damages against us arising from or related to the loss of your rights to use the System as authorized under this Agreement.

This Agreement will inure to the benefit of our successors and assigns. In conjunction with one (1) or more of the transactions contemplated above, or as otherwise determined by us, we have the right to assign our rights and obligations under this Agreement to any person or entity, without your prior consent. Upon such assignment, we will be relieved of all obligations or liabilities then existing or thereafter able to be asserted under this Agreement.

12.6 Restrictions on Security Interests and Subfranchising.

Except as otherwise set forth in this *Section 12.6*, you shall not have any rights to pledge, encumber, hypothecate or otherwise give any third-party a security interest in this Agreement in any manner whatsoever, nor subfranchise or otherwise transfer, or attempt to subfranchise or transfer the Franchised Business, in whole or in part, so long as it is operated as the Franchised Business, without our express prior written permission, which permission may be withheld for any reason whatsoever in our sole discretion. Notwithstanding anything contained herein to the contrary, you shall have the right to pledge your accounts receivable, net of ~~royalties~~ the Royalty Fee, the Advertising Fee, and rent, without our prior written consent for the sole purpose of obtaining financing for the operation of the Franchised Business, provided you are in full compliance with this Agreement and any other agreement, arrangement or understanding with us.

ARTICLE 13. SUCCESSOR TERM

We have no obligation under any circumstances to extend your rights to operate the Franchised Business beyond the Term. Notwithstanding the foregoing, in the event the Term expires in accordance with *Section 1.3*, you may apply to us to extend your rights to operate the Franchised Business for a successor term. In the event you desire to apply to us to extend your rights to operate the Franchised Business for a successor term, you must give us notice to that effect at least one hundred twenty (120) days prior to the expiration date of the Term. In addition to giving the notice of intent to apply for a successor term referred to above in a timely manner, in order to qualify for a license to operate the Franchised Business for a successor term, you must also, at a minimum, meet each of the following requirements:

a. You must successfully complete the then-current application process required of new franchisees;

b. You must not then be in default under this Agreement or any other agreement, legal instrument or document with us or any of our affiliates, and no event shall have occurred that, with the giving of notice, the passage of time, or both, would constitute a default under this Agreement, including all financial obligations to us;

c. You must be in complete compliance with the terms of this Agreement, including all financial obligations to us, and the then-current Confidential Manual;

d. You must not have received more than three (3) notices of default or breach of this Agreement during ~~its term~~the Term, nor more than two (2) notices of default or breach during the five (5) years immediately preceding the effective date of the proposed successor term;

e. You must have the existing right to maintain possession of the Location or you must have secured and developed a suitable substitute location that meets our then-current minimum site requirements (such confirmation will be provided to you by us in writing);

f. You must sign a general release provided by us;

g. You and we must execute all agreements, legal instruments and other documents (individually and collectively, "Successor Franchise Documents") then used by us in the granting of franchises and then being required of new franchise owners in connection with the System. The Successor Franchise Documents will supersede this Agreement, but will not terminate your liability to perform any obligations which you have not yet performed under this Agreement, or which survive the termination of this Agreement; nor will the Successor Franchise Documents terminate or supersede any Guaranty of Franchise Agreement, Confidentiality Agreement, or Non-Disclosure and Non-Competition Agreement executed pursuant to this Agreement. The terms of the Successor Franchise Documents may vary materially from the current agreements used by us, including the payment of a higher Royalty Fee and Advertising Fee;

h. The equipment, fixtures and signage used in connection with the operation of the Franchised Business must either meet our then-existing System specifications and standards, or you must agree, within a timeframe required by us, to replace or refurbish such items, and otherwise modify the methods of operation of the Franchised Business at your cost and expense, in order to comply with our System specifications and standards then applicable to new franchise owners;

i. You agree to complete all remodeling and improvements as required by us, and must upgrade the POS System to the then-current required POS System, within the time period specified by us; and

j. You shall have paid to us the then-current initial franchise fee.

We reserve the right to reject your application for a successor term, at our sole discretion, for any reason, without limitation, failure to meet our then-current standards or requirements for new franchisees. If we decide to reject your application for a successor term to operate the Franchise Business, we will give you a notice to that effect within sixty (60) days after you deliver to us your notice of intent to apply for a successor term.

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Default; Termination.

a. You will be in default under this Agreement:

(i) If: (a) you become insolvent or make an assignment for the benefit of creditors; (b) you file a petition in bankruptcy, or if such a petition is filed against and consented to by you, and such petition is not dismissed within thirty (30) days from the filing date of such petition; (c) you are adjudicated bankrupt; (d) a bill in equity or other proceeding for the appointment of your receiver or other custodian for your business or assets is filed and is consented to by you or is not dismissed within thirty (30) days from the filing date of such bill or other proceeding; (e) a receiver or other custodian is appointed; (f) proceedings for composition with creditors under any state or federal law is instituted by or against you; (g) the real or personal

property of the Franchised Business is sold at levy thereupon by any sheriff, marshal or constable, or sold by a secured party under any state's Commercial Code;

(ii) If you fail to pay, perform, observe or comply with any of your duties and obligations under this Agreement or the Confidential Manual, including failure to provide a fully-executed copy of the lease to us when due and failure to pay when due, any sum due to us under this Agreement (including the Royalty Fee and Advertising Fee) or to any Advertising Fund (inclusive of any Association); or if you breach any of your obligations under any lease, sublease, mortgage, equipment agreement, promissory note, vendor account, conditional sales contract or other contract arising from, or in connection with, the Franchised Business, to which you are a party or by which you are bound, whether or not we are a party thereto;

(iii) If your lease or sublease for the Location of the Franchised Business is either: (a) in default and you fail to cure such default as provided in the lease or sublease; (b) is terminated for reason of default by you; or (c) the Location is lost as a result of your failure to comply with the lease or sublease;

(iv) If you fail, within thirty (30) days of the entry of a final judgment against you in an amount exceeding Two Thousand Dollars ($2,000), to discharge, vacate or reverse the judgment or to stay its execution pending appeal, or to discharge any judgment which is not vacated or reversed within thirty (30) days after expiration of the stay of execution;

(v) If we determine that a serious health or safety problem exists at the Franchised Business, in which case, we may require you to immediately correct the problem or cease operating until the problem is corrected;

(vi) If you, or any owner, co-owner or principal of the Franchised Business, is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that is reasonably likely to adversely affect the System, the goodwill associated therewith, or our interest therein;

(vii) Except for any reason provided in *Section 5.2*, if you abandon the Franchised Business, which abandonment shall conclusively be deemed established if the Franchised Business is closed for more than three (3) consecutive days;

(viii) Except for any reason provided in *Section 5.2*, if you close or relocate the Franchised Business, without our express advance written consent;

(ix) If you fail to maintain an independent contractor relationship with us;

(x) If you either negligently or knowingly inaccurately report, or fail to report, any information in your franchise application;

(xi) If you or any owner, co-owner or principal of the Franchised Business commits an act, or permits an act to be committed, that violates any federal, state or local law that adversely impacts the Franchised Business;

(xii) If you fail to participate in any Rollout detailed in *Section 9.3*;

(xiii) If you violate any of the provisions of *Sections 2.3, 3.2, 9.2, 9.3* or *9.4* including the requirement that you: (a) sell or offer for sale only those products and services authorized by us; (b) purchase such authorized products and services only from suppliers or service providers who are approved in writing by us; and (c) utilize or switch to any of our designated approved suppliers, including a supplier who has entered into a national or regional master supplier agreement with us;

(xiv) If you transfer or attempt to transfer any rights or obligations under this Agreement or any other property or assets to any third-party in violation of the provisions of *Article 12*;

(xv) If you or any of your owners, officers, directors, managers, members, or partners (as applicable): (a) become subject to U.S. Executive Order 13224 or are involved in any activity that violates the U.S. Foreign Corrupt Practices Act or any other anti-corruption, bribery or any other laws, orders or governmental notices affecting your ability to conduct business in or with the United States, as may be amended and whether in effect as of the Effective Date or at any time during the Term, (b) are identified on the U.S. Department of the Treasury's Office of Foreign Assets Control Specialty Designated National and Blocked Persons list, or (c) receive any funding from any country that is subject to an embargo by the United States, any foreign government or government official, political party; or

(xvi) If you intentionally made any false representations and warranties under *Section 17.1.*

b. Cross-default: A default by you under this Agreement will be deemed a default of all agreements between: (i) you and your principals in his or her individual capacity or any other entity in which your principals are owners, members, managers, shareholders or partners (individually and collectively, "Franchisee Entity"); and (ii) us or any of our affiliates or predecessors (individually and collectively, "Franchisor Entity"). A Franchisee Entity's default of any other agreement, legal instrument or other document between the Franchisee Entity and a Franchisor Entity will be deemed a default under this Agreement. A default by any guarantor of your obligations under this Agreement or any agreement, legal instrument or document between a Franchisee Entity and a Franchisor Entity will be deemed a default of this Agreement.

c. Termination: If you fail to cure any default to our satisfaction, within the applicable period following notice from us, if applicable, or otherwise breach this Agreement, we may, in addition to all other remedies at law or in equity or as otherwise set forth in this Agreement, immediately terminate this Agreement. This termination will be effective immediately upon the giving of notice pursuant to *Article 15*.

d. Cross-termination: If this Agreement is terminated as a result of your default of this Agreement or any other agreement related to the Franchised Business, we may, at our option, elect to terminate any or all other agreements, legal instruments or documents between a Franchisee Entity and a Franchisor Entity. If any agreement, legal instrument or document between a Franchisee Entity and a Franchisor Entity is terminated as a result of a default by the Franchisee Entity, we may, at our sole discretion, elect to terminate this Agreement. It is agreed that an incurable or uncured default under this Agreement or any other agreement, legal instrument or document between a Franchisee Entity and a Franchisor Entity will be grounds for termination of this Agreement or any other agreement, legal instrument or document between a Franchisee Entity and a Franchisor Entity, without additional notice or opportunity to cure.

14.2 Opportunity to Cure.

a. Fourteen-Day Cure Period - Except as otherwise provided in this *Section 14.2*, you will have the right to cure your default under this Agreement within fourteen (14) days after notice of default is given by us pursuant to *Article 15*. Notwithstanding the foregoing, the following lesser periods will apply under the circumstances described:

b. Seven-Day Cure Period - A seven (7) day cure period will apply if you fail, refuse, or neglect to pay when due, any monies owing to us (including the Royalty Fee and Advertising Fee), or otherwise to any Advertising Fund (inclusive of any Association), or if you fail to maintain the insurance coverage set forth in this Agreement;

c. 48-Hour Cure Period – A forty-eight (48) hour cure period will apply (1) if you are in default of *Section 3.4* or (2) if you fail to participate in any limited time product offering, value offering, contest, promotion or charity event. You must initiate your participation in such offering, contest, promotion or event within forty-eight (48) hours and fully participate in such offering, contest, promotion or event as soon as reasonably possible, in our sole discretion, thereafter;

d. 24-Hour Cure Period - A twenty-four (24) hour cure period will apply to your violation of any law, regulation, order or our standards relating to health, sanitation or safety; or, except as provided in *Section 5.2*, if you cease to operate the Franchised Business for a period of forty-eight (48) hours without our prior written consent. In addition, a twenty-four (24) hour cure period will apply if you post on any Site or direct others to any site or page, post, blog or other social media site where there are posted any defamatory or offensive comments about: other franchisees; the *Cold Stone Creamery* brand; other brands franchised by us or one of our affiliates; your or other franchisees' customers; any of our, your or franchisees' vendors; us or any of our affiliates; or any of our, your or franchisees' competitors;

e. Immediate Cure Period (less than 24 hours) – An immediate cure period (less than twenty-four (24) hours) will apply if you post any content to a Site in which the content includes any inappropriate public displays of affection, our or others' confidential information or materials, violations of health or safety standards, foul or obscene language, or any images of or information about any persons from whom you did not obtain prior written consent;

f. No Cure Period - No cure period will be available: (1) if you are in default of *Sections 3.1, 7.2, 9.4, 14.1a.(i), 14.1a.(iii), 14.1a.(vi), 14.1a.(vii), 14.1a.(viii)*, *14.1a.(xiv)*, *14.1a.(xv),* or *14.6*; (2) if you intentionally underreport weekly Gross Sales, falsify financial data, fail to promptly provide upon our request financial data and records specified in this Agreement, or otherwise commit an act of fraud with respect to your rights or obligations under this Agreement; (3) if you repeatedly fail to comply with the provisions of this Agreement, whether or not subsequently cured; (4) if you, having twice previously cured a default of this Agreement, commit the default again; (5) if you made any false representations and warranties under *Sections 17.1f., 17.1g., 17.1m.* or *17.1n.*; or (6) if you engage in trademark misuse or otherwise materially misuse or make an unauthorized use of any of the components of the System or commit any other act which does, or can reasonably be expected to, materially impair the goodwill or reputation associated with any aspect of the System;

g. Statutory Cure Period - If a statute in the state or municipality in which the Franchised Business is located requires application of that state or municipal law, and that statute

requires a cure period for the applicable default which is longer than any cure period specified in this *Article 14*, the statutory cure period will apply.

14.3 Our Right to Take Over Management.

We have the right (but not the obligation), under the circumstances described below, to enter the Franchised Business and assume the Franchised Business' management for any period of time we feel is appropriate. If we assume the Franchised Business' management, you must pay us, in addition to the Royalty Fee and Advertising Fee, six percent (6%) of the Gross Sales, plus our direct out-of-pocket cost and expenses, for the period of time we assume the Franchised Business' management. If we assume the Franchised Business' management, you acknowledge that our duty is limited to using our reasonable efforts, and we will not be liable to you or your owners for any debts, losses or obligations the Franchised Business incurs, or to any of your creditors for any supplies or services the Franchised Business purchases. We may assume the Franchised Business' management if you abandon the Franchised Business or if you fail to comply with any provision of this Agreement and did not cure the failure within the time period we specify in our notice to you. You agree to complete and sign a letter of agency, letter of authorization, or equivalent and provide it to us upon our request if we assume the Franchised Business' management so that we may keep the existing telephone, facsimile, alarm, and credit card machine numbers (as applicable) in operation under our phone service provider. You also agree to keep the phone, water, gas, electric service (as applicable) turned on and active for one (1) week after we assume the Franchised Business's management to allow us to switch the services over to us or our affiliate. Our exercise of our management rights under this *Section 14.3* will not affect our right to terminate this Agreement.

14.4 Remedies.

a. Interest, Costs and Damages - If you fail to remit when due any payments required under this Agreement, you agree to pay, in addition to the unpaid amounts, all of our collection costs and expenses, expert fees, reasonable attorneys' fees, and costs and expenses, including all fees, costs and expenses of court, including all appeals, with interest on the unpaid amounts at the Default Rate or the highest permissible rate. If you fail to cure a default, following notice, within the applicable time period set forth in *Section 14.2*, or if this Agreement is terminated as a result of your default, you shall pay to us all damages of any kind and nature whatsoever and all collection costs and expenses, expert fees, reasonable attorneys' fees, and costs and expenses, including all fees, costs and expenses of court, including all appeals, together with interest at the Default Rate or the highest permissible rate. If you fail to report Gross Sales in accordance with *Sections 5.2* and *5.6*, we may estimate your Royalty Fee and Advertising Fee based on prior reports, and may sue for and obtain judgment for such estimates unless you prove, prior to the entry of any default order or judgment, that your Royalty Fee and Advertising Fee are different than the estimates.

b. Waiver of Punitive Damages - Both we and you waive, to the full extent permitted by law, any right ~~they~~ we or you otherwise may have had to claim, pursue, demand or receive any exemplary or punitive damages arising out of or related in any way to this Agreement and its addenda, amendments, appendices, exhibits and attachments.

c. If you breach any of the terms of this Agreement, including if you are in default of this Agreement, we may enforce our rights by injunction, specific performance, or any other remedy available under this Agreement, at law or in equity, including termination. These remedies

are cumulative and not exclusive and we may use all remedies available. In addition, we may elect to terminate this Agreement and all your rights under it as set forth in *Section 14.5*.

d. If you breach any of the terms of this Agreement, including if you are in default of this Agreement, we have the right to have a receiver appointed to take possession, manage and control the assets of the Franchised Business, collect the profits, and pay the net income for the operation of the Franchised Business as ordered by a court of competent jurisdiction. The right to appoint a receiver will be available regardless of whether waste or danger of loss or destruction of the assets exists.

14.5 Effect of Termination or Expiration.

Upon termination or expiration of this Agreement, we can advise all suppliers of *Cold Stone Creamery* proprietary food items and other supplies bearing any of the Proprietary Marks or service marks to cease delivering the items and products to you.

Upon your abandonment of the Franchised Business (whether voluntary or involuntary), any termination of this Agreement (whether pursuant to *Sections 14.1, 14.2, 14.4*, or otherwise), or upon expiration of the Term, you must immediately cease to hold yourself out to the public as a franchise owner of the System, and you must comply with the following:

a. Immediately pay to us or any affiliate of ours all sums owing from you to us or such affiliate, including the Royalty Fee and Advertising Fee, for any period prior to the date of termination, the applicable Early Termination Damages (as defined in Section 14.9 below), and all amounts owed for services, supplies or other items purchased by you from us or any affiliate of ours, or that were financed by us or any affiliate of ours, or which we or any affiliate of ours loaned to you, together with any interest or late fees accrued thereon, together with all other sums due us under this Agreement, and all damages of any kind or nature whatsoever that may be allowed by law;

b. Immediately cease to use, in any manner whatsoever, including in all advertising, the Proprietary Marks, any Trade Secrets, any Confidential Information, any benefits of the System or any part thereof, any methods associated with the System, any forms, recipes, Confidential Manual, slogans, signs, sign posts, marks, symbols, or devices used in connection with the operation of the Franchised Business; and you must deliver or destroy all of the above-mentioned materials, including any materials containing or referencing any of the foregoing, to us as directed by us. If we do not recover any such items, such items shall be valued at their then-current replacement cost, for purposes of determining the damages owing by you to us for failure to return such items, if we pursue a damage claim as a result thereof;

c. Immediately discontinue all advertising as a franchisee of the System, and thereafter refrain from any advertising that would indicate that you are or ever were a franchisee or licensee of ours, or otherwise were affiliated with us or the System;

d. Immediately take such steps as may be necessary or appropriate to:

(i) delete your listing in all telephone directories, if applicable, and terminate any other listings that indicate that you are or were a franchisee or licensee of ours, or otherwise were affiliated with us or the System; and

(ii) transfer to our designee or us all telephone numbers used by you in connection with the Franchised Business. You acknowledge that between you and us, we have the sole right and interest in all telephone numbers and directory listings associated with any Proprietary Marks, and you authorize us and appoint us and any officer or agent of ours, as your attorney-in-fact, to direct the telephone company and all listings agencies to accept such direction, or this Agreement, as conclusive evidence of our exclusive rights in such telephone numbers and directory listings and our authority to direct their transfer;

e. Immediately take such action as may be required to cancel all fictitious or assumed names, amend any entity name, or dissolve any entity that contains any Proprietary Mark, in whole or in part, regardless of whether the entity name was authorized by us, and amend or cancel any and all equivalent registrations relating to your use of any Proprietary Mark. You acknowledge that between you and us, we have the sole right and interest in all such fictitious or assumed names, entity name, and equivalent registrations, and you authorize us and appoint us and any officer or agent of ours as your attorney-in-fact, to effect the termination or cancellation of such fictitious or assumed names or equivalent registrations should you fail or refuse to do so, and the appropriate federal, state, and local agencies may accept your direction or this Agreement as conclusive evidence of our exclusive rights in such fictitious or assumed names or equivalent registrations, and our authority to direct their termination or cancellation;

f. Comply with the confidentiality requirements and the covenant against competition in this Agreement for the specified period. You acknowledge that you, or (if an entity) your authorized representative, has carefully reviewed the confidentiality requirements and the covenant against competition in this Agreement; and that you have agreed to be bound by all the requirements and covenants; and

g. Maintain at a place made known to us all books, records and reports required under this Agreement for a period of not less than three (3) years after the date of termination or expiration of this Agreement, to allow us to make a final inspection of your books and records for the purpose of verifying that all amounts owing have been paid.

If you fail to do any of the foregoing, we may pursue any remedy available at law or in equity against: (i) you; (ii) any or all guarantors of your obligations under this Agreement; and (iii) you and any or all guarantors of your obligations under this Agreement.

h. 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 14.5.h*, 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 ~~thirty (30) day~~ 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~~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, an amount equal to your cost for such assets, less depreciation and amortization using a two hundred percent (200%) declining balance method over a five (5) year period. If all, or any portion of, your assets that are being purchased by us or our authorized representative are subject to lien(s), we or our authorized representative may pay, on your behalf, the lienholder(s) that portion of the purchase price for your 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 14.5.h*, 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~~.

14.6 Covenant Not to Compete; Conflicting Interests.

a. During the Term and for a period of two (2) years after your abandonment of the Franchised Business, expiration of this Agreement, or termination of this Agreement (whether voluntary or involuntary), you shall not engage in any Competing Business (as defined in *Section 14.6c*.) with any *Cold Stone Creamery* restaurant, nor shall you have any Conflicting Interest (as defined in *Section 14.6d.*) in a Competing Business. The provisions of this Agreement bind you in any capacity, including as a franchisee, sole proprietor, partner, limited partner, member, employer, franchisor, shareholder, officer, director or employee.

b. During the Term, and for a period of two (2) years after your abandonment of the Franchised Business, expiration of this Agreement, or termination of this Agreement (whether voluntary or involuntary), you shall not divert or attempt to divert any business, customers, or potential customers of the *Cold Stone Creamery* System to any Competing Business, by direct or indirect inducement or otherwise. In addition, you shall not at any time do or perform any act, directly or indirectly, which harms the goodwill or reputation of us or the System.

c. For purposes of this *Section 14.6*, "Competing Business" means a business which is primarily engaged in the sale of ice cream, along with cakes, cupcakes, pies, smoothies and other dessert products prepared or served with ice cream or as an ingredient, and all variations

thereof, within a geographical area consisting of: (1) during the Term, anywhere else; and (2) after abandonment, expiration or termination of this Agreement, within a ten (10) mile radius from the Location or location of any *Cold Stone Creamery* restaurant of ours, our third-party licensees or our third-party franchisees. The term "*Cold Stone Creamery* restaurant" includes not only the restaurants now in existence, but also those established at a later date. The term of this covenant will be extended by any time consumed in litigation to enforce it in both trial and appellate courts. If a court of competent jurisdiction determines that the restrictions in this paragraph are excessive in time, geographic scope, or otherwise, the court may reduce the restriction to the level that provides the maximum restriction allowed by law.

d. For purposes of this *Section 14.6*, "Conflicting Interest" means an interest by which you, or your executive officers, directors and shareholders (if you are a corporation), or your partners (if you are a partnership), or your members (if you are a limited liability company), or your designated manager, spouses, and/or guarantor(s) directly or indirectly, have a controlling interest in, lend money to, consult with or otherwise assist any Competing Business. If any of the persons named above do not sign this Agreement under the heading "Personal Acceptance of *Sections 7.1, 7.2, 14.6 and 14.8,*" then you agree to obtain the execution by such person of a written agreement setting forth the foregoing in a form acceptable to us.

14.7 Continuing Obligations.

All your obligations that expressly survive the expiration or termination of this Agreement, including *Sections 14.5* and *14.6*, or by the implicit nature thereof require performance after the expiration or termination of this Agreement, will continue in full force and effect (subsequent to, and notwithstanding, your abandonment of the Franchised Business (whether voluntary or involuntary) the expiration of the Term, or termination of this Agreement), until they are satisfied in full or by their nature expire. The indemnities and obligations set forth in *Article 8* will continue in full force and effect subsequent to, and notwithstanding, the expiration or termination of this Agreement.

14.8 Remedies.

You acknowledge and agree that the restrictions contained in this Agreement, including in this *Article 14*, are fair and reasonable and necessary for the protection of our legitimate business interests and you intend and agree that such restrictions be enforceable and enforced to their fullest extent. You further understand and agree that, notwithstanding any other provision of this Agreement, your breach of your obligations under this *Article 14*, will cause us irreparable harm for which recovery of monetary damages alone would not be an adequate remedy. Both parties shall be entitled to obtain timely injunctive relief, including a temporary restraining order, preliminary and permanent injunctions, to protect their rights under this Agreement, in addition to and not exclusive of any and all other remedies available to each party.

14.9 Early Termination Damages.

If you discontinue operating your Franchised Business before this Agreement expires, with or without obtaining our prior written consent, or in the event of a termination of this Agreement arising from or related to your default and breach of its provisions, you will become obligated to pay Franchisor early termination damages ("Early Termination Damages"). The Early Termination Damages shall be considered damages and not a penalty, are not in lieu of other damages, and your payment of these damages shall not constitute a release of any other

obligation owed to us. 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.

The amount of the Early Termination Damages is calculated as follows:

a. Compute the average monthly Royalty Fee and Advertising Fee due for any consecutive twelve (12) month period within the forty-eight (48) months immediately preceding the date we receive notification of the closure, or if you failed to timely notify us of the closure then the date the Franchise Business closed, or, if the Franchised Business has been open for less than twelve (12) months, the average monthly Royalty Fee and Advertising Fee due since the opening of the Franchised Business ("Monthly Average");

b. Multiply the Monthly Average by the number of months remaining in the Term; and

c. Divide the resulting total computed in b. above by two (2).

For example purposes only: If the average monthly Royalty Fee and Advertising Fee were collectively $1,000 and there were five years (60 months) remaining in the Term, the Early Termination Damages would be $30,000, calculated as follows: $1,000 x 60 months = $60,000 ÷ 2 = $30,000.

If you unilaterally close the Franchised Business and/or unilaterally terminate this Agreement prior to the end of the Term, you must give us at least ninety (90) days prior notice of the early termination ("Early Termination Notice") pursuant to the applicable notice requirements as set forth in Article 15 of this Agreement. For avoidance of doubt, sending the Early Termination Notice via facsimile, email or through other electronic means does not constitute proper notice~~)~~. Within ten (10) days after our receipt of your Early Termination Notice, we will calculate the Early Termination Damages, which will be due and payable thirty (30) days prior to the closure of your Franchised Business. In the event of a closure or termination arising from or related to your default under this Agreement, or ~~that~~ if you do not: (i) timely or properly provide us with the Early Termination Notice at least ninety (90) days prior to the early termination of your Franchised Business and this Agreement; (ii) remain open for at least ninety (90) days after providing us with the Early Termination Notice; and (iii) pay the Early Termination Damages in full at least thirty (30) days prior to closing of the Franchised Business, the Early Termination Damages due may, in our sole discretion, be increased as follows: it will be calculated by multiplying the Monthly Average by the number of months remaining in the Term, and will not be divided by two (2).

If you have not paid your Royalty Fee and/or Advertising Fee for any period(s) within the forty-eight (48) months prior to notifying us of your early closure or termination, or if you have not reported your Gross Sales for any period(s) within the forty-eight (48) months prior to notifying us of your intended early termination, we will estimate the Royalty Fee and Advertising Fee based upon prior reports to calculate the Monthly Average.

ARTICLE 15. NOTICES

Unless otherwise provided in this *Article 15*, 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~~on page 1 of this Agreement~~ or to such other address as we may designate in writing from time to time in accordance with this *Article 15*. All notices to you may be given at the address set forth ~~on page 1 of this Agreement~~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 *Article 15* 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.

If to Franchisor: KAHALA FRANCHISING, LLC
Attn: Legal Department
9311 E. Via De Ventura
Scottsdale, Arizona 85258

If to Franchisee: FRANCHISEE ENTITY, a[n]
Attn:

Telephone No.
Email(s):

ARTICLE 16. CONSTRUCTION AND ENFORCEMENT; MISCELLANEOUS

16.1 Independent Contractors.

The relationship between you and us is that of independent contractors. You are in no way to be deemed our partner, joint venturer, agent, employee, or servant. You have no authority to bind us to any contractual obligation or incur any liability for or on our behalf. You shall identify yourself as an independent owner of the Franchised Business in all dealings with customers, lessors, contractors, suppliers, public officials, employees, and others.

16.2 Severability and Substitution of Provisions.

Except as provided to the contrary in this Agreement, each article, section, term and provision of this Agreement, and any portion thereof, will be considered severable, and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation, or as a result of a final, non-appealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a

party, that regulation or ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement as may otherwise remain valid, and such other portions will continue to be given full force and effect and bind the parties to this Agreement. If the severed provision is material to this Agreement, we shall promptly provide a substitute provision to replace the invalid severed provision consistent with then-current law and the original intent of the parties.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of, or refusal to renew or grant a successor term to, this Agreement than is required under this Agreement, or the taking of some other action not required under this Agreement, or if under any applicable law, regulation, or court ruling of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice or other action required by such law, regulation, or court ruling will be substituted for the comparable provisions of this Agreement, and we will have the right, in our sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Such modifications to this Agreement shall be effective only in such jurisdiction, unless we elect to give them greater applicability, and otherwise shall be enforced as originally made and entered into in all other jurisdictions.

16.3 Dispute Resolution.

a. Except as otherwise provided herein, a*ny* 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 16.3d.* or is not subject to mediation under the terms of this Agreement, shall be settled by binding arbitration administered by the American Arbitration Association ("AAA") before a single arbitrator in accordance with its Commercial Arbitration Rules as modified below, and pursuant to the Federal Arbitration Act, 9 U.S.C. §1 et seq.

b. Except to the extent that the United States Trademark Act of 1946, as amended (15 U.S.C. § 1051 *et seq*.), the laws of the State where the Franchised Business is located govern all rights and obligations of the parties under this Agreement without regard to conflict of law, and ~~A~~any arbitration shall take place before a sole arbitrator in ~~Maricopa County, Arizona~~ the County of the State where the Franchised Business is located.~~or, if our headquarters are no longer located in Maricopa County, Arizona, then the arbitration shall take place in the county in which our headquarters are located at the time the arbitration is commenced~~. ~~You agree that conducting the arbitration where we are located is appropriate due to the multiple locations throughout the United States where our franchisees are located.~~ The parties agree that the arbitrator shall be an attorney licensed to practice law in the United States and must have a minimum of five (5) years of experience in franchise law. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall, in the award, allocate all of the costs and expenses of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party, against the party who did not prevail. ~~To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any other dispute, arbitration proceeding or litigation, except to the extent such issue may have been specifically determined in another proceeding between the parties.~~ This agreement to arbitrate shall survive ~~any~~ termination or expiration of this Agreement, ~~however effected~~. The parties agree that any arbitration shall be solely between them (including any affiliates) and shall not include as a party, by consolidation, joinder, or in any other manner, any other person or entity, unless both

parties to this Agreement consent in writing. Both parties shall have the absolute right to refuse such consent. ~~Further, t~~The parties expressly waive any right to bring or participate in any class or other consolidated, joined or multi-party arbitration claim or proceeding, whether or not permissible under the AAA Commercial Arbitration Rules, including any claim brought on their behalf by an association of which it, he or she is a member. At the request of either~~any~~ party, the arbitration shall be conducted in a manner that maintains the confidentiality of the proceedings.

c. The arbitrator will issue a reasoned award, with findings of fact and conclusions of law. Actions to enforce an express obligation to pay monies may be brought under the Expedited Procedures of the AAA's Commercial Arbitration Rules. ~~The Federal Arbitration Act shall govern, excluding all state arbitration laws. Arizona~~ The law ~~of the State where the Franchised Business is located will govern all other issues. With respect to discovery, the arbitrator shall require each party to make a good cause showing before any discovery exceeding that specifically authorized~~Discovery shall be conducted according to ~~by~~ the AAA Commercial Arbitration Rules. ~~will be granted.~~

d. Prior to the commencement of an arbitration proceeding, a party must notify the other party of its intent to commence arbitration by providing written notice to the other party that describes the facts and subject matter of the Dispute at least sixty (60) days prior to commencing arbitration with the AAA. During the sixty (60) days after a written notice of intent to arbitrate is received by either party, the parties must first ~~submit any Dispute to non-binding mediation~~mediate the Dispute with a mutually agreed upon private mediator. At the request of any party, the mediation will be confidential. The mediation shall be conducted in the County of the State where the Franchised Business is located~~Maricopa County, Arizona or in the county in which our headquarters are located at the time of mediation~~, unless the parties ~~shall~~ mutually agree to a different location. The parties to the mediation will share equally in its costs and expenses, except those costs and expenses incurred separately by each party, including counsel fees and expenses. The mediation process will be deemed "Completed" when the parties agree that it has been completed, the mediator declares that any impasse exists, or sixty (60) days have elapsed since the date of the initiating party's notice to the other party that it is initiating the mediation process, whichever occurs first.

e. Notwithstanding anything contained in this Agreement to the contrary, the provisions of Sections 16.3a., 16.3b., 16.3c. and 16.3d. 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 Proprietary Marks or for fraudulent conduct by you; or (ii) the delay resulting from the ~~mediation~~ dispute resolution process set forth in section 16.3 may endanger or adversely affect the public (for example, unhealthy, unsafe or unsanitary conditions would continue to exist), or may cause irreparable harm to Franchisor or its affiliates. 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 and agree not to contest venue, forum non conveniens or jurisdiction of such court ~~or arbitration~~. THE PARTIES AGREE THAT ALL DISPUTES SUBMITTED TO THE COURT PURSUANT TO THIS SECTION SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS

f. Disputes concerning the validity or scope of arbitration, including whether the Dispute is subject to arbitration, are beyond the authority of the arbitrator and will be determined by a court of competent jurisdiction pursuant to the Federal Arbitration Act, 9 U.S.C. §1 et seq., as amended from time to time.

~~f.~~g. To the extent Law permits, any dispute arising out of or relating to this Agreement, whether in arbitration or in court, will be conducted only on an individual basis and not in a class, consolidated or representative action. Notwithstanding any other provision of this Agreement or the AAA Rules, disputes regarding the interpretation, applicability, or enforceability of this class waiver may be resolved only by a court and not by an arbitrator. If this waiver of class or consolidated actions is deemed invalid or unenforceable, neither party is entitled to arbitration.

~~g. Either party may appeal the final award of the arbitrator, if it is over One Hundred Thousand Dollars ($100,000), to the appropriate U.S. District Court. The Court's review of the arbitrator's findings of fact will be under the clearly erroneous standard, and the Court's review of all legal rulings will be *de novo*. If it should be determined that this provision for federal court review is not enforceable, then either party may appeal the arbitrator's final award, if it is over One Hundred Thousand Dollars ($100,000), to a panel of three (3) arbitrators chosen under AAA Optional Appellate Arbitration Rules , which will employ the same standards of review stated immediately above.~~

16.4 ~~Applicable Law and Forum; Waiver of Jury;~~ Statute of Limitations and Limitation of Franchisor Liability.

~~a. Except to the extent that the United States Trademark Act of 1946, as amended (15 U.S.C., § 1051 *et seq.*) or the franchising laws of any state that may be applicable, the laws of the State of Arizona~~where the Franchised Business is located ~~govern all rights and obligations of the parties under this Agreement without regard to conflict of law. The parties agree, subject to the mandatory mediation and arbitration provisions of *Section 16.3*, that any appropriate state or federal court located in Maricopa County, Arizona~~the County of the State where the Franchised Business is located ~~has exclusive jurisdiction over any Dispute arising under or in connection with this Agreement and is the proper forum in which to adjudicate the case or controversy. Notwithstanding the foregoing, any action initiated by us may, at our election, be brought in any jurisdiction where you are domiciled or that has jurisdiction over you. The parties hereto irrevocably submit to the jurisdiction of, and venue in, any such court, and hereby waive any objection or defense thereto. THE PARTIES AGREE THAT ALL DISPUTES SUBMITTED TO THE COURT PURSUANT TO THIS SECTION SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.~~

~~b.~~a. Notwithstanding anything contained in this Agreement to the contrary, the parties agree that any claims under, arising out of, or related to, this Agreement must be brought within two (2) years of the date on which the underlying cause of action accrued, and the parties hereby waive any right to bring any such action after such two (2)-year period, except for the collection of any unpaid Royalty Fee, Advertising Fee, and any other amount due to us or our affiliates.

~~c.~~b. **YOU HEREBY WAIVE THE RIGHT TO SEEK OR COLLECT PUNITIVE, MULTIPLE, CONSEQUENTIAL AND SPECIAL DAMAGES IN ANY FORUM, INCLUDING ARBITRATION. YOU HEREBY FURTHER WAIVE THE RIGHT, IF ANY, OF ANY**

ASSOCIATION OR MEMBERSHIP GROUP TO ASSERT CLAIMS ON YOUR BEHALF IN ANY ACTION.

~~d.~~c. **YOU HEREBY WAIVE THE RIGHT TO ANY DAMAGES IN CONNECTION WITH OR RESULTING FROM THE WRONGFUL ISSUANCE OF AN INJUNCTION.**

~~e.~~d. The parties agree that the maximum damages that you may recover in connection with a wrongful termination of your franchise and this Agreement will be an amount equal to the product of:

(i) the annual net profit (as defined below) multiplied by the lessor of:

~~(ii) the lesser of:~~

(a) The number of full years existing between the date on which the franchise and this agreement were wrongfully terminated and the date on which the Term would have otherwise expired; or

(b) Three.

For purposes of this Agreement, the term "net profit" means an amount equal to the net profits of your Franchised Business, as reflected on your tax return filed with the Internal Revenue Service prior to such termination; provided, however, that if such tax return reflects the operations of your Franchised Business for a period less than one (1) year, such net profits will be annualized based upon the net profits reflected in such tax return.

16.5 No Guarantee of Franchisee's Success.

You have been informed of and acknowledge the highly competitive nature of the business involved, and agree that the successful operation of your Franchised Business will depend in part, upon your best efforts, capabilities, management, and efficient operation; as well as the general economic trend and other market conditions.

16.6 Existence of Various Forms of Franchise Agreements.

You acknowledge that our present and future franchisees operate under a number of forms of franchise agreements and consequently, our obligations and rights with respect to our various franchisees may differ materially in certain instances. The existence of different forms or versions of the franchise agreement does not entitle you to benefit from any such difference; nor does it operate to alter or amend the agreement of the parties set forth in this Agreement.

16.7 Franchise Owner May Not Withhold Payments.

You agree that you will not, on grounds of alleged or actual nonperformance or breach by us of any of our obligations under this Agreement, withhold payment of any Royalty Fee, Advertising Fee, amounts due to us or any of our affiliates for goods or services purchased by you, or any other amounts due to us or any of our affiliates.

16.8 Remedies Are Cumulative.

The rights and remedies of the parties to this Agreement are cumulative and not exclusive, and no exercise or enforcement by either party of any right or remedy under this Agreement shall preclude the exercise or enforcement by such party of any other right or remedy under this Agreement or otherwise available at law or in equity to such party.

16.9 Interpretation.

All the terms and provisions of this Agreement will be binding upon and inure to the benefit of the successors and assigns of the parties. However, nothing in this *Section 16.9* may be construed as our consent to the Transfer of this Agreement or any rights by you.

16.10 Waiver.

Our failure to insist upon the strict performance of any term, covenant or condition contained in this Agreement will not constitute or be construed as a waiver or relinquishment of our right to enforce thereafter any such term, covenant or condition and such term, covenant or condition will continue in full force and effect. For example, Franchisor's acceptance of any payments made, or Franchisor's failure to require any payments, by Franchisee after a breach of this Agreement shall not be, nor be construed as, a waiver by Franchisor of any breach by Franchisee of any term, covenant or condition of this Agreement or of Franchisor's right to later require such payments as a result of such prior breach.

16.11 Litigation Expense.

If an action at law or suit in equity is brought to establish, obtain or enforce any right by either of the parties to this Agreement, the prevailing party in the suit or action, in the trial and appellate courts or in arbitration, will be entitled to recover from the non-prevailing party reasonable attorneys' fees, costs and expenses and disbursements incurred in such suit or action.

16.12 No Third-Party Beneficiaries.

This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity shall be entitled to any rights hereunder by virtue of so-called "third-party beneficiary rights" or otherwise.

16.13 Binding Effect; Modification.

This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, personal representatives, heirs, permitted assigns and successors in interest. No amendment, change, or modification of this Agreement shall be binding on any party unless executed in writing by you and us.

16.14 Entire Agreement; Nature and Scope; Construction.

This Agreement, all exhibits, attachments, addendums, and amendments, constitute the entire understanding and agreement between the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. If required to be signed, any state specific addendums are incorporated herein by reference. Any representation not specifically contained in this Agreement made prior to entering

into this Agreement does not survive subsequent to the execution of this Agreement. We and you have entered into this Agreement for the sole purpose of authorizing you to use the System licensed by this Agreement in the operation of the Franchised Business during the Term in which those specific items designated by us for sale and use in such locations are offered for sale and use in individual, face-to-face transactions with patrons visiting the Franchised Business (and equivalent telephone, online, or mail transactions accepted as a convenience to that customer group). All consideration being furnished by us to you during the course of performance of this Agreement has been determined based on the limited rights and other limitations expressed herein. No other rights have been bargained for or paid for. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth in this Agreement. The parties further acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain.

Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Disclosure Document. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

16.15 Terminology.

In addition to the terms defined elsewhere in this Agreement, the following terms defined below are incorporated in this Agreement by reference and shall be deemed to include all persons who succeed to the interest of the original, where applicable:

The term “affiliate” means any person who, directly or indirectly through one (1) or more intermediaries, controls, is controlled by, or is under common control with any person;

The term “Dollars” means United States Dollars and all amounts due under this Agreement shall be paid in United States currency;

The use of the terms “includes” and “including” in any provision of this Agreement followed by specific examples used shall not be construed to limit application of the provision to only the specific examples used;

The term “person” means any natural person, corporation, partnership, trust, other entity, association or form of organization;

The term “will” and “shall” shall be synonymous, and shall be mandatory and not discretionary, unless otherwise specifically provided herein; and

Any references to articles or sections refer to articles and sections in this Agreement unless specified otherwise.

16.16 Counterparts.

This Agreement may be executed in one (1) or more original counterparts, and all of which, when taken together, shall be deemed to be one (1) original Agreement. The signatures required

for execution may be transmitted to the other party via facsimile or a scanned .pdf file sent via email and such signature shall be deemed a duplicate original, shall be effective upon receipt by the other party, may be admitted in evidence and shall fully bind the party and person making such signature. A fully-executed copy of this Agreement shall be of the same force and effect as the original.

16.17 Offerings.

If you are a corporation, partnership or other entity, and if you intend to offer securities, partnership interests or other ownership interests in you through any public or private offering, you shall not use any Proprietary Marks in such public or private offering, except to reflect your franchise relationship with us; nor shall you misrepresent your relationship with us by any statement or omission of an essential statement. You shall indemnify and hold us harmless from any liability in connection with such offering. Nothing in the foregoing shall modify the provisions of *Article 12*, and no such offering shall be made without first complying with any applicable provisions of *Article 12*.

16.18 Time.

Time is of the essence of each and every provision of this Agreement.

16.19 Force Majeure.

Neither of the parties will be liable for loss or damage or be deemed to be in breach of this Agreement if the failure to perform the party's obligations results from: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any government or any department or agency thereof, or (b) acts of God, in each case, being unforeseeable forces which Franchisee could not by the exercise of due diligence have avoided; provided however that Franchisee must: (i) immediately upon the start of the above-mentioned act, provide written notice to Franchisor that it expressly enacts its rights granted under this Section, and (ii) use all commercially reasonable efforts to mitigate the effect of the event of Force Majeure upon its performance and to fulfill its obligations under this Agreement. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that no such cause will excuse payments of amounts owed at the time of such occurrence or payment of the Royalty Fee and all other amounts due to us and our affiliates thereafter, or permit Franchisee to permanently close the Franchised Business.

16.20 Plurals and Captions.

Words in the singular number include the plural when the context requires (and vice-versa). The table of contents and the captions are inserted only for convenience and are not a part of this Agreement or a limitation of the scope of the particular article or section to which each refers.

16.21 Joint and Several Liability.

If you consist of two (2) or more individuals, whether in the form of separate individuals or a business entity controlled by the individuals, then each individual and each business entity will be jointly and severally liable under the provisions of this Agreement.

16.22 Trademark Notice.

All trademarks referenced in this Agreement are those of their respective owners.

16.23 No Accord or Satisfaction.

If you pay, or we otherwise receive, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt may, in our sole discretion, be applied against the earliest amount due us. In addition, if interest or late fees are owed, we may, in our sole discretion, apply any amounts paid to the late fees and interest before such amounts are applied to the principal amount owed. We may accept any check or other payment in any amount without prejudice to our right to recover the entire balance of the amount due or to pursue any other right or remedy. No endorsement or statement by you on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be construed as an accord or satisfaction.

ARTICLE 17. ACKNOWLEDGMENTS AND REPRESENTATIONS OF FRANCHISEE

17.1 Certain Representations and Warranties of Franchisee.

You represent and warrant that the following statements are true and complete as of the Effective Date:

a. You do not seek to obtain the Franchised Business for speculative or investment purposes and have no present intention to sell or transfer or attempt to sell or transfer the Franchised Business except as previously approved by Franchisor and subject and conditioned to Article 12 of this Agreement.

b. You understand and acknowledge the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Confidential Manual and the necessity of operating the Franchised Business under the System Standards. You represent that you have the capabilities, professionally, financially and otherwise, to comply with our System Standards.

c. If you are a corporation, limited liability company, partnership, or other form of entity, you are duly incorporated, organized, or formed and are qualified to do business in the state and any other applicable jurisdiction within which the Franchised Business is located, and you are and shall remain duly organized and in good standing during the Term.

d. You represent and warrant that: (i) if you are an individual, you are; or (ii) if you are an entity, that each of your owners, shareholders, partners, and members are, a United States citizen or a lawful resident alien of the United States.

e. All financial and other information that you have provided to us or otherwise made available to us in connection with your application for this franchise is true, complete, accurate,

and not intentionally misleading.

f. The execution of this Agreement by you will not constitute or violate any other agreement or commitment to which you are a party.

g. Any individual executing this Agreement on your behalf is duly authorized to do so and the Agreement shall constitute your valid and binding obligation and, if applicable, all of your partners, members, or shareholders, if you are a partnership, limited liability company, or corporation.

h. You have, or if you are a partnership, corporation or other entity, your partners or principals have, carefully read this Agreement and all other related documents to be executed by you concurrently or in conjunction with the execution hereof; that you have obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement; that you understand the nature of this Agreement and that you intend to comply with and be bound by this Agreement.

i. You have read and understand the information and disclosures made in the Disclosure Document provided to you as acknowledged in *Section 17.3e.* You understand and acknowledge that: (i) estimates for initial start-up expenses are estimates only and there can be additional start-up expenses; and (ii) your sales may differ substantially from any sales provided in Item 19 of the Disclosure Document, and there is no assurance that your sales will meet or exceed any sales listed in Item 19 of the Disclosure Document. You have had the opportunity to and have consulted or elected not to consult with your attorney, accountant and business advisors before entering into this Agreement.

j. You understand and agree that, while not applicable in every case, our past experience indicates that owner-operated restaurants generally perform better than absentee owners with hired managers. The food business is a personal business and is dependent upon your business skill and judgment. This includes your choice of employees. Your skill in hiring the right people to work in your Franchised Business is very important in determining whether people decide to purchase menu items from your Franchised Business or from another restaurant in the same vicinity.

k. You understand and agree that ownership of a franchise and the Franchised Business carries certain risks. These risks include the loss of your initial investment, other continued financial losses such as rent payments due under lease obligations and other contractual obligations, the loss of your time and energy in starting up and running your Franchised Business, and loss of earnings and investment income from your investment in the Franchised Business. You understand and agree that the Franchised Business may make money and may lose money and are entering this business venture with this express understanding. You are not relying upon anything which is not contained within this Agreement or the Disclosure Document in determining and deciding to become a franchisee.

l. Notwithstanding the foregoing, you understand and agree that the System must not remain static if it is to meet (without limitation) presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, social trends and other market place variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System, including altering the products, programs, services, methods,

standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition or other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer, modifying or substituting entirely the equipment, signage, trade dress, décor, color schemes and uniform System Standards and specifications and all other unit constructions, design, appearance and operation attributes which you are required to observe under this Agreement; and, abandoning, changing, improving, modifying or substituting the Proprietary Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations. You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed. Except as provided herein, we shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby.

m. You represent that neither you nor any of your affiliates, officers, directors, managers, members, or partners (as applicable) or funding sources are subject to U.S. Executive Order 13224, identified on the U.S. Department of the Treasury's Office of Foreign Assets Control Specially Designated National and Blocked Persons list, or any terrorist list or other blocked persons list. In addition, you represent that you have not received funding from, nor are you owned, controlled, or acting on behalf of the government of any country that is subject to an embargo by the United States, any foreign government official, political party or international organization, and that no foreign government or government official, political party or international organization has any financial interest in the Franchised Business or any monies earned by the Franchised Business.

n. You represent, warrant and agree that you, your officers, directors, managers, members, or partners (as applicable) will each at all times conduct themselves in an ethical manner and avoid any activity that might result in a violation of the U.S. Foreign Corrupt Practices Act, Anti-Terrorism Laws, or any other applicable anti-corruption or bribery laws.

17.2 Additional Information Respecting Franchisee.

a. You have delivered to us or will deliver concurrent herewith, complete and accurate copies of all of your organizational documents, including all partnership agreements, certificates of partnership, articles of organization, operating agreements, articles or certificates of incorporation, by-laws and shareholder agreements, including all amendments, side letters and other items modifying such documents.

b. Reserved.

17.3 Acknowledgements of Franchisee.

a. You acknowledge that you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that this business venture involves substantial business risks and will largely depend upon your ability. Other than the financial performance representation contained in Item 19 of the Disclosure Document, if any, we expressly disclaim making, and you acknowledge that you have not received or relied on, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the Franchised Business contemplated by this Agreement.

Franchisee Initials _____/_____

b. You hereby certify that none of our employees, no other person speaking on our behalf, and no Area Representative, if applicable, have: (i) made any oral, written, visual, or other representation, agreement, commitment, claim, or statement that stated or suggested any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise other than any financial performance representation contained in Item 19 of the Disclosure Document; or (ii) made any oral, written, visual, or other representation, agreement, commitment, claim, or statement from which any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise might be ascertained, related to a *Cold Stone Creamery* franchise, that is different from, contrary to, or not contained in the *Cold Stone Creamery* Disclosure Document; or (iii) made any representation, agreement, commitment, claim or statement to you that is different from, contrary to, or not contained in, the *Cold Stone Creamery* Disclosure Document. You acknowledge and agree that we do not make or endorse, nor do we allow any of our employees or other persons speaking on our behalf to make or endorse, any additional oral, written, visual, or other representation, agreement, commitment, claim, or statement that states or suggests any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise with respect to a *Cold Stone Creamery* franchise other than any financial performance representation contained in Item 19 of the Disclosure Document.

Franchisee Initials _____/_____

c. You acknowledge that you have received, read and understand this Agreement and the related exhibits, attachments and agreements and that we have afforded you sufficient time and opportunity to consult with advisors selected by you about the potential benefits and risks of entering into this Agreement.

Franchisee Initials _____/_____

d. You understand that this Agreement, including any amendments and exhibits, contains the entire agreement between the parties concerning the Franchised Business, and that any prior oral or written statements that are not set out in this Agreement, including any amendments, exhibits and attachments will not be binding. You acknowledge and agree that we do not permit any representations, agreements, commitments, claims, or statements or approve any changes in this Agreement or any of the amendments, exhibits and attachments to this Agreement, except by means of a written amendment or addendum signed by all parties to this Agreement. You acknowledge that nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Disclosure Document.

Franchisee Initials _____/_____

e. You acknowledge receipt of our Disclosure Document fourteen (14) days prior to the execution of this Agreement or your payment of any monies to us or our agent (or sooner if required by applicable state law).

Franchisee Initials _____/_____

f. You acknowledge that, other than what was previously disclosed to you in our Disclosure Document to which you acknowledge receipt thereof, you have not: (1) received any financial statements for us or any of our parent or affiliated companies; or (2) relied on the financial

condition of us or of any of our parent or affiliated companies when making the decision to purchase the Franchised Business.

Franchisee Initials _____/_____

g. You acknowledge, as detailed in *Section 2.3*, that you must, at your own cost and expense, use only our designated and approved Design Architect for the design of your Franchised Business.

Franchisee Initials _____/_____

h. You acknowledge that the following is your Area Representative (if applicable):

_____
_____
_____

Franchisee Initials _____/_____

i. If an Area Representative is identified in *Section 17.3h.*, you make the following representations with respect to the Area Representative:

(i) You have met or spoken to only _____, the Area Representative;

(ii) Other than any financial performance representation contained in Item 19 of the Disclosure Document, at no time did the Area Representative make any promises or statements, or projections or forecasts, or estimates or warranties or representations or other statement or agreement concerning profits or expenses or costs or actual or projected sales of any kind directly or by implication about *Cold Stone Creamery* restaurants or about the Franchised Business that we desire to develop under this Agreement or about obtaining the confirmed Location or about any other matter other than what is contained in the *Cold Stone Creamery* Disclosure Document or *Cold Stone Creamery* restaurant brochure.

(iii) You acknowledge that you have not received any written materials from us or the Area Representative except for the *Cold Stone Creamery* brochure and Disclosure Document; and

If there are any exceptions to *Sections 17.3i.(i) – (iii)*, identify the item number and list the exception here:

_____
_____

Franchisee Initials _____/_____

j. You acknowledge there have been no other inducements made with any person or entity, including the Identified Area Representative, encouraging you to purchase the Franchised Business, such as a “side deal” or other promise or agreement not included in the Agreement.

Franchisee Initials _____/_____

k. You acknowledge and understand that *Article 6* covers the use of the *Cold Stone Creamery* trademark and prohibition on registration of our Proprietary Marks. You acknowledge the ownership of the Proprietary Marks by us, and you agree that during the Term and after its expiration or termination, you will not, directly or indirectly, apply to register, register or otherwise seek to use or control or in any way use "*Cold Stone Creamery*", or any other of our proprietary marks, or any confusingly similar form or variation, in any place or jurisdiction either within or outside the United States; nor will you assist any others to do so. You further agree that your corporate, partnership or other entity name will not include any of the Proprietary Marks or phrases similar thereto as a part thereof. Furthermore, you acknowledge and understand that you are prohibited from filing applications for the registration of our trade names used in connection with your Franchised Business.

Franchisee Initials _____/_____

l. You acknowledge and understand that in the event you have registered a trade name or entity name containing our trademarks, you will be required to immediately discontinue all further use of the trademark, all Proprietary Marks and any other marks or names confusingly similar thereto in your entity name. Furthermore, you will take such action as may be required to amend your entity name and affirmatively cancel or terminate and dissolve all fictitious or assumed names or other registrations that contain our Proprietary Marks. In the event you do not comply and execute any and all instruments and documents necessary to protect and maintain our interests in the Proprietary Marks, we will then have power of attorney to execute any documents necessary to protect and maintain our interests in the Proprietary Marks.

Franchisee Initials _____/_____

ARTICLE 18. SUBMISSION OF AGREEMENT

The submission of this Agreement to you does not constitute an offer and this Agreement shall become effective only upon the execution thereof by the parties. THIS AGREEMENT SHALL NOT BE BINDING ON US UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY FRANCHISOR.

[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, has duly executed and delivered this Agreement as of the Effective Date.

FRANCHISEE: _____, a(n) _____

By:_____
[Name, Title]

By:_____
[Name, Title]

FRANCHISOR: KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

PERSONAL ACCEPTANCE OF SECTIONS 7.1, 7.2, 14.6, AND 14.8

Each of the undersigned individually and personally accepts and agrees to be bound by the provisions of Sections 7.1, 7.2, 14.6, and 14.8 of the foregoing Franchise Agreement.

_____, _____, an individual
(signature)
Date:_____

_____, _____, an individual
(signature)
Date:_____

_____, _____, an individual
(signature)
Date:_____

_____, _____, an individual
(signature)
Date:_____

EXHIBIT E-3

TO THE FRANCHISE DISCLOSURE DOCUMENT

Franchise Agreement (Transfer)

COLD STONE CREAMERY

FRANCHISE AGREEMENT
(Transfer)

between

KAHALA FRANCHISING, L.L.C.

and

_____, a(n) _____

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COLD STONE CREAMERY
FRANCHISE AGREEMENT
("Agreement")

PARTIES:

KAHALA FRANCHISING, L.L.C., ("Franchisor")
an Arizona limited liability company
~~Attn: Legal Department~~
~~9311 E. Via De Ventura~~
~~Scottsdale, Arizona 85258~~

_____ ([individually and collectively,] "Franchisee")
a(n) _____
_____
_____
_____
~~Telephone No.: _____~~

RESTAURANT NO.: _____

EFFECTIVE DATE: _____ ("Effective Date")

TRADITIONAL RESTAURANT (YES or NO): _____

RESTAURANT DESCRIPTION IF NON-TRADITIONAL: _____

A "traditional" restaurant is a restaurant that is easily accessible by the general public, such as a free-standing building, inline retail shop, shopping mall and street front location. A traditional *Cold Stone Creamery* restaurant normally offers a full menu. A "non-traditional" restaurant is a *Cold Stone Creamery* restaurant that is located in a non-traditional marketplace, as determined by us (in our sole discretion), such as an airport, amusement park, sports or entertainment venue, train station, travel plaza, toll roads, cafeteria, retail store, convenience store, military base, hospital, office building, movie theater, hotel, casino, kiosk, cart, or high school or college campus. A non-traditional restaurant may also be a *Cold Stone Creamery* restaurant that is co-branded into another brand restaurant, at Franchisor's sole discretion. A non-traditional *Cold Stone Creamery* restaurant normally offers a limited version of the full *Cold Stone Creamery* menu.

To simplify the language in this Agreement, the terms "we," "us," "our" and the like may be used to refer to the Franchisor, and the terms "you," "your" and the like may be used to refer to the Franchisee. The term "you" as used herein is applicable to one (1) or more persons, a corporation, partnership, trust, other entity, association or form of organization as the case may be, and the singular usage includes the plural, masculine, neuter, feminine, and possessive usages. Franchisor and Franchisee may individually be referred to as a "party" and collectively referred to as the "parties."

RECITALS:

This Agreement is entered into with reference to the following facts and circumstances:

A. We have, over a period of time and at considerable expense, developed and established a uniform and unique method of operation, customer service, advertising, publicity, processes, recipes, techniques and technical knowledge in connection with the restaurant business, specializing in super-premium ice cream, cakes, pies, smoothies, shakes, specialty beverages, other dessert with frozen confections, and other related beverage and food items. These restaurants do business under the trade name "*Cold Stone Creamery®*". These Cold Stone Creamery recipes, techniques, processes and methods constitute our "Trade Secrets." All of our knowledge, experience, Trade Secrets, processes, methods, specifications, techniques, Proprietary Marks (as defined in Recital B.), System Standards (as defined in *Section 1.4*) and information are referred to in this Agreement as the "System." The System may be changed, supplemented, improved and further developed by us from time to time.

B. We have owned and issued franchises to others for the operation of franchised restaurants in the United States and in other countries. We have registered and applied for proprietary marks with the United States Patent and Trademark Office and with offices in other countries serving similar functions. These proprietary interests, trademarks, service marks, logos, insignias, trade names and trade dress are referred to in this Agreement as the "Proprietary Marks."

C. We are engaged in the business of licensing the right to use the Proprietary Marks in connection with the operation and promotion of the System.

D. You understand and recognize that: (1) our Trade Secrets, Proprietary Marks, developments and other properties as recited above are of considerable value; and (2) it is of importance to us and all of our franchisees to maintain the development of the System in a uniform and distinctive manner, allowing you and our other franchisees to enjoy a public image and reputation greater than most single franchisees could establish.

E. You desire to make use of the "*Cold Stone Creamery®*" trademark and to enjoy the benefits of that mark, the other Proprietary Marks, and the System; and to establish a "*Cold Stone Creamery*" franchise to be operated in accordance with System Standards set forth from time to time by us. System Standards are set forth in, without limitation, the confidential "ops package," which consists of the "operations manual" ("Operations Manual"), "ops toolkit" and related printed and electronic documents, both now existing and hereinafter developed (individually and collectively, "Confidential Manual"). We are willing to grant you the right to do so under the terms, conditions and provisions set forth in this Agreement, which includes any and all appendices, addenda, amendments, attachments and exhibits.

F. You recognize the necessity and desirability of protecting our reputation, goodwill, Trade Secrets, and other confidential business information; and that disclosure of Trade Secrets and confidential business information, including specifics of the System to any third-party, will cause irreparable damage and harm to us.

AGREEMENT:

The parties agree that the foregoing Recitals are hereby incorporated and made part of this Agreement and further agree as follows:

ARTICLE 1. GRANT OF FRANCHISE; TERM; SYSTEM STANDARDS

1.1 Franchise Grant.

We hereby grant to you a *Cold Stone Creamery* franchise that includes the right to use the System ("Franchised Business") as provided in this Agreement, at the following location ("Location"):

~~Arena, Mall, Facility, or Center Name: _____ (if applicable)~~

Street Address: _____

City/State/Zip Code: _____ ~~("Location")~~

Additional Location Information _____
(if applicable)

1.2 Location of the Franchised Business; No Exclusive Territory or Other Rights.

You must operate the Franchised Business only from the Location, including any catering services of *Cold Stone Creamery* menu items you provide. You acknowledge that the *Cold Stone Creamery* franchise granted under this Agreement is non-exclusive, that we are not granting you any territorial protection or any other exclusive rights, and that we, directly or through one (1) or more affiliates, reserve the right in our sole discretion, and without compensating you or seeking your prior approval: (i) to establish, and grant to other franchisees or licensees the right to establish, a *Cold Stone Creamery* restaurant or any other business using the Proprietary Marks, the *Cold Stone Creamery* System or any variation thereof, in any location other than the approved Location (including locations in the immediate vicinity of your Location), on any terms and conditions that we deem appropriate; (ii) to establish, and grant to other franchisees or licensees the right to establish, any restaurant concept other than *Cold Stone Creamery* in any location on any terms and conditions that we deem appropriate (including locations in the immediate vicinity of the Location); (iii) to sell products identified by the Proprietary Marks or other trademarks, service marks or commercial symbols in any location through any distribution channels, including grocery stores, convenience stores, supermarkets, club stores, vending machines, delivery services and restaurants other than *Cold Stone Creamery* restaurants; and (iv) to take any other action that we are not expressly prohibited from taking under this Agreement.

We hereby grant to you during the term of this Agreement, a non-exclusive right and license to operate a single restaurant at the Location only, according to the System Standards and subject to the terms, conditions and restrictions contained in this Agreement. This Agreement is limited to the operation of one traditional restaurant, unless otherwise amended, and does not grant you the right to buy, own or operate additional restaurants.

Except as expressly limited in this Agreement, we (for ourselves and our affiliates and designees) retain all rights with respect to all Proprietary Marks and the sale of *Cold Stone*

Creamery products anywhere in the world with no compensation or liability to you, including the right to:

a. Establish and operate (or license to any other person or entity the right to establish and operate) *Cold Stone Creamery* restaurants owned or licensed by us at any location;

b. Develop, market, own, operate and participate in any other business under the Proprietary Marks or any other trademarks (including trademarks identified in the Franchise Disclosure Document ("Disclosure Document") and other trademarks we or our affiliates own or have the right to license);

c. Develop, lease and license the use of, at any location, trademarks other than the Proprietary Marks, in connection with the operation of a system that offers products or services that are the same as, or similar to, those offered by us under this Agreement on any terms or conditions that we deem advisable, in our sole discretion;

d. Merge with, acquire or be acquired by any other business, including a business that competes with your Franchised Business, or acquire and convert any retail stores, including retail stores operated by competitors, or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporate-owned;

e. Distribute, sell and license other persons or entities to distribute and sell products through all other channels of distribution, including catalog sales, telemarketing, grocery stores, warehouses, big box shops, specialty shops, limited access highway food facilities, vending machines and similar automated dispensing systems, mobile units, off-site sales accounts, electronic mail, Internet sales, and movie theaters (individually and collectively, "Other Channels"); and

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

1.3 Term of Agreement.

a. This Agreement will commence on the Effective Date and will expire on either: (1) the ten (10) year anniversary of the Effective Date if you own the property where this Franchised Business is located or if you enter into a lease directly with the landlord or other third-party for the property where this Franchised Business is located; or (2) if you have entered into a sublease with one of our affiliates, the expiration of the term of the sublease for the Location excluding any extensions or renewal options, unless terminated earlier in accordance with *Article 14* or any other provisions of this Agreement, renewed in accordance with *Article 13*, or transferred in accordance with *Article 12* ("Term").

1.4 System Standards.

You shall operate the Franchised Business~~restaurant~~ in accordance with our standards, including the following:

a. restaurant design, maintenance, health and safety and remodeling;

b. types, models, brands and suppliers of required fixtures, furnishings, equipment, signs, materials and supplies;

c. recipes and ingredients, menu items and menu design;

d. cooperation with and participation in sales, marketing, advertising and promotional programs (including loyalty programs, online ordering programs, discount coupons, discount gift cards, special menu promotions, and entering into product and service agreements directly with third-party vendors and service providers as required by us) and materials and media used in those programs, including discontinued use and removal of promotional materials as directed by us;

e. use and display of the Proprietary Marks;

f. restaurant operations, including matters related to the management of the Franchised Business~~restaurant~~; training of your employees consistent with the System Standards; and commercial impression of the Franchised Business to the public;

g. cooperation with and participation consistent with our responses and resolutions in response to customer feedback;

h. cooperation with and participation in: (i) market research and testing; and (ii) product and service development programs;

i. acceptance of our stored value gift cards, including gift cards sold at a discount, loyalty cards, frequency cards, gift certificates, vouchers, and any other similar electronic card and payment programs (individually and collectively, "Gift/Loyalty Card"), credit and debit cards, other payment systems, check verification services and use of point of sale computer systems; You agree to enter into a separate participation agreement with the approved vendor for data processing services;

j. bookkeeping, accounting, data processing and record keeping systems; computer hardware and software; connections to the Internet or to proprietary networks; forms, methods, formats, content and frequency of reports to us of Gross Sales (as defined in *Article 5*), financial performance and condition; and providing tax returns and other operating and financial information to us; and

k. conduct and maintain the Franchised Business and Location so as not to distract from or interfere with the integrity of the System (individually and collectively, "System Standards"). We may, in whole or in part, change, improve, update and further develop the System Standards, from time to time during the term. You shall comply with the updated System Standards as directed by us.

The operation and maintenance of your Franchised Business ~~restaurant~~ according to the System Standards are essential to the well-being and vitality of the System and to preserve the goodwill of the Proprietary Marks for us and for all other franchisees operating under the System. It is critical to the *Cold Stone Creamery* System for all restaurants operating under the *Cold Stone Creamery* System to present a uniform and professional image to *Cold Stone Creamery* customers regardless of which location the customer visits. Any information regarding the operation of the Franchised Business ~~restaurant~~ will be considered a mandatory System

Standard, unless it is clear from the express language of our communication that the information is merely optional or is intended by us as a suggestion, rather than a requirement.

You agree that System Standards constitute binding provisions of this Agreement as if they were an integral part of this Agreement.

ARTICLE 2. SELECTION OF LOCATION; CONSTRUCTION AND RELOCATION

2.1 Location Selection Procedures.

You are ultimately responsible for the selection of the Location. We will not have any liability to you with respect to your selection of the Location, any assistance we provide you in making your selection, our recommendation of any location or a third party to assist you in selecting a location, or our allowing you to move forward on any location. You agree that your selection of the Location will be based on your own independent investigation of the suitability of the Location.

2.2 Lease and Purchase Approval.

If you intend to lease the Location for your Franchised Business, the lease will be subject to our prior limited review and acknowledgment so that we can confirm that certain lease terms are incorporated into the lease. You must provide us, at least thirty (30) days prior to executing the lease, a copy of the lease and details relating to square footage, rent per square foot, the term of the lease, and either confirmation that such other terms as we reasonably require are incorporated into the lease or that you and the landlord agree to incorporate the lease addendum to lease agreement as an exhibit to the lease. You or your attorney shall be responsible for negotiating the terms of the lease, which shall be subject to our final limited review and acknowledgment. If you do not submit all of the required documents to us, we will not allow you to move forward with your lease. We have no liability to you regarding the terms or negotiations of the lease.

If, prior to executing the lease, you or your attorney request a full review of your lease, including any and all exhibits attached thereto, and we or our designated affiliate review your entire lease and exhibits and provide to you or your attorney its review of the entire lease and suggested changes to the lease ("Lease Review"), you must pay a Lease Review Fee (as defined in *Section 5.7*) to compensate for time and effort in reviewing the lease. The Lease Review is optional and only completed by us or our designated affiliate at your or your attorney's request. The Lease Review Fee is due only in the event that you or your attorney request us or our affiliate to complete a Lease Review. Each lease must contain the required lease terms set forth in the Lease Addendum to Lease Agreement, and must specifically state that we are a third-party beneficiary of the lease. If we cure any default by you under the lease, any amounts that we pay to cure the default will be payable by you to us on demand, together with interest thereon, at the lesser rate of one and one-half percent (1½%) or the maximum rate that does not violate applicable state usury laws ("Default Rate") per month from the date we make such payment.

You acknowledge and agree that on the earlier of thirty (30) days after: (i) you receive a fully executed copy of your lease for the Location of your Franchised Business; or (ii) you ~~open~~ commence operations at your Franchised Business to the public, you must provide a fully-executed copy of your lease for the Location to us. Failure to timely provide us with a fully-executed copy of the lease will result in a default under this Agreement.

If you intend to purchase the Location for your Franchised Business, the terms of such purchase shall be subject to our prior approval, and you must provide us, at least thirty (30) days prior to executing the purchase agreement, a copy of the purchase agreement and details relating to square footage, price per square foot and such other terms as we reasonably require.

You acknowledge and understand that our confirmation that you may move forward with any specific location, lease or purchase agreement does not in any way guarantee or ensure the success or profitability of the Franchised Business, or the conformity of the Location, lease or purchase agreement to applicable laws, and such confirmations are only for our own benefit.

2.3 Construction.

a. You must, at your sole cost and expense, construct, furnish, make improvements to and equip, if necessary, the Franchised Business at the Location selected by you and meeting our minimum site requirements, in accordance with plans and specifications approved by us or our third-party approved architect, if applicable. Our approval of plans is solely for complying with our System Standards and not for determining compliance with codes, ordinances and other legal requirements, including the Americans with Disabilities Act ("ADA") or any requirements under the lease for your Location. You are solely responsible for ensuring that your Location conforms to all codes and ordinances, including the ADA, and all lease-specific requirements. You must, at your sole cost and expense, use our designated and approved third-party design architect ("Design Architect") to prepare the initial design drawings for any construction, alterations or improvements, as applicable, for your Franchised Business. The Design Architect must provide us with one (1) set of the design drawings, including landscaping and parking spaces if applicable, which are the detailed plans and specifications ("Plans") for your Franchised Business. We will provide you with a copy of the Plans upon our approval of the Plans. You must also, at your sole cost and expense, retain a licensed architect of record to prepare the permitted construction set of drawings for any construction, alterations or improvements. The permitted construction set of drawings must be submitted to us for our files prior to the start of construction, alterations or improvements. In addition, you must obtain the appropriate construction documents and all mechanical, plumbing, electrical and architectural plans must be sealed and stamped, as we may require, even if local laws in the jurisdiction where your Franchised Business ~~restaurant~~ is located do not require same.

b. Any material modifications to the approved Plans must be submitted to us for approval and you will not undertake any construction, alterations or improvements until such modifications have been approved by us. Approval of such modifications does not constitute any representation by us of compliance with applicable zoning laws, building codes or other laws.

c. You will be solely responsible for the cost and expense of obtaining all necessary governmental construction permits and licenses, and you must, at your sole cost and expense, comply with all laws, zoning ordinances, rules and regulations of any governmental agencies that may govern any construction, alterations or improvements of the Franchised Business in accordance with the approved Plans. We will have the right, but are not required, to meet with the Design Architect and to inspect any construction, alterations or improvements during its course to ensure that the provisions of this *Section 2.3* are being observed; and you agree to allow our authorized representatives, at any and all times while construction, alterations or improvements are in progress, to meet with the licensed architect and general contractor and enter onto the Location for this purpose. If we determine in good faith that the provisions of this

Section 2.3 are not being observed, you will, at your sole cost and expense, immediately take all necessary corrective action.

d. You must, at your sole cost and expense, use a general contractor that is licensed, and if applicable, registered in the state and local jurisdiction where your ~~restaurant~~ Franchised Business is located for any and all construction, alterations and improvements. The general contractor must have prior experience in the construction, alterations and improvement of quick-service restaurants.

e. You acknowledge that the design and appearance of the *Cold Stone Creamery* Franchised Business ~~restaurant~~ is part of the System, and that uniformity is essential to the System. Therefore, you agree that after the Franchised Business ~~restaurant~~ has been constructed, altered or improved, you will not make any material changes to the building plan or design or its appearance without our prior written consent, and you will, at your sole cost and expense, maintain the interior and exterior décor of the Franchised Business ~~restaurant~~ in a first class condition and in such manner as we may reasonably prescribe from time to time. In addition to any remodeling required by us upon the transfer of the Franchised Business and upon the renewal of this Agreement, as set forth in *Articles 12* and *13*, respectively, you will, upon thirty (30) days' prior notice from us, and at your sole cost and expense, remodel and make all alterations and improvements in and to your Franchised Business as reasonably determined by us to reflect the then-current *Cold Stone Creamery* System specifications, standards, format, image and appearance.

f. A certificate of occupancy for your Franchised Business must be submitted to us approximately six (6) days prior to the day you ~~open~~ commence operations at your Franchised Business to the public and as otherwise requested by us throughout the Term.

2.4 Signage.

You will acquire, repair and replace, as necessary, and maintain in a first class condition throughout the Term, signs for advertising and identifying the Franchised Business as a *Cold Stone Creamery* restaurant. All signs must be in accordance with the System Standards, specifications and any local governing body (i.e., city or county governments) requirements, as well as any other applicable laws, including the ~~Americans with Disabilities Act (~~"ADA~~")~~, and exterior signage must be the maximum size allowed by the landlord and local governing body. You acknowledge that quality control is essential to protect and promote our Proprietary Marks, standards, and uniform image, and you shall acquire all signs only from approved suppliers. In addition, you shall prominently display on all communications, forms, advertising, business stationery and business cards, and in a sign easily visible to consumers at the Franchised Business, the following words: "INDEPENDENTLY OWNED AND OPERATED."

2.5 Relocation.

a. If you desire to relocate the Franchised Business, you may request our consent upon the following conditions:

(i) Not less than sixty (60) days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation, due to a third-party or our request, in which event notice shall be made as soon as possible), you must make a written request for

consent to relocate, describing the reasons for the relocation and providing details respecting any proposed new location.

(ii) Within twenty-one (21) days after receiving your written request, we shall advise you in writing if the proposed new location meets our minimum real estate site requirements as provided in *Section 2.1* and if you have our authorization to proceed with the relocation. In the event of our denial to proceed with the relocation, you may request an alternative proposed new location pursuant to the provisions of this *Section 2.5*.

(iii) The Term will not be extended in connection with the requested relocation.

b. At the time you request to relocate the Franchised Business, you must also meet each of the following requirements:

(i) You must not be in default under this Agreement or any other agreement or note then in effect between you and us ~~or you~~ and any affiliate of ours, and no event shall have occurred that, with the giving of notice, the passage of time, or both, would constitute a default under this Agreement;

(ii) You must neither have received more than three (3) notices of default or breach during the Term; nor more than two (2) notices of default or breach during the five (5) years immediately preceding the effective date of the proposed relocation;

(iii) The equipment, fixtures and signage used in connection with the operation of the Franchised Business must either meet our then-existing System specifications and System Standards, or you must agree, within a timeframe required by us, to replace or refurbish such items, and otherwise modify the methods of operation of the Franchised Business at your cost and expense, in order to comply with our System specifications and System Standards then applicable to new franchise owners; and

(iv) You shall have paid to us a Relocation Fee (as defined in *Section 5.14)*.

c. If we approve the relocation of your Franchised Business, (i) you and we must execute an amendment to this Agreement indicating the address for your relocated Franchised Business and you must sign a general release provided by us, and (ii) you must open your Franchised Business at the new location within thirty (30) days after you close your Franchised Business at the current Location. Provided that you comply with all of the terms and conditions set forth in this Agreement including this Section 2.5, during the period of time between the closure of your Franchised Business at the current Location, and the opening of the Franchised Business at the approved relocation address, you will not owe the Royalty Fee (as defined in *Section 5.2*).

2.6 Restricted Use of Restaurant Location.

You may not wholly or partially sublet the Location without our prior written consent. The Location may be used only for the operation of a *Cold Stone Creamery* restaurant in compliance with this Agreement and the System Standards. You shall not conduct other businesses or activities at the Location without our prior written consent.

2.7 Not Applicable.

ARTICLE 3. OPERATIONS

3.1 Commencing Operations.

You agree to start operating your *Cold Stone Creamery* ~~restaurant at the Location~~Franchised Business as of the Effective Date. You acknowledge that before starting operations you must, at your own expense, do the following (in addition to any other requirements set forth in this Agreement):

a. Complete a food safety training program at your sole cost and expense. We will accept the certificate for the required program through your local county or state health department or any other nationally recognized food safety program. You must provide us with a copy of your certificate prior to commencing training;

b. Successfully complete the Training Program described in *Section 4.1*;

c. Purchase, lease or otherwise acquire from the list of approved sources provided by us all the signage, supplies, equipment, fixtures, inventory and other items necessary to operate the *Cold Stone Creamery* Franchised Business; and

d. Obtain liability insurance in accordance with the requirements described in *Section 9.5* and provide to us evidence that such insurance has been obtained.

Prior to starting operations of the Franchised Business, you must notify us that you have satisfied all requirements to begin operations, and provide us with such documents as we may reasonably request that show your compliance with all such requirements. If you do not begin operations of your Franchised Business ~~restaurant~~ at the Location as of the Effective Date, then we may terminate this Agreement by giving you notice to that effect.

3.2 Supplies and Promotional Materials; Rollouts.

You agree to sell only those menu items, products and services authorized under the terms of this Agreement and as specified in the Confidential Manual, and you shall use only supplies and ingredients in making those menu items that are in compliance with the standards as set forth in the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist in the future. You shall purchase all such services, supplies and ingredients only from approved vendors and utilize approved distributor(s) as specified in the documents provided by, or approved by, us as they presently exist or may exist in the future. You must purchase promotional materials containing the Proprietary Marks, including stationery, business cards, promotional and advertising materials and similar items, from suppliers approved by us, except that we must first approve all such promotional and advertising materials before you use them, and all such printed materials containing any of the Proprietary Marks shall be accompanied by the words "INDEPENDENTLY OWNED AND OPERATED." Additionally, during the Term, you agree to participate in any Rollout of new products and suppliers, as defined in *Section 9.3*.

3.3 Fixtures, Furnishings, and Equipment.

Unless otherwise approved by us in writing, you will: (1) acquire, repair and replace, as necessary, and maintain in a first class condition throughout the Term, fixtures, furnishings, and equipment to be used in the operation of your Franchised Business that is in accordance with the

System Standards, specifications set forth by us in the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist in the future, and with applicable laws including, without limitation, including the ~~Americans with Disabilities Act (“~~ADA~~”)~~; and (2) procure the fixtures, furnishings, and equipment from suppliers or vendors previously approved in writing by us.

3.4 Online Presence.

You may not maintain a website, software application, an App (application), social media account (including, but not limited to, an account, group or page on Facebook®, Flickr®, Foursquare®, Google+®, Instagram®, LinkedIn®, Pinterest®, Snapchat®, Tumblr®, X/Twitter®, YouTube®, Vine®, VKontakte or Weibo®), or otherwise maintain a presence or advertise on the Internet or any other public computer network (individually and collectively, “Site”) in connection with the Franchised Business without our prior written approval, which we may withhold in our sole discretion. If we grant you written approval, you agree to submit to us for approval before use, true and correct printouts, of all Site pages you propose to use in connection with the Franchised Business. You understand and agree that our right of approval of all such Site pages is necessitated by the fact that such Site pages will include and be inextricably linked with our Proprietary Marks. If we approve your use of a Site, you may only use Site pages that we have approved. Your Site must conform to all online presence requirements, policies and procedures per our System Standards. You agree to provide all information regarding your online presence that we require. If we grant approval for a Site, you may not use any of the Proprietary Marks on the Site except as we expressly permit. You may not post any of our proprietary, confidential or copyrighted material or information on the Site without our prior written permission. If you wish to modify your approved Site, all proposed modifications must also receive our prior written approval. You explicitly understand that you may not post on any Site (whether yours or someone else’s) any material in which a third-party has any direct or indirect ownership interest (including video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image which any third-party may claim intellectual property or other rights in). If we grant approval, you agree to list on the Site any website and social media account maintained by us, and any other information we require in the manner we dictate. You agree to obtain our prior written approval for any Internet domain name, home page address and Uniform Resource Locator. The requirement for our prior approval set forth in this *Section 3.4* will apply to all activities on the Internet or other communications network to be conducted by you, except that you may maintain one (1) or more e-mail addresses and may conduct individual e-mail communications without our prior written approval. You agree to obtain our prior approval as provided above if you propose to send advertising to multiple addressees via e-mail or text messages. You may not use a Site to represent that: (1) the Site is an official account, application, page or group of, or video produced by us; or (2) you are the owner of the *Cold Stone Creamery* brand. On any Site you use in connection with the Franchised Business, you must affirmatively state: (a) that you are a franchisee and the opinion and content being expressed are your own and not that of the *Cold Stone Creamery* brand; and (b) the Location of your Franchised Business.

3.5 Continuing Working Capital Requirement.

You must have Fifteen Thousand Dollars ($15,000) in working capital ~~at the time you open your Franchised Business~~as of the Effective Date and throughout the Term.

ARTICLE 4. TRAINING, ASSISTANCE AND START-UP MATERIALS

4.1 Training Program.

We will provide up to two (2) natural persons (individually and collectively, "Trainees") with a training program designed to inform the participants as to the fundamentals of operating the Franchised Business prior to your commencing operations at opening of the Franchised Business. At minimum, one (1) of the two (2) natural persons must have an ownership interest in the Franchised Business. The remaining position may be filled by a natural person with an ownership interest in or management responsibility for the Franchised Business. The training program is made up of the "In-Store Training," which is approximately eighty (80) hours, and "New Owner Training," which is approximately forty (40) hours (collectively, "Training Program"). You will be solely responsible for all transportation costs, food, lodging and other personal expenses incurred by you and your employees in connection with the Training Program. The New Owner Training will be conducted either online or in person at our sole discretion. If the New Owner Training is conducted in person, it will be at the Franchisor training and education center in Scottsdale, Arizona or at such other location as we may designate at our sole discretion and the In-Store Training will be conducted at a training store in Arizona or such other location as we may designate at our sole discretion. You acknowledge that adequate knowledge regarding the operation of the Franchised Business is essential to the growth of your franchise and to the promotion of the System. Notwithstanding the foregoingFurthermore, Franchisor has the right to require Franchisee and/or its manager(s) to attend additional training and pay the Additional Training Fee (as defined below), as provided for in this *Section 4.1* and *Section 5.10*, in the event Franchisee is not operating the Franchised Business pursuant to Franchisor's Systems Standards.

4.2 Employee Training.

You acknowledge that the employees of your *Cold Stone Creamery* Franchised Business are an integral and important part of the Franchised Business, as they will have substantial contact with customers. You alone are responsible, and acknowledge that we have no direct or indirect control and no right or authority, for the hiring, firing, training, supervising, setting the terms and conditions of employment (including employee tasks and work schedules), compensation of your employees, or maintaining employment records, for the safety of your employees and for your employees' compliance with the System Standards. The System Standards are in place to protect our interests in the System and not for exercising any control over you, your employees or your Franchised Business. You must ensure that your employees who have direct interaction with the public are able to speak and read English and any other language that may be required to adequately meet the public needs in your Franchised Business.

4.3 Additional Programs; Continuing Assistance.

We will provide one (1) of our representatives to come to your Franchised Business restaurant during opening week for up to five (5) days, at our expense, to work with you or your manager on operating your restaurant Franchised Business. We may, in the future, request that Trainees participate in refresher or additional training programs. We may also hold an annual conference to introduce new products, discuss sales and marketing techniques, personnel training, advertising programs, merchandising procedures and other subjects. You may be charged a nominal registration fee for these programs and you will be solely responsible for the cost of transportation, food, lodging and other expenses incurred by Trainees at any such

program. Attendance at these additional training programs and conferences is mandatory. They will be held in the metropolitan Phoenix, Arizona area, or at other locations in the United States chosen by us, at our sole discretion.

In addition to the initial training available under *Section 4.1*, we shall provide such periodic evaluations or inspections as we deem appropriate, utilizing our field representatives who may visit the Franchised Business from time to time. The frequency and duration of such visits to a Franchised Business by our representatives shall be in our sole discretion. Any such evaluation or inspection is not intended to exercise any control over your employees or the daily operation of your Franchised Business. In addition, we will be available on an ongoing basis at our offices for consultation and guidance with respect to the operation and management of the Franchised Business. In addition to the Confidential Manual, we may, but are not required to, from time to time provide you with additional materials relating to the Franchised Business.

4.4 Area Representatives.

We may retain the services of an independent third-party area representative ("Area Representative") to represent us in the area in which the Franchised Business ~~restaurant~~ is located and perform some or all of the services we provide under this Agreement. The services the Area Representative may perform could include: (i) assistance in location selection and evaluating and confirming that the Location meets our minimum site requirements; (ii) advice and guidance regarding lease negotiations; (iii) assistance in opening new *Cold Stone Creamery* locations; (iv) assistance with training on the approved POS System (as defined in *Section 4.6a.*); (v) assistance with marketing advice; (vi) periodic Quality Service Cleanliness and Experience ("QSCE") evaluations; (vii) assistance with collection of the various sums due to us from *Cold Stone Creamery* franchisees; and (viii) coordination with other *Cold Stone Creamery* franchisees in your area and general supervision and monitoring of your Franchised Business on our behalf. You agree in advance to our delegation to an Area Representative of some or all of our obligations, and assignment to an Area Representative of some or all of our rights under this Agreement. You agree that we may require you to submit to an Area Representative any reports you are required to submit to us. Upon our request, you will provide the Area Representative with access, inspection and audit rights to the same extent we have those rights under this Agreement. You are not a third-party beneficiary of any agreement between us and any Area Representative. If we have designated an Area Representative for your Franchised Business ~~restaurant~~ as of the Effective Date, the name and contact information of the Area Representative is shown in *Section 17.3h.* We reserve the right in our sole discretion to remove any Area Representative in your area at any time and to appoint any other Area Representative for your area. We have no obligation to appoint an Area Representative in the area in which your ~~restaurant~~ Franchised Business is located, and we have no obligation to appoint a new Area Representative after we have removed an Area Representative.

You acknowledge that Area Representatives and their owners and employees may not contractually bind us without our express written authorization. You further acknowledge no Area Representative has the authority to: (i) enter into agreements or execute any agreements on our behalf; or (ii) bind us in any way without our prior written consent. Unless expressly authorized and agreed to by us in writing, we disavow any agreements, whether verbal or written, entered into by an Area Representative that in any way attempts to bind us. In any litigation or arbitration proceeding, you agree to waive any claim or defense that an Area Representative is our express or implied agent and such an assertion by you constitutes a material default under this Agreement.

4.5 Confidential Manual.

To protect the reputation and goodwill of the System and to maintain the uniform standards of operation under the Proprietary Marks, you must conduct your business in accordance with our Confidential Manual. The Confidential Manual is confidential and remains our property.

The Operations Manual is available to Franchisee via the ~~F~~franchisee portal at: https://portal.kahalamgmt.com. In the event Franchisee desires to receive a hard copy of the Operations Manual, then Franchisee shall submit such request in writing to training@kahalamgmt.com. Upon such request, a hard copy of the Operations Manual will be mailed to Franchisee via regular mail within approximately forty-five (45) days thereafter.

So that you may benefit from new knowledge gained by us as to improved techniques in the operation of the Franchised Business, we may from time to time revise, amend, restate or supplement the content of the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist in the future. You will at all times ensure that your copy of the Confidential Manual is kept current and up to date. In the event of a dispute regarding any of the content of the Confidential Manual, the master copies maintained by us at our corporate office will control.

4.6 Computer Systems; Debit and Credit Card Processing.

a. Prior to the commencing operations at ~~opening of~~ your ~~restaurant~~Franchised Business, you will be required to acquire, to maintain, and to exclusively use an approved cash register/computer system ("POS System") during the operation of the Franchised Business. You and your employees must complete training for the POS System as we require, and you will be required to use the POS System to produce sales reports, keep inventory control and post sales tax, refunds, credits and allowances and submit that information to us immediately upon our request. You are required to obtain high-speed/always-on internet connection service for your POS System. If high-speed/always-on internet is not available in your area, dial-up Internet access may be used until high-speed/always-on service becomes available in your area. The POS System must be configured so that we will have remote access to the information and data stored in the POS System, which may include inventory information. This access will allow us to exchange/collect data and other information on such bases as we will communicate to you from time to time. You will be required to maintain the POS System in good working order at all times, and to upgrade or update the POS System during the Term as we may require from time to time. It will be your responsibility to enter into contracts for the maintenance, upgrades and updates to the POS System with an approved supplier of such services identified by us on the list of approved vendors and distributors or other notification to you from us advising of suppliers for your market area. You shall also be required to own a personal computer or similar device with access to the Internet that allows you to report your Gross Sales (as defined in *Section* ***Error! Reference source not found.***~~*5.2*~~) online, send and receive e-mails with us, and receive online orders. All *Cold Stone Creamery* franchisees are required to participate in online ordering and delivery programs, which includes entering into one or more participation agreement(s) with one of our affiliates and/or other approved vendor(s) for remote/online order processing services and delivery services under the terms, conditions, and fees established by such vendor for the purpose of developing, implementing, using, maintaining, supporting, updating and/or upgrading technologies in connection with the franchise system, including web-based and/or mobile applications and websites. 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 franchise system. This may

include amounts paid to third-party delivery service platforms and aggregators. To provide for the inevitable but unpredictable nature to 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 connection with the franchised system. There is no contractual limitation on the frequency and cost of this obligation. We may require you to upgrade the hardware and software including, but not limited to, your operating system, as reasonably necessary to provide reports and information required by us.

b. ou are required to accept debit and credit cards and Gift/Loyalty Cards from consumers at the Franchised Business and participate in any online ordering programs which Franchisor may require. Prior commencing operations at~~to the opening of~~ your Franchised Business~~restaurant~~, you will be required to acquire and maintain an approved debit, credit and Gift/Loyalty Card processing system to use during the operation of the Franchised Business. Additionally, you must utilize our approved third-party Gift/Loyalty payment card processor for processing all such Gift/Loyalty Card transactions, including entering into a Gift Card Participation Agreement with one of our affiliates, or its successors or assigns, or other approved vendor for the Gift/Loyalty Card processing services. The Payment Card Industry ("PCI") requires all companies that process, store, or transmit credit card information to protect the cardholders' information by complying with the PCI Data Security Standard ("PCI DSS"). Therefore, as a franchisee who accepts credit cards, you are required to be PCI compliant by following and adhering to PCI DSS, which includes ensuring that your POS System, back office computer (if supplied), and any other device that is plugged into the network is **only** used for business purposes. You are also required to complete an annual questionnaire and quarterly network PCI scans and install a network firewall appliance for logging, tracking, reporting, and security assessment. You are also required to validate with Franchisor that your store is PCI compliant, and Franchisor may in its sole discretion require you to install a particular type of firewall (hardware and/or software). To show such validation you must send us your ~~P~~passing ~~C~~certificate showing your Franchised Business ~~store~~ is PCI compliant. You are also required to verify that you have a PCI compliant firewall appliance installed at your L~~l~~ocation if you process credit cards via a high speed internet ~~connectivity~~connection. We require your Franchised Business' POS System, including terminals, computers, and software to be in compliance with the PCI DSS at all times. The PCI DSS is often updated, and you are required to obtain and comply with all updated standards. You must also be PCI compliant in order to obtain cyber liability/data breach insurance coverage.

ARTICLE 5. FEES AND DEPOSITS

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 5*. 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.

5.1 Not Applicable.

5.2 Royalty Fee and Surcharge.

For the period of time commencing on the ~~later of the~~ Effective Date ~~or the date the Franchised Business opens to the public~~, and for the duration of the Term, you must pay to us a weekly royalty fee equal to six percent (6%) of total Gross Sales (as defined below) ("Royalty Fee"). If we or the landlord of the Location require you to remodel your Franchised Business in such a way that your Franchised Business (including catering) stops offering items to the public, or if there is a disaster at your Franchised Business, such as a fire, flood or damage caused by an act of God, that requires you to temporarily close your Franchised Business, you are not required to pay the Royalty Fee during the period of time of such temporary closure; provided you provide us or our authorized representative with notice of such temporary closure as soon as reasonably possible, but in no event more than twenty-four (24) hours after such closure begins. Notwithstanding the above, all amounts owed to us under this Agreement prior to the temporary closure shall still be fully due and payable. The temporary closure of your Franchised Business shall not exceed ninety (90) days, but may be extended on a case-by-case basis at our sole discretion and with our prior written approval.

In our sole discretion, we may charge, in addition to the Royalty Fee, a surcharge of up to Ten Dollars ($10) per week if your Franchised Business is located in a state that imposes additional reporting requirements on a franchisor ("Surcharge"). The Royalty Fee and applicable Surcharge shall be due and payable no later than Monday of each week, which day may be modified by us without prior notice to or approval from you, for the week ending on the preceding Tuesday in which applicable Gross Sales (as defined below) were earned from the Franchised Business. The weekly Royalty Fee and applicable Surcharge shall be paid by electronic funds transfer, as detailed below.

For the period of time commencing on the ~~later of the~~ Effective Date ~~or the date the Franchised Business opens to the public~~, and for the duration of the Term, you are required to report Gross Sales to our designated accounting office, which as of the Effective Date, is via the Internet at http://franchisee.kahalamgmt.com, as set forth in *Section 5.6*. Nothing herein shall prevent Franchisor from electronically polling Franchisee's POS system, restaurant management software, and financial records (or similar tools thereto) daily, or more frequently, by electronic or other remote means and Franchisee hereby grants Franchisor authority to do so; however, such authority does not negate Franchisee's requirement to ensure all sales are timely and accurately reported each week. You shall be required to establish a Depository Account (as defined in *Section 5.6*) at the time you execute this Agreement as set forth in *Section 5.6*. Payment of the Royalty Fee, Advertising Fee (as defined in *Section 5.3*), and all other fees due under this Agreement to us shall be made via electronic transfer of funds from the Depository Account. To accomplish this electronic transfer of funds from the Depository Account, you must complete, sign and deliver to us, and maintain for the duration of the Term, a current Electronic Funds Transfer Authorization in a form that we provide.

As used in this Agreement, "Gross Sales" means all sales, money or things of value, received or receivable, directly or indirectly, by Franchisee on account of the Franchised Business, less applicable sales taxes and any properly documented refunds, credits and allowances given by you to customers in accordance with the System Standards, but without deducting any of your income taxes, costs and other expenses. All sales made from catering services must be included in the Gross Sales.

5.3 Advertising Fee.

a. You must pay to us, or directly into a national advertising fund or also any regional advertising funds, as designated by us at our sole discretion, (individually and collectively, "Advertising Fund") a weekly advertising fee of three percent (3%) of the Gross Sales for the preceding week ("Advertising Fee"). Upon thirty (30) days' notice by us to you, we may unilaterally increase the Advertising Fee from its current level not to exceed four percent (4%) of your weekly Gross Sales. The Advertising Fee shall be due and payable with the Royalty Fee under *Section 5.2*. The Advertising Fee is our property and may be deposited by us into our general operating account.

b. The Advertising Fund will be used for marketing, advertising, production and media expenses to promote the *Cold Stone Creamery* name, System, products and services. We are entitled to deduct, free of charge the following from the Advertising Fund: (i) reimbursement of expenses, overhead, and employee salaries for services provided; and (ii) rent for office space provided to the Advertising Fund. We have no fiduciary obligation to you in connection with the operation of any Advertising Fund. No interest on an unexpended Advertising Fee shall be imputed or otherwise charged for the benefit of, or payable to, you. You understand and agree that the only obligations we have regarding the collection and spending of the Advertising Fee or the administration of the Advertising Fund are the express contractual obligations in this *Section 5.3*. We are not acting as a trustee, fiduciary, agent or in any other special capacity. We do not give any representation or warranty regarding the quality or effectiveness of the advertising and marketing activities funded by the Advertising Fee or of the Advertising Fund, and we will have no liability to you with respect to how these funds are spent.

c. Two percent (2%) of your Gross Sales is deposited into the national Advertising Fund; and, if a cooperative exists where your Franchised Business is located, the remaining one percent (1%) of your Gross Sales is deposited into the regional Advertising Fund for your cooperative, if no cooperative exists where your Franchised Business is located, your Franchised Business will be considered a "single store" cooperative and you must contribute the remaining one percent (1%) of your Gross Sales to the regional Advertising Fund for your store. Your own local marketing and advertising should be developed to maximize your particular customer base.

5.4 Cooperative Advertising.

a. We encourage the formation and operation of franchisee cooperative advertising associations (each an "Association"). Each Association will help coordinate advertising, marketing efforts and programs, and attempt to maximize the efficient use of local advertising media. If an Association is formed for your region, you must contribute financially to the Association as required by us. Failure to do so will be deemed a breach of this Agreement and you may also, in Franchisor's sole discretion, lose your right to vote as to decisions regarding advertising and marketing efforts and programs.

b. Upon our request, you will assist in establishing an Association or in deciding how to allocate all or part of any Fund contribution we elect to distribute to the Association. We will decide in our sole discretion whether to make contributions from the Fund to an Association and how much to contribute. We reserve the right to establish general standards concerning the operation of an Association, advertising agencies retained by an Association, and advertising programs conducted by an Association. Notwithstanding anything to the contrary, no Association decision will be made or advertising collections spent without our prior written approval.

5.5 Not Applicable.

5.6 Depository Account; Payment Procedures.

You are required to establish, at the time you execute this Agreement, and maintain for the duration of the Term a depository account ("Depository Account") at a bank or other federally insured financial institution ("Depository") under the same name as Franchisee under this Agreement. You will initially deposit no less than Three Thousand Dollars ($3,000) into the Depository Account and are required to maintain a balance of at least Three Thousand Dollars ($3,000) in the Depository Account at all times during the Term by replenishing the Depository Account to at minimum Three Thousand Dollars ($3,000) after any withdrawals. We shall not be responsible for any bank service charges incurred by you which result from the withdrawal of funds from your Depository Account.

On Wednesday of each week, you must submit a report to us regarding the weekly period which ended on the preceding Tuesday, including details on Gross Sales and other statistical data as provided in this Agreement, Confidential Manual, or as otherwise specified from time to time by us. We will withdraw funds electronically on Monday of each week from the Depository Account. The withdrawals are based upon the figures you report and constitute the Royalty Fee and Advertising Fee as described in *Sections 5.2* and *5.3*. If you do not submit a report on any Wednesday, we may estimate the Royalty Fee and Advertising Fee based upon prior reports and withdraw the estimated amounts up to the entire Three Thousand Dollars ($3,000). We will return or credit back to you, in our sole discretion, any overage within thirty (30) days after our receipt of your report(s). We shall not be responsible to you for any interest charges for any overage collected due to your failure to timely report your sales. You shall instruct the Depository to disburse each week to our designated bank, via electronic funds transfer by the close of business on Monday (or preceding banking business day, if Monday is a bank holiday), the weekly Royalty Fee and Advertising Fee and other fees due for that week, which week shall end on the preceding Sunday. The days of the week specified above may be modified by us without prior notice to or approval from you.

We will also withdraw the monthly POS Help Desk Phone Support Maintenance Fee (as defined in *Section 5.20*) from the Depository Account on the last Thursday of each month. Under no circumstances shall such access to the Depository Account be deemed control or joint control of the Depository Account by us.

Subject to reasonable advance notice for non-recurring payment amounts, we have the right to debit your Depository Account, or any other depository account you have with us, according to the terms of your Electronic Funds Transfer Authorization for any of the payments described in this Agreement. If you do not pay all amounts due by the due date, we may suspend our and our affiliates' services and support until your payment default is cured. Repeated failure to pay all amounts when due, whether or not the defaults are subsequently cured, may be cause for termination under *Article 14*.

You shall pay us Fifty Dollars ($50) for each electronic funds transfer attempted from your Depository Account pursuant to this *Section 5.6* that is returned for non-sufficient funds. You shall also reimburse us for all other costs and expenses incurred by us in collecting or attempting to collect funds due to us from the Depository Account (for example, without limitation, charges for non-sufficient funds, uncollected funds or other discrepancies in deposits or maintenance of the Depository Account balance in accordance with the terms hereof). The Depository Account shall

be established and maintained solely for the purposes set forth in this *Section 5.6* and any other fees authorized under this Agreement and any other agreements between you and us or any of our affiliates.

5.7 Lease Review Fee.

If you request us or one of our designated affiliates to complete a Lease Review, you are required to pay us or our designated affiliate a lease review fee in the amount of Two Thousand Five Hundred Dollars ($2,500) ("Lease Review Fee") for reviewing and providing comments to your proposed lease.

5.8 Lease Guarantee Fee.

If, in order to obtain the lease agreement for the Location of your Franchised Business, the landlord requires you to obtain a lease guarantee, and we or one of our affiliates agree to serve as such guarantor, you will pay us or our affiliate a fee in the amount of ten percent (10%) of the total amount of the rental obligations being guaranteed under the lease during its term up to a maximum fee of Ten Thousand Dollars ($10,000) ("Lease Guarantee Fee"). The Lease Guarantee Fee will be due and payable upon our or our affiliate's execution of the applicable lease guarantee agreement with the landlord. Neither we nor any of our affiliates are required to serve as a guarantor of your lease for the Location of your Franchised Business; rather, the decision of whether to serve as a guarantor shall be made in our sole discretion. In the event that you request us or our affiliate to either agree to be the tenant under the lease or execute a separate guarantee to the lease, and you pay the required Lease Guarantee Fee, you agree and acknowledge that payment of the Lease Guarantee Fee shall not, in any manner, be deemed as an insurance policy which limits your liability in connection with the Franchised Business, including any and all financial liability under the sublease or lease related to the Location. You further agree and acknowledge that our or our affiliate's agreement to act as tenant or guarantor under the lease, and your payment of the Lease Guarantee Fee to us or our affiliate, does not result in the assumption or transfer of your liability, in connection with the Franchised Business, by or to us or our affiliate.

5.9 Additional Persons Training Fee.

The training of two (2) individuals is included in the fee as set forth in *Section 5.13*. If you desire to have more than two (2) people attend the Training Program, you must pay an additional training fee of One Thousand Dollars ($1,000) for each such person to attend the In-Store Training and an additional Seven Hundred Fifty Dollars ($750) for each such person to attend the New Owner Training (individually and collectively, "Additional Persons Training Fee") (see *Section 4.1*).

5.10 Additional Training Fee.

If, after attending the Training Program, you desire to, or we require that you, receive additional training, we will provide additional training time to you for a fee of Three Hundred Dollars ($300) per person per day. Such additional training will be at a time reasonably agreed to by you and us, and will be conducted at Franchisor's headquarters, online, or such other location as we may designate in our sole discretion. You will be solely responsible for all transportation costs and expenses, food, lodging and other personal costs and expenses incurred by you and your employees in connection with this additional training.

5.11 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.

5.12 Renewal Franchise Fee.

A renewal franchise fee of fifty percent (50%) of the then-current initial franchise fee not including any discounts or reductions ("Renewal Franchise Fee") is payable to us when you renew this Agreement (see *Section 13.i*).

5.13 Transfer Franchise Fee.

a. A transfer franchise fee and other applicable initial fees, as set forth in the Consent to Transfer and Release Agreement executed contemporaneously herewith and to which Franchisee is also a party, are payable to us when you sign this Agreement.

b. If, following the Effective Date, Franchisee desires to complete a Full Transfer (as defined in *Section 12.1.a.1.)* of this Agreement, we will require the Potential Transferee (as defined in *Section 12.1.c.*) to pay us Seventeen Thousand Five Hundred Dollars ($17,500) ("Transfer Franchise Fee") as one of the conditions for Franchisee to receive Franchisor's consent for such Transfer (as required in *Section 12.1.b.*).

5.14 Relocation Fee.

A relocation fee of Five Hundred Dollars ($500) ("Relocation Fee") is payable to us when you sign the amendment to your Franchise Agreement for your relocation (see *Section 2.5*).

5.15 Not Applicable.

5.16 Annual Meeting Registration Fee.

If we hold an annual meeting ("Meeting"), the Meeting may be held at various locations throughout the United States and/or online as we may designate in our sole discretion. Because the planning and funding of the Meeting must be done well in advance and requires a substantial financial commitment, we have the right to debit your Depository Account for up to One Thousand Dollars ($1,000) for the Meeting registration fee at any time sixty (60) to ninety (90) days prior to the first day of the Meeting. This fee may be debited from your account (even if you do not attend the Meeting). You will also be solely responsible for all costs incidental to attending the Meeting. If you do not attend the Meeting, we will make available to you one (1) full set of the substantive materials that were presented at the Meeting.

5.17 Late Report; Interest; Late Charge; Non-Sufficient Funds Fee; Breaching Royalties; Draft Draw Charge.

If you fail to submit to us any financial statements, forms, reports or records required to be provided under this Agreement by its due date, including your weekly Gross Sales report for calculating your Royalty Fee and Advertising Fee, you must pay to us a late report charge of One Hundred Dollars ($100) per week or part thereof.

If any fees or assessments due under this Agreement, including the Royalty Fee and Advertising Fee, are not paid when due, interest shall accrue on the late payment (from the date payment is due until the date payment is made) at the Default Rate, which amount, plus a late charge of five percent (5%) of the unpaid amount, or One Hundred Dollars ($100), whichever is greater, shall be added to each late payment. For any payments made by you to us under this Agreement which are returned for non-sufficient funds of a processed check, you shall be charged a non-sufficient funds fee of Twenty-Five Dollars ($25) per occurrence. Pursuant to *Section 5.6*, for each electronic funds transfer that is attempted from the Depository Account but returned for non-sufficient funds, you shall be charged a Fifty Dollars ($50) non-sufficient funds fee per occurrence.

Franchisor has the absolute right to charge Franchisee the greater of: three (3) times the fixed Royalty Fee; or, if on a percentage Royalty Fee, the Royalty Fee will be increased up to eighteen percent (18%) of Gross Sales, with respect to any period during which Franchisee is in breach or default of its/his/her obligations under this Agreement without providing Franchisee advance notice or right to cure. The Royalty Fees paid or owing to Franchisor with respect to the period during which Franchisee is in breach or default are 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.

If you fail to provide us any necessary information or documentation with respect to our practice of drawing drafts against your bank accounts, you must pay us a draft draw charge in the amount of One Hundred Dollars ($100) per day that that failure continues.

If, as a result of your failure to remit payments required under any provision of this Agreement, we retain an attorney or a collection agency to collect such payments, you must pay all collection costs and expenses, including reasonable attorneys' fees and expenses, whether or not legal proceedings are initiated. Our rights under this *Section 5.17* are in addition to any other rights or remedies that we may have as a result of your default under this Agreement.

5.18 Audit Fees.

For the purpose of this *Section 5.18*, we have the right, at any time during business hours, and with or without prior notice to you, to inspect and audit, or cause to be inspected and audited, the business records, cash control devices, bookkeeping and accounting records, sales and income tax records and returns and other records of the Franchised Business and your entity's books and records.

You hereby grant us access to any computers utilized by you for such purposes and we will have the ability, at all times, via modem, to obtain daily and weekly sales reports and other financial records that the POS System provides. You will fully cooperate with our representatives, the Area Representative, if applicable, and independent accountants hired by us to conduct any such inspection or audit. In addition, in the event such inspection or audit is made necessary by your failure to furnish reports, supporting records or other information, as required herein, or to furnish such reports, records or information on a timely basis, or if an understatement of Gross Sales, resulting in an underpayment of the Royalty Fee or Advertising Fee for the period of any audit (which shall not be for less than one (1) month) is determined by any such audit or inspection to be five percent (5%) or greater, you will pay to us, immediately after receipt of the inspection or audit report, any additional Royalty Fee and Advertising Fee and other amounts due as a result of any such understatement, plus interest at the Default Rate from the date originally due until the

date of payment and you must reimburse us for such audit or inspection, including the charges of any independent accountants, and the travel expenses, room, board and compensation of such accountants and our employees.

The remedies in this *Section 5.18* will be in addition to all other remedies and rights available to us under this Agreement or otherwise available.

5.19 Data Fee.

We may require you to pay us or a third-party we designate a data fee of up to Seventy-Five Dollars ($75) per month for polling or collecting data from your POS System.

5.20 POS Help Desk Phone Support Maintenance Service Fee.

You must purchase from us a help desk phone support maintenance service that covers phone support for both the software and hardware of your POS System that is supported by the help desk, the cost of which is currently Sixty Dollars ($60) monthly, and subject to increase upon thirty (30) days' notice ("POS Help Desk Phone Support Maintenance Service Fee"). The POS Help Desk Phone Support Maintenance Service Fee shall be paid by electronic funds transfer, as detailed in *Section 5.6,* and debited from your account on the last Thursday of each month.

5.21 New Supplier Approval Fee.

All requests for approving new or alternative suppliers must be submitted in writing by you or the supplier to our Purchasing Department. Each request will be reviewed in accordance with our then-current procedures and the supplier must meet our then-current requirements, which may include that our representatives be allowed to inspect the facilities of the proposed supplier, and that samples from the proposed supplier be delivered, at no charge, either to us or to our designee for testing. A charge not to exceed the amounts incurred in connection with the inspection and the test, with such cumulative amount not to exceed Five Thousand Dollars ($5,000), must be paid by you and/or the supplier. If approved, in our sole discretion, we will notify you or the supplier in writing within sixty (60) days after our receipt of an approval request. If you do not receive a written notification from us of our approval or disapproval, then the request will be deemed automatically denied after the expiration of such sixty (60) day period. You must not offer or sell in any manner any of the proposed alternative supplier's products until you receive our written approval of the proposed alternative supplier.

5.22 Reserved.

5.23 Non-participation Fee.

You must offer and sell at the Location of the Franchised Business all products designated by us, consistent with our System Standards. In addition, you must immediately incorporate into the Franchised Business all new products and services designated by us and must fully participate in all local, regional, seasonal, promotional and other programs, initiatives and campaigns adopted by us in which we require you to participate. If you fail or refuse to fully participate in any such program, initiative or campaign, you may, in our sole discretion, be required to pay a non-participation fee of One Hundred Dollars ($100) per day that you are not in compliance ("Non-participation Fee").

5.24 Not Applicable.

5.25 through 5.35 Not Applicable.

ARTICLE 6. PROPRIETARY MARKS

6.1 Ownership and Right to Use.

We warrant to you that:

a. We are the owner of all right, title and interest in and to the Proprietary Marks;

b. We have granted to you the personal, non-exclusive, limited, revocable right and license to use the Proprietary Marks in connection with the operation of your Franchised Business;

c. We have taken and will take all steps reasonably necessary to preserve and protect our rights in the Proprietary Marks; and

d. We will only permit you to use the Proprietary Marks in accordance with the System Standards.

6.2 Covenants of Franchise Owners.

a. You acknowledge our ownership of the Proprietary Marks, and you agree that during the Term and after its expiration or termination, you will not directly or indirectly contest, or aid in contesting, the validity of the Proprietary Marks or our ownership of the Proprietary Marks, nor will you take any action which might impair or prejudice our ownership of the Proprietary Marks. You shall not, directly or indirectly, apply to register, register or otherwise seek to own or control any of the Proprietary Marks, or any confusingly similar mark thereto, whether in whole or in part, in any place or jurisdiction either within or outside of the United States; nor will you assist any others to do so.

b. You agree that the license granted pursuant to this Agreement authorizes you to use the Proprietary Marks solely in connection with the Franchised Business only at the Location, and for no other purpose. You have no right to license or sublicense any aspect of the System Standards or any of the Proprietary Marks.

c. You agree to use the Proprietary Marks only in the manner and to the extent specifically licensed by this Agreement. You further agree that any unauthorized use or continued use of the Proprietary Marks after the termination or expiration of this Agreement will constitute irreparable harm and is subject to injunctive relief.

d. The license granted by this Agreement includes only the Proprietary Marks, now existing or which may exist in the future. This license does not include the right to use any other trademarks, service marks, trade name or trade dress owned by us or our licensor anywhere in the world. You agree that any and all goodwill associated with and identified by your use of the Proprietary Marks will inure directly and exclusively to our benefit, and that, on the expiration or termination of this Agreement, no monetary amount will be due or payable to you as a result of any goodwill associated with your ownership or operation of the Franchised Business.

6.3 Limitations on Franchisee's Use of Proprietary Marks.

To develop and maintain high and uniform standards of quality and service and thereby protect our reputation and goodwill and that of the System, you agree:

a. To operate and advertise the Franchised Business only under the Proprietary Marks authorized by us;

b. To adopt and use the Proprietary Marks licensed by this Agreement solely in the manner prescribed by us;

c. That your corporate, partnership or other entity name including trade name, will not include any of the Proprietary Marks, in whole or in part, or any terms confusingly similar thereto, unless first authorized by us in writing;

d. To submit all advertising, promotional materials and all printed matter, including stationery, business cards, and any materials to be used on the Internet to us for our written approval before you use any of these items; and

e. That we may from time to time change or modify the System Standards, including modifying existing Proprietary Marks or adopting new marks. You agree, at your own expense, to adopt, use and display any such new or modified Proprietary Marks within ninety (90) days after notification from us. However, if we require you to modify or discontinue use of our proprietary 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 proprietary information infringed upon a third-party's rights, we or our affiliate will bear the actual, direct, and reasonable costs of those modifications or discontinuances. The rights granted to Franchisee under this Section shall be Franchisee's sole and exclusive remedy for any infringement by any part of the System.

Upon your abandonment of the Franchised Business (whether voluntary or involuntary), termination or expiration of this Agreement, you must immediately cease to use, in any manner whatsoever, any of the Proprietary Marks or any other marks which, in whole or in part, may be confusingly similar to any of the Proprietary Marks.

6.4 Non-Exclusive License of Proprietary Marks.

You understand and agree that your license to use the Proprietary Marks is non-exclusive; that we, in our sole discretion, can grant to other franchisees the right to use the Proprietary Marks and obtain the benefits of the System Standards, in addition to the licenses and rights granted to you under this Agreement; and that we or our affiliates may develop and license other proprietary marks in conjunction with concepts other than the *Cold Stone Creamery* concept, on any terms and conditions we deem advisable. You will have no right or interest in any such other licenses, proprietary marks or systems.

6.5 Notification of Infringement and Claims.

You agree that you will notify us immediately of any apparent infringement of, or challenge to your use of any of the Proprietary Marks, or any claim by any person of any rights in any of the Proprietary Marks. You agree that you will not communicate with any person, other than us and

our legal counsel, in connection with any such infringement, challenge or claim. We will have the sole discretion to take such action as we may deem appropriate to protect the Proprietary Marks and the exclusive right to control any litigation, United States Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge, claim or otherwise relating to any Proprietary Marks. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interests in connection with any such litigation or proceeding, or to otherwise protect and maintain our interests in the Proprietary Marks.

ARTICLE 7. TRADE SECRETS AND PROPRIETARY INFORMATION

7.1 Innovations.

During the Term, you and your principals, officers, managers and employees may conceive, invent, create, design or develop various ideas, techniques, methods, processes and procedures, recipes, formulae, products, packaging or other concepts and features relating to restaurant operations, business practices or the manufacturing, production, marketing and sale of super-premium ice cream, cakes, pies, smoothies, shakes, specialty beverages, other dessert with frozen confections, and other food and beverage items, and related goods now in existence or later developed, adopted, or improved in connection with the Franchised Business (individually and collectively, "Innovations"). You, without further consideration, hereby assign any and all of your rights, title and interest in the Innovations, including any intellectual property rights, to us, and also agree to cooperate with us and our counsel in the protection of the Innovations, including the perfecting of title thereto in us. In addition, you will require all of your principals, officers, managers and employees to sign an agreement in the form set forth in our System Standards and incorporated herein by reference ("Confidentiality Agreement"), and shall be liable to us for obligating your principals, officers, managers and employees to assign all of their rights, title and interest to the Innovations to us and requiring your principals, officers, managers and employees to cooperate in obtaining, protecting, maintaining and enforcing our right, title and interest in the Innovations.

7.2 Confidentiality Agreement.

a. In connection with the operation of the Franchised Business, you will from time to time receive, have access to, or learn certain information and materials that are proprietary to us or our affiliate. You and any person signing this Agreement under the heading "Personal Acceptance of *Sections 7.1, 7.2, 14.6* and *14.8*" agree that you will keep confidential, and will not use for your own purposes, nor supply or divulge to any other person, any of our Trade Secrets, including our methods of operation, processes, techniques, formulae and procedures, information a reasonable person would believe to be confidential and any other proprietary information regardless of whether such is expressly marked as confidential ("Confidential Information"). You acknowledge that much of the information imparted to you by us is confidential, constitutes Trade Secrets, ~~are~~ is unique to us, and remains our sole exclusive property. Our Confidential Information includes, without limitation, the following:

1. The Confidential Manual and any amendments thereto;

2. Ingredients, recipes, and methods of preparation of food products;

3. Methods of operation of *Cold Stone Creamery* restaurants;

4. Information about products, services, or procedures before they become public knowledge;

5. Information which relates in any manner to our business or the System Standards, whether oral or reduced to writing, and which is not generally known to, or readily ascertainable by, other persons who might derive economic benefit from its disclosure or use; and

6. Any other information which may be imparted to you from time to time and designated by us as confidential.

b. You and any person signing this Agreement under the heading "Personal Acceptance of *Sections 7.1, 7.2, 14.6* and *14.8*" acknowledge and agree that the Confidential Information and any business goodwill of the Franchised Business is our sole and exclusive property, and that you will preserve the confidentiality thereof. Upon termination or expiration of this Agreement, all items, records or documentation recording or incorporating any Confidential Information, including any copies thereof, will be immediately turned over by you to us or our authorized representative.

c. You agree to take all steps necessary, at your own expense, to protect the Confidential Information, including our Trade Secrets, and to adopt and implement all reasonable procedures prescribed by us from time to time to prevent the unauthorized use or disclosure of any of the Confidential Information. We require that all of your executive officers, agents, directors, shareholders, trustees, beneficiaries, partners and managers who may or are likely to obtain knowledge concerning the Proprietary Information (and who do not sign this Agreement under the heading "Personal Acceptance of *Sections 7.1, 7.2, 14.6* and *14.8*") sign the Confidentiality Agreement binding such person to preserve the confidentiality of the Confidential Information as part of the terms and conditions of such person's employment or association with you. You must obtain a Confidentiality Agreement signed by any such person prior to or at the same time that you begin employment of, or association with, that person. This will be a continuing obligation on your part throughout the Term. You must keep each original signed Confidentiality Agreement and provide us with a copy of each Confidentiality Agreement when requested by us or our authorized representative.

d. Notwithstanding the above, Confidential Information shall not include information which you can reasonably prove: (i) entered the public domain through no breach by you or your affiliate of any duty of confidentiality, or (ii) you received our prior express written consent to disclose in the manner in which you disclosed it.

e. If anyone under a Confidentiality Agreement is legally compelled or required by a regulatory body to disclose any Confidential Information, he/she/it will notify us as soon as possible and will use his/her/its best efforts to obtain, and give us an opportunity to obtain, appropriate assurances of confidential treatment.

f. The requirements under this *Section 7.2* will remain in full force and effect during the Term and after termination or expiration of this Agreement.

ARTICLE 8. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

8.1 Relationship of the Parties.

You and we agree that this Agreement does not create any fiduciary or employment relationship between you, or any of your employees, and us, that you are an independent contractor, and that nothing in this Agreement is intended to make either you or us a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. You shall not enter into any agreement on behalf of or otherwise bind us for any purpose.

Should it ever be asserted that Franchisor is the employer, joint employer or co-employer of any of your or your affiliate's employees in any private or government investigation, action, proceeding, arbitration, or other setting, you irrevocably agree to assist Franchisor in defending said allegation, including (if necessary) appearing at any venue requested by Franchisor to testify on our 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 your employees).

8.2 *Indemnification of Franchisor*.

You agree to indemnify, defend and hold us and our affiliates (including our parent and subsidiary companies, current, past and future predecessors, successors and assigns), and each of our shareholders, owners, directors, officers, members, managers, partners, joint venturers, attorneys, employees, contractors, agents, representatives, guarantors, insurers, spouses, heirs, executors, trustees and estates (collectively with us, "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, Promotions (as defined in Article 10), operation, including your failure to comply with PCI DSS or any law, statute, regulation, order, rule, or ordinance, or management of the Franchised Business, except for Claims held to have resulted solely from our gross negligence or willful misconduct. Notwithstanding the foregoing, we will have the right, at our option, to defend any Claim, 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 Cold Stone Creamery brand.

8.3 Indemnification of Franchisee.

We agree to indemnify, defend and hold you and your 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 Claim of infringement or unfair competition in connection with your authorized use of the Proprietary Marks or Confidential Information, provided that such use is in accordance with the provisions of this Agreement.

However, if we require you to modify or discontinue use of our Proprietary 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 Proprietary 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.

8.4 Special Power of Attorney.

You agree to cooperate with and assist us as we may request from time to time to obtain, protect, maintain or enforce our intellectual property and Proprietary Marks, including executing documents and appearing as a witness. You hereby appoint us as your attorney-of-fact and hereby grant us an irrevocable Special Power of Attorney, coupled with an interest, with full power and authority for the purpose of executing documents or taking such action as necessary or appropriate as you might or could do if personally present, hereby ratifying all that we, as your attorney-in-fact, shall lawfully do or cause to be done by virtue of this Special Power of Attorney to obtain, protect, maintain or enforce our intellectual property and Proprietary Marks if we are, for any reason, unable to obtain your cooperation or assistance. The Special Power of Attorney granted by this *Section 8.4*, shall survive your dissolution, death, incompetence or disability and the termination or expiration of this Agreement.

ARTICLE 9. OPERATING STANDARDS AND DUTIES OF FRANCHISE OWNER

9.1 Compliance with System Standards and Confidential Manual.

You understand and acknowledge that every detail of the operation of the Franchised Business is important in order to develop and maintain high and uniform standards of quality, cleanliness, appearance, service, facilities and techniques; to increase the demand for the System; and to protect our reputation and goodwill and that of other *Cold Stone Creamery* franchisees. You also acknowledge that the operation of the Franchised Business is your sole responsibility, and that neither we nor our affiliates have any responsibility to obtain customers for you. The System Standards will constitute provisions of this Agreement as if fully set forth herein.

9.2 Authorized Products and Services.

a. You agree that you will not, without our prior written approval, offer at the Location any menu items, beverages, products or services that are not authorized by us for the Franchised Business, as set forth in the System Standards.

b. You have complete discretion in establishing the minimum price you charge for your products. Although we may suggest pricing strategy, you will have the final pricing decision.

c. Notwithstanding the terms of *Section 9.2b.*, we may conduct periodic promotional campaigns during which a specified product or products are promoted at a specified price. During the promotional period, you may not charge your customers more than the specified promotional price, although you may charge less than the promotional price.

d. We may conduct new marketing, research and development, branding and operational program tests, which will generally be conducted with experienced, existing franchisees and may include incentives and other rights that are not available to all franchisees.

e. You hereby consent to third-party vendors, suppliers and distributors sharing with us any and all information, reports, invoices and related documentation covering and otherwise detailing your purchases for the Franchised Business, and to us sharing your contact information with them when we reasonably believe they may offer you a desired benefit.

f. You are required to accept debit and credit cards (including Visa®, MASTERCARD® and AMERICAN EXPRESS®) and Gift/Loyalty Cards from consumers at the Franchised Business. Prior to the ~~opening~~ commencing operations ~~of~~ at your Franchised Business, you are required to acquire, and maintain during the Term, an approved debit, credit and Gift/Loyalty Card processing system ("Card Processing System") to use during the operation of the Franchised Business. Additionally, you must utilize our approved third-party payment card processor, as identified in the System Standards, for processing all Card Processing System transactions.

9.3 Specifications and Standards for Supplies; Approved Suppliers; Rollouts.

a. You must purchase or otherwise acquire certain proprietary or required equipment and supplies utilized in the Franchised Business only from our designated approved distributors or suppliers. If, during the Term, we change designated approved distributors or suppliers for any of the proprietary or required equipment and supplies utilized in the Franchised Business, you shall change to the new designated approved distributor or supplier within sixty (60) days after written notification of such change from us.

You acknowledge Franchisor and/or its affiliates has the right to receive commissions, volume discounts, purchase discounts, performance payments, bonuses, rebates, marketing and advertising allowances, co-op advertising, administrative fees, enhancements, price discounts, economic benefits and/or other payments ("Payments") based upon the actual purchases of the foods, beverages, and other products by Franchisor, its affiliates, area developers and franchisees from suppliers. Any such Payments made to Franchisor may be retained by Franchisor ~~or distributed to franchisees in such amounts and using such allocation methods as Franchisor~~ as it deems appropriate, in its sole discretion. All Payments received from a supplier for a designated purpose (such as participation at an annual convention, etc.) will be spent in accordance with the supplier's designated purpose.

b. If you desire to purchase or otherwise acquire any equipment, supplies or inventory items required by the System Standards but not previously approved by us, or from sources not previously approved by us, you must submit to us sufficient specifications, photographs, drawings and other information sufficient to allow us to determine whether such equipment, supplies or inventory items meet our System Standards. We may require that our representatives be allowed to inspect the facilities of the proposed supplier and revoke its approval upon the supplier's failure to meet any of our then-current minimum System Standards. We may also require that samples from the proposed supplier be delivered, at no charge to us, either to us or to our designee for testing. A charge not to exceed the reasonable cost and expense of the inspection and the actual cost and expense of the test must be paid to us either by you or by the proposed supplier. We will notify you within sixty (60) days after your request of our approval or disapproval of the proposed product or supplier, with such determination to be made at our sole discretion. If you

do not receive a written notification from us of our approval or disapproval, then the request will be deemed automatically denied after the expiration of such sixty (60) day period. You acknowledge and agree that our approval of any item or supplier of equipment, supplies or inventory not previously approved by us will not, in and of itself, make the supplier of that item an approved supplier for other *Cold Stone Creamery* franchise owners in the System. We may, in our sole discretion, at any time and from time to time, re-inspect the facilities and products of any approved supplier and revoke its approval upon the supplier's failure to meet any of our then-current System Standards. If you receive a notice of revocation from us, you must immediately stop selling disapproved products and purchasing from the disapproved supplier.

c. We will provide to you a list of all recommended and required items of equipment, fixtures, supplies, smallwares and interior decor. This list will be included in the System Standards.

d. At any time and from time to time, we may in our sole option engage in new product rollouts to add to or change the menu items offered for sale in the Franchised Business and the ingredients or supplier of ingredients utilized in the preparation of the menu items sold in the Franchised Business ("Rollout"). If we engage in a Rollout, you shall participate in the changes that are the subject of such Rollout, including offering the new menu items, changing the menu items, changing to the new supplier of the ingredients utilized in the preparation of the menu items, and changing to the new ingredients utilized in the preparation of the menu items. If we engage in a Rollout, we will notify you of the details of the Rollout and provide you sixty (60) days from said notification to take the applicable actions required by the Rollout.

9.4 Compliance with Legal Requirements and Good Business Practices.

You must, at your sole expense, operate the Franchised Business in full compliance with all applicable Federal, state and local statutes, laws, ordinances and regulations, including, without limitation, health and safety regulations, food and drug laws, disability laws, labor and employment laws and data privacy laws, as may be amended, supplemented or enacted from time to time. You must pay all costs and expenses incurred by, and in the conduct of, the Franchised Business, including all rent, salaries, taxes (excluding our income taxes), disbursements, license or permit fees, insurance premiums, traveling expenses and any other business expenses when they become due. If you receive any demand, action, suit or proceeding, or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to your Franchised Business, you must immediately notify us, and in no event, later than three (3) days after your receipt. Any such notice must be accompanied by a copy of the demand, complaint, order, writ, injunction, award, decree or other similar document. You must, in all dealings with your employees, customers, suppliers, the public and us adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business practice that may be injurious to the System or the goodwill associated with the Proprietary Marks.

9.5 Maintenance of Insurance.

At all times during the Term, you must maintain in full force and effect at least the minimum types and amounts of insurance coverage that we require, under one (1) or more policies of insurance (each of which shall be primary coverage and shall not be contributory or secondary to any other coverage maintained by us), insured under the particular name of the Franchisee and for the particular address of the Franchised Business. You understand and acknowledge that you

remain fully liable for any and all claims in connection with the operation of the Franchised Business arising during the Term of this Agreement, including without limitation, for any time period during which you may be in the process of obtaining a valid and complete certificate of insurance or is otherwise out of compliance. We do not waive and hereby reserve your obligations under this Agreement, including without limitation your insurance obligations.

Such insurance policies must be issued by insurers acceptable to us having an A.M. Best's financial strength rating of at minimum "A-VIII," and grant us authority to obtain copies of your certificate of insurance directly from the carrier or your agent/broker. The particular requirements of our minimum insurance coverage will be made available to you throughout your term. Currently, the general liability insurance required by this Agreement must: (i) name Kahala Franchising, L.L.C. as the certificate holder; (ii) name Kahala Franchising, L.L.C. and MTY Franchising USA, Inc. and their parents, subsidiaries, affiliates, officers, directors, and employees as additional insureds; (iii) contain a waiver by the insurance carrier of all subrogation rights against us and our affiliates and our affiliates' respective officers, directors and employees for casualty losses; (iv) indicate the address of the Franchised Business being insured; and (v) provide that we will receive a copy, via an endorsement, thirty (30) days' prior notice of cancellation of any such policy. Additional minimum insurance coverage requirements (subject to increase or otherwise change in our sole discretion) are as follows:

TYPE OF COVERAGE	LIMITS/SPECIFICATIONS
General Liability	$1,000,000 Bodily Injury/Property Damage Per Occurrence / $2,000,000 Aggregate
Building Improvements and Betterments	100% of Full Replacement Cost – No Coinsurance (minimum of $100,000)
Business Personal Property	100% of Full Replacement Cost – No Coinsurance – Special Form or equivalent (minimum of $100,000)
Spoilage	$5,000
Flood, Earthquake and Volcanic Eruption	Subject to Territory Limitations – required if in a designated Flood Zone
Workers' Compensation and Employer's Liability Insurance	As required by law
~~Employment Practices Liability Insurance with Franchisor Defense coverage~~	~~$1,000,000~~
Hired and Non-Owned Automobile Liability	$1,000,000 Combined Single Limit per accident

You need to evaluate if your particular business will require greater coverage or other types of insurance. For example, we strongly recommend that you consult with an insurance broker to discuss whether your particular lease/situation requires and/or should obtain additional common types of insurance (including without limitation, employment practices liability. umbrella

insurance, and cyber liability/data breach insurance coverage). Such insurance may significantly increase your premiums, but may also save you money in the long run.

You are responsible for maintaining insurance coverage and limits as required by us, at minimum, pursuant to this *Section 9.5*, provided, if your landlord requires additional coverage, higher limits, or any other requirements not required by us, then you are responsible for maintaining such additional items as well. You must always keep the required insurance coverage in force at all times during the operation of the Franchised Business, and you must comply with any changes we make periodically to our insurance requirements. Upon 30 days' notice to you, we may require you to increase and/or otherwise change the minimum coverage of the insurance referred to above, including to reflect identification of special risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances.

~~Subject to *Section 3.1*, b~~Before you may ~~open~~ commence operations at your Franchised Business~~restaurant~~, annually thereafter at least ten (10) days prior to renewal of your insurance coverage, and at any other time on our request, you must provide us with certificates of insurance or copies of insurance policies showing that you are in compliance with our insurance requirements, as well as proof that you have paid the premiums you owe for the insurance we require. You will pay your insurance premiums to your insurance broker or to the insurance company issuing the policy. We or our affiliate may, at our option and in addition to our other rights and remedies under this Agreement, obtain such insurance coverage on your behalf, and you must promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to us, on demand, any costs, expenses and premiums (in whole or part) incurred by us. Your obligation to obtain and maintain the insurance described above will not be limited in any way by reason of any insurance maintained by us, nor will your performance of such obligations relieve you of any obligations under *Section 8.2*.

9.6 Management of the Franchised Business.

You are directly responsible for all aspects of operating the Franchised Business, and you agree that you will, at all times, operate the Franchised Business and use your best efforts to enhance your Franchised Business and the System. The Franchised Business must be personally managed and directly operated by either you or another partner, shareholder or member of your business organization, or a manager.

9.7 Inspections by Franchisor.

For the purpose of this *Section 9.7*, you must make available to us or our authorized representatives such financial and other information concerning the Franchised Business, and you must permit us or our authorized representatives to have full and free access to such information at your Franchised Business Location during regular business hours without prior notice. We and our authorized representatives will have the right to communicate freely with your employees, and make extracts from, and copies of, all such information. Our authorized representative may make announced or unannounced inspections of your Franchised Business to ensure compliance with all of the requirements of this Agreement.

9.8 Personal Guaranty.

If you are an individual and married, your spouse must execute and deliver to us a Guaranty of Franchise Agreement at the same time that you sign the Agreement unless your spouse is also signing the Agreement as an individual.

If you are a corporation, limited liability company, or other business entity, each of your shareholders, members, or other owners, whether direct or indirect (and their respective spouses, if married) must execute and deliver to us a Guaranty of Franchise Agreement at the same time that you sign this Agreement.

In the event any person who has not previously signed a Guaranty of Franchise Agreement becomes your spouse or shareholder, member, or other owner, direct or indirect or a spouse of such shareholders, members, or other owner, at any time after the execution of this Agreement, you must cause such person(s) to immediately execute and deliver a Guaranty of Franchise Agreement to us.

Failure to provide a Guaranty of Franchise Agreement to us may, in our sole discretion, be grounds for termination of this Agreement as set forth in *Section 14.2a*.

9.9 Not Applicable.

ARTICLE 10. ADVERTISING AND PROMOTION

10.1 Advertising by Franchisor.

We (or at our election a third-party which may be an affiliate of ours) will administer the Advertising Fund that will include your Advertising Fee and those of other franchise owners in the System. If an affiliate of ours administers the Advertising Fund or places advertising in connection with the System, such affiliate may be paid a fee that will not exceed the fee that would be payable to unrelated third-parties for comparable services. Unless required by applicable law, we will have no obligation to create a trust account, escrow account or other special account for the Advertising Fund, and the monies comprising the Advertising Fund may be placed in our general account. We may also reserve the Advertising Fee for use in a subsequent year.

We will direct all advertising and promotional programs. We will have sole discretion over all creative concepts, materials and media used in such programs and the placement and allocation of such programs. The Advertising Fund will be used for marketing, advertising, production and media expenses to promote the *Cold Stone Creamery* trade name, System, products and services. We are entitled to deduct, free of charge, the following from the Advertising Fund: reimbursement of expenses, overhead, and employee salaries for services provided; and rent for office space provided to the Advertising Fund. We are not required to use any specific amounts from the Advertising Fund in your market. However, we in our sole discretion, may use some amounts contributed by you to any Advertising Fund, if any (see *Section 5.3*), in the same geographic area in which your Franchised Business is located.

10.2 Advertising by Franchisee.

In addition to your Advertising Fee, if applicable, and unless your Franchised Business is located in an enclosed shopping mall or other enclosed structure identified in *Section 1.1*, you

agree to pay for a regular (white pages) and classified (yellow pages) telephone directory advertisement in the main directory distributed in the area where your Franchised Business is located, in such directory categories as we specify, utilizing forms of listing and classified directory advertisements approved by us. We also recommend that, in addition to your Advertising Fee, you spend at least two percent (2%) of your monthly Gross Sales on local advertising.

Your own local marketing and advertising plan should be developed to maximize your particular customer base. You should not rely upon a marketing program or plan by us as the sole means of obtaining customers. All marketing and advertising materials must be reviewed by Franchisor's or Franchisor's affiliate's ~~the~~ marketing department for look and feel. The marketing department's review is not for determining compliance with federal, state and local laws.

All advertising by you in any medium must be conducted in a professional manner and must conform to the System Standards. We may make available to you, from time to time, advertising, promotional plans and materials for purchase.

Under no circumstances may you use, without limitation, the name, image, or voice of a celebrity, public figure, character or other person in connection with the Proprietary Marks or the Franchised Business without our prior written consent. We retain the sole and exclusive right to use, without limitation, the name, services or image of any celebrity, public figure, character or other person in advertising, endorsing or recommending the System.

ARTICLE 11. ACCOUNTING PROCEDURES AND REPORTS

11.1 Maintenance of Records.

You shall keep full, complete, and accurate books and accounts in accordance with generally accepted accounting principles, and in the form and manner indicated below or as from time to time further required by us. You agree to submit reports and data to us electronically if we advise you to do so. You agree:

a. to submit to us electronically the weekly Gross Sales as set forth in *Section 5.6*;

b. to submit to us, on or before the thirtieth (30th) day of each month, commencing with ~~the~~ you ~~opening~~ operations at ~~of~~ the Franchised Business, in a format and method approved by us (including through a third-party vendor that franchisee may be required to pay for), a profit and loss statement of the Franchised Business for the preceding calendar month prepared in accordance with generally accepted accounting principles;

c. to submit to us, within ninety (90) days after the end of each calendar year, commencing with the ~~opening~~ operations of the Franchised Business, in a format approved by us, a profit and loss statement and balance sheet (including a statement of retained earnings or partnership account) for the preceding calendar year;

d. to submit to us, at the times required, such other periodic forms, reports and information as may from time to be time be required by us;

e. to preserve, in the English language and for the time periods set forth below, all accounting records and supporting documents related to the Franchised Business (individually and collectively, "Records"), including:

1. daily cash reports;

2. cash receipts journal and general ledger;

3. cash disbursements journal and weekly payroll register;

4. monthly bank statements, daily deposit slips and canceled checks;

5. all tax returns, including your personal returns and those of your officers, shareholders, partners and members;

6. suppliers invoices (paid and unpaid);

7. dated cash register tapes (detailed and summary);

8. semi-annual balance sheets and monthly profit and loss statements;

9. daily production, throwaway and finishing records and weekly inventories;

10. records of promotion and coupon redemptions;

11. records of all outside sales; and

12. such other records as we may from time to time request.

f. to record all sales on cash registers approved by us, as specified in the Confidential Manual;

g. to file all of your federal and state tax returns on a timely basis and to provide copies of them to us. We may, where applicable, require that tax returns from all of your shareholders, members or partners be provided to us, if you are other than an individual;

h. During the Term, you shall preserve the Records for at least the current fiscal year and for the three (3) immediately preceding fiscal years. For three (3) years after the date of any transfer of an interest in this Agreement, the transferor of such interest will preserve the Records for its last three (3) fiscal years of operation under this Agreement. For three (3) years after the expiration of the Term (or after any earlier termination), you shall preserve the Records for the last three (3) fiscal years of operation of the Franchised Business; and

i. In connection with our efforts to attract additional franchise owners to the System, we will have the right to use (without identifying you, except as required or allowed by law) any financial statements, sales reports, profit and loss statements or balance sheets provided by you and, in connection therewith, you authorize us to disclose any information contained on such financial reports as may be required by any federal or state registration or disclosure law.

11.2 Audit by Franchisor.

We will have the right, at any time during business hours, and with or without prior notice to you, to inspect and audit, or cause to be inspected and audited, the Records and cash control devices of the Franchised Business, and your corporate, partnership or limited liability company books and records (if you are a corporation, partnership, limited liability company, or other entity). You agree that we may access any computers utilized by you for such purposes.

You will fully cooperate with our authorized representatives and independent accountants hired by us to conduct any such inspection or audit. In the event any such inspection or audit discloses an understatement of your Gross Sales for any period in question, you will pay to us, immediately after receipt of the inspection or audit report, any additional Royalty Fee or Advertising Fee due as a result of any such understatement, plus interest at the Default Rate from the date originally due until the date such understatement is paid in full.

In addition, in the event such inspection or audit is made necessary by your failure to timely furnish Records, or if an understatement of the Royalty Fee or Advertising Fee for the period of any audit (which period shall not be for less than one (1) month) is determined by any such audit or inspection to be five percent (5%) or greater, you must reimburse us all amounts incurred in connection with such audit or inspection including our employee costs and expenses, any independent accountants' and attorneys' fees, transportation, room, and meal expenses.

The remedies in this *Section 11.2* will be in addition to all our other remedies and rights under this Agreement or under applicable law.

ARTICLE 12. TRANSFER

Sections 12.1 through *12.4* apply to all transfers, except transfers by us, which are described in *Section 12.5*.

12.1 Prior Consent of Franchisor.

a. As used in this Agreement, "Transfer" means any voluntary, involuntary (including by operation of law), direct or indirect assignment, sale, gift or other transfer by you, including:

1. "Full Transfer," which is any act or circumstance, except those set forth in *Section 12.1.a.2.*, by which fifty percent (50%) or more of the ownership or control is shifted from any individual or corporation, partnership or other business entity (individually and collectively, "Entity") to another, including:

(i) Transfer of this Agreement or the Franchised Business, or any right or interest granted by this Agreement;

(ii) Transfer of an interest in you, if you are an Entity;

(iii) Merger, consolidation or issuance of additional ownership interests or redemption of ownership interests in you, if you are an Entity; or

(iv) Transfer of an interest in any other Entity holding an interest in this Agreement or you, if you are an Entity.

2. "Affiliate Transfer," which includes:

(i) Transfer in a separation or divorce, regardless of how much of the ownership or control is shifted from any individual or Entity to another;

(ii) Transfer of this Agreement or the Franchised Business, or any right or interest granted by this Agreement from your name as an individual(s) to your Entity name in which you are the sole owner(s) of the Entity;

(iii) Transfer of this Agreement or the Franchised Business, or any right or interest granted by this Agreement, from your Entity name in which you are the sole owner(s) to your name as an individual(s);

(iv) Transfer of this Agreement or the Franchised Business, or any right or interest granted by this Agreement from one Entity name to another Entity name in which the owners of the entities are the same;

(v) Removing an owner from the Franchisee (unless the person has a fifty percent (50%) or more ownership interest);

(vi) Adding an owner to the Franchisee (unless the person has a fifty percent (50%) or more ownership interest); or

(vii) Transfer by which less than fifty percent (50%) of the ownership or control is shifted from any individual or entity to another for any act or circumstance listed in *Section 12.1.a.1.*

b. We are entering into this Agreement based upon our knowledge of and faith in your ability. Therefore, the Franchised Business and all the rights granted by this Agreement are personal to you and you may not Transfer without our prior written consent. Any attempted Transfer without our prior written consent will be null and void, and will give us the right to terminate this Agreement and your rights under it, in addition to any remedies which we may have for the breach of this covenant by reason of an attempted Transfer.

c. We shall not unreasonably withhold or delay our consent to a Transfer, so long as it is shown to our satisfaction that the potential transferee ("Potential 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.

12.2 Advance Notice of Proposed Terms and Right of First Refusal.

a. If you, or any of your shareholders, members or partners, have received and desire to accept a signed bona fide written offer from a third-party to Transfer, you shall notify us and provide us with a complete copy of the offer (letter of intent) which must include the name, address and telephone number for every Potential Transferee. You must also include information as to the identity of all who will own an interest in this Agreement or in the Franchised Business after the completion of the Transfer, their respective interests, and the proposed terms and conditions of sale and payment.

b. We shall have the right and option, exercisable within thirty (30) days after the date we receive a copy of the offer, to purchase the interest proposed to be transferred, at the price and upon the same terms and conditions specified in the notice.

c. If we do not exercise our option, and the terms of the unaccepted offer are altered, you must, in each such instance, notify us of the changed offer; and we will again have thirty (30) days to exercise our right to purchase on the altered terms. If we do not 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; (ii) the Transfer takes place no later than six (6) months from receipt of our

written refusal to exercise our option to purchase; and (iii) all the conditions set forth in *Section 12.3* are satisfied.

12.3 Requirement for Consent to Transfer.

If a Transfer is proposed and we do not exercise our right of first refusal pursuant to *Section 12.2*, then we will consent to the Transfer, provided that:

a. All your obligations under this Agreement are fully paid and satisfied, including the Royalty Fee and Advertising Fee; you are not in default under any provisions of this Agreement or any other agreement, legal instrument or document with us or any of our affiliates; and you enter into written agreements with us, including (except where prohibited by law) a general release by you of all claims against us;

b. Potential Transferee provides to us a completed application and financial documents, is financially acceptable, is not associated with any of our competitors, is of good moral character and reputation, and meets our criteria, which includes: 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 opinion to communicate with employees, customers and suppliers and to satisfactorily complete our training; no conflicting interests; and other criteria and conditions that we apply to new franchisees;

c. Potential Transferee provides us with copies of all governing documents of Potential 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;

d. You provide to us a copy of the purchase and sale agreement, if a Full Transfer, or other documentation evidencing the Transfer, if an Affiliate Transfer, and following our analysis of the terms and conditions of the proposed Transfer, we, in our sole discretion, conclude that such terms and conditions will not interfere with the financial feasibility of the future operation of the Franchised Business;

e. Potential Transferee enters into all agreements, legal instruments and other documents, whether our then-current agreements, legal instruments and documents or a transfer of this Agreement and related legal instruments and documents, as determined by us (individually and collectively, "Transfer Documents"). The terms of the Transfer Documents may vary materially from the current agreements used by us, including the payment of a higher Royalty Fee and Advertising Fee;

f. Not applicable;

g. Potential Transferee pays to us the Transfer Franchise Fee, if a Full Transfer; or Potential Transferee pays us the Document Administration Fee, if an Affiliate Transfer; Franchisee shall be liable to the Franchisor for the transfer franchise fee or Document Administration Fee in the event the Potential Transferee fails to pay such fee that is owing in full;

h. Not applicable;

i. Potential Transferee successfully completes the training program required by the Transfer Documents, if a Full Transfer;

j. Potential Transferee agrees to complete all remodeling and improvements as required by us, and must upgrade the POS System to the then-current required POS System, within the time period specified by us, if a Full Transfer;

k. You and Potential 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 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; and

l. You agree to complete and sign a letter of agency, letter of authorization, or equivalent and provide it to Potential Transferee so that Potential Transferee may keep the existing telephone number when the store is transferred to Potential Transferee.

12.4 Death or Incapacity of Individual Franchisee; Change in Entity.

a. Death or incapacity of Franchisee when Franchisee is an individual:

(i) In the event of your death or incapacity, your legal representative may, for a period of ninety (90) days from the date of death or incapacitation, continue to operate the Franchised Business, provided that the operation is conducted in accordance with this Agreement and any other agreements with us.

(ii) If your representative desires to continue the operation of the Franchised Business beyond the ninety (90) day period, then, prior to the expiration of this period, your legal representative must apply in writing for the right to transfer the Franchised Business to the person or persons (whether spouse, heir, devisee, purchaser, or any other person), as the legal representative may specify. The application for transfer will be treated in the same manner as any other proposed Transfer under this Agreement.

(iii) If your legal representative does not comply with the provisions of the preceding paragraph, or does not propose a Potential Transferee acceptable to us under the standards set forth in this Agreement, all rights licensed to you under this Agreement will terminate immediately and automatically revert to us. We shall have the right and option, in our sole discretion, exercisable upon such termination, to purchase all removable furniture, fixtures, signs, equipment and other chattels, but not leasehold improvements, at a price to be agreed upon by the parties or, if no agreement as to price is reached by the parties, at such price as may be determined by a qualified appraiser, approved by both parties, such approval not to be unreasonably withheld. We shall give notice of our intent to exercise the option no later than twenty-one (21) days prior to termination.

b. Death or incapacity of any shareholder, partner, or member in Franchisee when Franchisee is a business entity:

(i) In the event of the death or incapacity of any of your shareholders, partners, or members, the surviving shareholders, partners, or members may, for a period of ninety (90) days

from the date of death or incapacitation, continue to operate the Franchised Business, provided that the operation is conducted in accordance with this Agreement and any other agreements with us.

(ii) If your shareholders, partners or members desire to continue the operation of the Franchised Business beyond the ninety (90) day period, then, prior to the expiration of this period, your shareholders, partners, or members must apply jointly with all surviving shareholders, partners or members in writing, for the right to transfer the Franchised Business (or the interest of the deceased or incapacitated shareholder, partner, or member in the Franchised Business), to the person or business entity as the surviving shareholders, partners, or members may specify. The application for transfer will be treated in the same manner as any other proposed Transfer under this Agreement.

(iii) If all surviving shareholders, partners or members do not comply with the provisions of the preceding paragraph, or do not propose a Potential Transferee acceptable to us under the standards set forth in this Agreement, all rights licensed to you under this Agreement will terminate immediately and automatically revert to us. We shall have the right and option, in our sole discretion, exercisable upon such termination, to purchase all removable furniture, fixtures, signs, equipment and other chattels, but not leasehold improvements, at a price to be agreed upon by the parties or, if no agreement as to price is reached by the parties, at such price as may be determined by a qualified appraiser, approved by both parties, such approval not to be unreasonably withheld. We shall give notice of our intent to exercise the option no later than twenty-one (21) days prior to termination.

12.5 Assignment by Franchisor.

You agree and affirm that we may, without your prior consent, sell our business, our assets, or our System, in whole or in part, to a third-party; may issue a public offering of our securities; may engage in private placement of some or all of our securities; may merge with or acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. You further agree and affirm that we have the right, now and in the future, without your prior consent, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of such franchise network, chain or business, which you acknowledge may be proximate to your Franchised Business, and to operate, franchise or license such franchise networks, chains or businesses operating under the Proprietary Marks or any other marks following our purchase, merger, acquisition or affiliation. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages against us arising from or related to the loss of your rights to use the System as authorized under this Agreement.

This Agreement will inure to the benefit of our successors and assigns. In conjunction with one (1) or more of the transactions contemplated above, or as otherwise determined by us, we have the right to assign our rights and obligations under this Agreement to any person or entity, without your prior consent. Upon such assignment, we will be relieved of all obligations or liabilities then existing or thereafter able to be asserted under this Agreement.

12.6 Restrictions on Security Interests and Subfranchising.

Except as otherwise set forth in this *Section 12.6*, you shall not have any rights to pledge, encumber, hypothecate or otherwise give any third-party a security interest in this Agreement in

any manner whatsoever, nor subfranchise or otherwise transfer, or attempt to subfranchise or transfer the Franchised Business, in whole or in part, so long as it is operated as the Franchised Business, without our express prior written permission, which permission may be withheld for any reason whatsoever in our sole discretion. Notwithstanding anything contained herein to the contrary, you shall have the right to pledge your accounts receivable, net of the Royalty Fee, Advertising Fee, ~~royalties~~ and rent, without our prior written consent for the sole purpose of obtaining financing for the operation of the Franchised Business, provided you are in full compliance with this Agreement and any other agreement, arrangement or understanding with us.

ARTICLE 13. RENEWAL

Subject to the terms and conditions described below, you will have the right to renew your license to operate the Franchised Business for an additional term of five (5) years. In the event you desire to renew your license, you must give us notice to that effect at least one hundred twenty (120) days prior to the expiration date of the Term. In addition to giving the notice of renewal referred to above in a timely manner, in order to have the right to renew the license to operate the Franchised Business for an additional term, you must also meet each of the following requirements:

a. You must not then be in default under this Agreement or any other agreement, legal instrument or document with us or any of our affiliates, and no event shall have occurred that, with the giving of notice, the passage of time, or both, would constitute a default under this Agreement, including all financial obligations to us;

b. You must be in complete compliance with the terms of this Agreement, including all financial obligations to us, and the then-current Confidential Manual;

c. You must not have received more than three (3) notices of default or breach of this Agreement during ~~its~~ the T~~t~~erm, nor more than two (2) notices of default or breach during the five (5) years immediately preceding the effective date of the proposed renewal;

d. You must have the existing right to maintain possession of the Location or you must have secured and developed a suitable substitute location that meets our then-current minimum site requirements (such confirmation will be provided to you by us in writing);

e. You must sign a general release provided by us;

f. You and we must execute all agreements, legal instruments and other documents (individually and collectively, "Renewal Documents") then used by us in the renewal of franchises and then being required of new franchise owners in connection with the System. The Renewal Documents will supersede this Agreement, but will not terminate your liability to perform any obligations which you have not yet performed under this Agreement, or which survive the termination of this Agreement; nor will the Renewal Documents terminate or supersede any Guaranty of Franchise Agreement, Confidentiality Agreement, or Non-Disclosure and Non-Competition Agreement executed pursuant to this Agreement. The terms of the Renewal Documents may vary materially from the current agreements used by us, including the payment of a higher Royalty Fee and Advertising Fee;

g. The equipment, fixtures and signage used in connection with the operation of the Franchised Business must either meet our then-existing System specifications and standards, or you must agree, within a timeframe required by us, to replace or refurbish such items, and otherwise modify the methods of operation of the Franchised Business at your cost and expense, in order to comply with our System specifications and standards then applicable to new franchise owners;

h. You agree to complete all remodeling and improvements as required by us, and must upgrade the POS System to the then-current required POS System, within the time period specified by us; and

i. You shall have paid to us the Renewal Franchise Fee as required under *Section 5.12*.

If you do not meet any of the requirements for renewal, we will give you a notice to that effect which will specify the requirements not met. The notice will be given to you within sixty (60) days after you deliver to us your notice of intent to renew.

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Default; Termination.

a. You will be in default under this Agreement:

(i) If: (a) you become insolvent or make an assignment for the benefit of creditors; (b) you file a petition in bankruptcy, or if such a petition is filed against and consented to by you, and such petition is not dismissed within thirty (30) days from the filing date of such petition; (c) you are adjudicated bankrupt; (d) a bill in equity or other proceeding for the appointment of your receiver or other custodian for your business or assets is filed and is consented to by you or is not dismissed within thirty (30) days from the filing date of such bill or other proceeding; (e) a receiver or other custodian is appointed; (f) proceedings for composition with creditors under any state or federal law is instituted by or against you; (g) the real or personal property of the Franchised Business is sold at levy thereupon by any sheriff, marshal or constable, or sold by a secured party under any state's Commercial Code;

(ii) If you fail to pay, perform, observe or comply with any of your duties and obligations under this Agreement or the Confidential Manual, including failure to provide a fully-executed copy of the lease to us when due and failure to pay when due, any sum due to us under this Agreement (including the Royalty Fee and Advertising Fee) or to any Advertising Fund (inclusive of any Association); or if you breach any of your obligations under any lease, sublease, mortgage, equipment agreement, promissory note, vendor account, conditional sales contract or other contract arising from, or in connection with, the Franchised Business, to which you are a party or by which you are bound, whether or not we are a party thereto;

(iii) If your lease or sublease for the Location of the Franchised Business is either: (a) in default and you fail to cure such default as provided in the lease or sublease; (b) is terminated for reason of default by you; or (c) the Location is lost as a result of your failure to comply with the lease or sublease;

(iv) If you fail, within thirty (30) days of the entry of a final judgment against you in an amount exceeding Two Thousand Dollars ($2,000), to discharge, vacate or reverse the judgment or to stay its execution pending appeal, or to discharge any judgment which is not vacated or reversed within thirty (30) days after expiration of the stay of execution;

(v) If we determine that a serious health or safety problem exists at the Franchised Business, in which case, we may require you to immediately correct the problem or cease operating until the problem is corrected;

(vi) If you, or any owner, co-owner or principal of the Franchised Business, is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that is reasonably likely to adversely affect the System, the goodwill associated therewith, or our interest therein;

(vii) Except for any reason provided in *Section 5.2*, if you abandon the Franchised Business, which abandonment shall conclusively be deemed established if the Franchised Business is closed for more than three (3) consecutive days;

(viii) Except for any reason provided in *Section 5.2*, if you close or relocate the Franchised Business, without our express advance written consent;

(ix) If you fail to maintain an independent contractor relationship with us;

(x) If you either negligently or knowingly inaccurately report, or fail to report, any information in your franchise application;

(xi) If you or any owner, co-owner or principal of the Franchised Business commits an act, or permits an act to be committed, that violates any federal, state or local law that adversely impacts the Franchised Business;

(xii) If you fail to participate in any Rollout detailed in *Section 9.3*;

(xiii) If you violate any of the provisions of *Sections 2.3, 3.2, 9.2, 9.3* or *9.4* including the requirement that you: (a) sell or offer for sale only those products and services authorized by us; (b) purchase such authorized products and services only from suppliers or service providers who are approved in writing by us; and (c) utilize or switch to any of our designated approved suppliers, including a supplier who has entered into a national or regional master supplier agreement with us;

(xiv) If you transfer or attempt to transfer any rights or obligations under this Agreement or any other property or assets to any third-party in violation of the provisions of *Article 12*;

(xv) If you or any of your owners, officers, directors, managers, members, or partners (as applicable): (a) become subject to U.S. Executive Order 13224 or are involved in any activity that violates the U.S. Foreign Corrupt Practices Act or any other anti-corruption, bribery or any other laws, orders or governmental notices affecting your ability to conduct business in or with the United States, as may be amended and whether in effect as of the Effective Date or at any time during the Term, (b) are identified on the U.S. Department of the Treasury's Office of Foreign Assets Control Specialty Designated National and Blocked Persons list, or (c) receive

any funding from any country that is subject to an embargo by the United States, any foreign government or government official, political party; or

(xvi) If you intentionally made any false representations and warranties under *Section 17.1.*

b. Cross-default: A default by you under this Agreement will be deemed a default of all agreements between: (i) you and your principals in his or her individual capacity or any other entity in which your principals are owners, members, managers, shareholders or partners (individually and collectively, "Franchisee Entity"); and (ii) us or any of our affiliates or predecessors (individually and collectively, "Franchisor Entity"). A Franchisee Entity's default of any other agreement, legal instrument or other document between the Franchisee Entity and a Franchisor Entity will be deemed a default under this Agreement. A default by any guarantor of your obligations under this Agreement or any agreement, legal instrument or document between a Franchisee Entity and a Franchisor Entity will be deemed a default of this Agreement.

c. Termination: If you fail to cure any default to our satisfaction, within the applicable period following notice from us, if applicable, or otherwise breach this Agreement, we may, in addition to all other remedies at law or in equity or as otherwise set forth in this Agreement, immediately terminate this Agreement. This termination will be effective immediately upon the giving of notice pursuant to *Article 15*.

d. Cross-termination: If this Agreement is terminated as a result of your default of this Agreement or any other agreement related to the Franchised Business, we may, at our option, elect to terminate any or all other agreements, legal instruments or documents between a Franchisee Entity and a Franchisor Entity. If any agreement, legal instrument or document between a Franchisee Entity and a Franchisor Entity is terminated as a result of a default by the Franchisee Entity, we may, at our sole discretion, elect to terminate this Agreement. It is agreed that an incurable or uncured default under this Agreement or any other agreement, legal instrument or document between a Franchisee Entity and a Franchisor Entity will be grounds for termination of this Agreement or any other agreement, legal instrument or document between a Franchisee Entity and a Franchisor Entity, without additional notice or opportunity to cure.

14.2 Opportunity to Cure.

a. Fourteen-Day Cure Period - Except as otherwise provided in this *Section 14.2*, you will have the right to cure your default under this Agreement within fourteen (14) days after notice of default is given by us pursuant to *Article 15*. Notwithstanding the foregoing, the following lesser periods will apply under the circumstances described:

b. Seven-Day Cure Period - A seven (7) day cure period will apply if you fail, refuse, or neglect to pay when due, any monies owing to us (including the Royalty Fee and Advertising Fee), or otherwise to any Advertising Fund (inclusive of any Association), or if you fail to maintain the insurance coverage set forth in this Agreement;

c. 48-Hour Cure Period – A forty-eight (48) hour cure period will apply (1) if you are in default of *Section 3.4* or (2) if you fail to participate in any limited time product offering, value offering, contest, promotion or charity event. You must initiate your participation in such offering, contest, promotion or event within forty-eight (48) hours and fully participate in such offering, contest, promotion or event as soon as reasonably possible, in our sole discretion, thereafter;

d. 24-Hour Cure Period - A twenty-four (24) hour cure period will apply to your violation of any law, regulation, order or our standards relating to health, sanitation or safety; or, except as provided in *Section 5.2*, if you cease to operate the Franchised Business for a period of forty-eight (48) hours without our prior written consent. In addition, a twenty-four (24) hour cure period will apply if you post on any Site or direct others to any site or page, post, blog or other social media site where there are posted any defamatory or offensive comments about: other franchisees; the *Cold Stone Creamery* brand; other brands franchised by us or one of our affiliates; your or other franchisees' customers; any of our, your or franchisees' vendors; us or any of our affiliates; or any of our, your or franchisees' competitors;

e. Immediate Cure Period (less than 24 hours) – An immediate cure period (less than twenty-four (24) hours) will apply if you post any content to a Site in which the content includes any inappropriate public displays of affection, our or others' confidential information or materials, violations of health or safety standards, foul or obscene language, or any images of or information about any persons from whom you did not obtain prior written consent;

f. No Cure Period - No cure period will be available: (1) if you are in default of *Sections 3.1, 7.2, 9.4, 14.1a.(i), 14.1a.(iii), 14.1a.(vi), 14.1a.(vii), 14.1a.(viii)*, *14.1a.(xiv)*, *14.1a.(xv),* or *14.6*; (2) if you intentionally underreport weekly Gross Sales, falsify financial data, fail to promptly provide upon our request financial data and records specified in this Agreement, or otherwise commit an act of fraud with respect to your rights or obligations under this Agreement; (3) if you repeatedly fail to comply with the provisions of this Agreement, whether or not subsequently cured; (4) if you, having twice previously cured a default of this Agreement, commit the default again; (5) if you made any false representations and warranties under *Sections 17.1f., 17.1g., 17.1m.* or *17.1n.*; or (6) if you engage in trademark misuse or otherwise materially misuse or make an unauthorized use of any of the components of the System or commit any other act which does, or can reasonably be expected to, materially impair the goodwill or reputation associated with any aspect of the System;

g. Statutory Cure Period - If a statute in the state or municipality in which the Franchised Business is located requires application of that state or municipal law, and that statute requires a cure period for the applicable default which is longer than any cure period specified in this *Article 14*, the statutory cure period will apply.

14.3 Our Right to Take Over Management.

We have the right (but not the obligation), under the circumstances described below, to enter the Franchised Business and assume the Franchised Business' management for any period of time we feel is appropriate. If we assume the Franchised Business' management, you must pay us, in addition to the Royalty Fee and Advertising Fee, six percent (6%) of the Gross Sales, plus our direct out-of-pocket cost and expenses, for the period of time we assume the Franchised Business' management. If we assume the Franchised Business' management, you acknowledge that our duty is limited to using our reasonable efforts, and we will not be liable to you or your owners for any debts, losses or obligations the Franchised Business incurs, or to any of your creditors for any supplies or services the Franchised Business purchases. We may assume the Franchised Business' management if you abandon the Franchised Business or if you fail to comply with any provision of this Agreement and did not cure the failure within the time period we specify in our notice to you. You agree to complete and sign a letter of agency, letter of authorization, or equivalent and provide it to us upon our request if we assume the Franchised Business' management so that we may keep the existing telephone, facsimile, alarm, and credit

card machine numbers (as applicable) in operation under our phone service provider. You also agree to keep the phone, water, gas, electric service (as applicable) turned on and active for one (1) week after we assume the Franchised Business's management to allow us to switch the services over to us or our affiliate. Our exercise of our management rights under this *Section 14.3* will not affect our right to terminate this Agreement.

14.4 Remedies.

a. Interest, Costs and Damages - If you fail to remit when due any payments required under this Agreement, you agree to pay, in addition to the unpaid amounts, all of our collection costs and expenses, expert fees, reasonable attorneys' fees, and costs and expenses, including all fees, costs and expenses of court, including all appeals, with interest on the unpaid amounts at the Default Rate or the highest permissible rate. If you fail to cure a default, following notice, within the applicable time period set forth in *Section 14.2*, or if this Agreement is terminated as a result of your default, you shall pay to us all damages of any kind and nature whatsoever and all collection costs and expenses, expert fees, reasonable attorneys' fees, and costs and expenses, including all fees, costs and expenses of court, including all appeals, together with interest at the Default Rate or the highest permissible rate. If you fail to report Gross Sales in accordance with *Sections 5.2* and *5.6*, we may estimate your Royalty Fee and Advertising Fee based on prior reports, and may sue for and obtain judgment for such estimates unless you prove, prior to the entry of any default order or judgment, that your Royalty Fee and Advertising Fee are different than the estimates.

b. Waiver of Punitive Damages - Both we and you waive, to the full extent permitted by law, any right ~~they~~ we or you otherwise may have had to claim, pursue, demand or receive any exemplary or punitive damages arising out of or related in any way to this Agreement and its addenda, amendments, appendices, exhibits and attachments.

c. If you breach any of the terms of this Agreement, including if you are in default of this Agreement, we may enforce our rights by injunction, specific performance, or any other remedy available under this Agreement, at law or in equity, including termination. These remedies are cumulative and not exclusive and we may use all remedies available. In addition, we may elect to terminate this Agreement and all your rights under it as set forth in *Section 14.5*.

d. If you breach any of the terms of this Agreement, including if you are in default of this Agreement, we have the right to have a receiver appointed to take possession, manage and control the assets of the Franchised Business, collect the profits, and pay the net income for the operation of the Franchised Business as ordered by a court of competent jurisdiction. The right to appoint a receiver will be available regardless of whether waste or danger of loss or destruction of the assets exists.

14.5 Effect of Termination or Expiration.

Upon termination or expiration of this Agreement, we can advise all suppliers of *Cold Stone Creamery* proprietary food items and other supplies bearing any of the Proprietary Marks or service marks to cease delivering the items and products to you.

Upon your abandonment of the Franchised Business (whether voluntary or involuntary), any termination of this Agreement (whether pursuant to *Sections 14.1, 14.2, 14.4*, or otherwise),

or upon expiration of the Term, you must immediately cease to hold yourself out to the public as a franchise owner of the System, and you must comply with the following:

a. Immediately pay to us or any affiliate of ours all sums owing from you to us or such affiliate, including the Royalty Fee and Advertising Fee, for any period prior to the date of termination, the applicable Early Termination Damages (as defined in Section 14.9 below), and all amounts owed for services, supplies or other items purchased by you from us or any affiliate of ours, or that were financed by us or any affiliate of ours, or which we or any affiliate of ours loaned to you, together with any interest or late fees accrued thereon, together with all other sums due us under this Agreement, and all damages of any kind or nature whatsoever that may be allowed by law;

b. Immediately cease to use, in any manner whatsoever, including in all advertising, the Proprietary Marks, any Trade Secrets, any Confidential Information, any benefits of the System or any part thereof, any methods associated with the System, any forms, recipes, Confidential Manual, slogans, signs, sign posts, marks, symbols, or devices used in connection with the operation of the Franchised Business; and you must deliver or destroy all of the above-mentioned materials, including any materials containing or referencing any of the foregoing, to us as directed by us. If we do not recover any such items, such items shall be valued at their then-current replacement cost, for purposes of determining the damages owing by you to us for failure to return such items, if we pursue a damage claim as a result thereof;

c. Immediately discontinue all advertising as a franchisee of the System, and thereafter refrain from any advertising that would indicate that you are or ever were a franchisee or licensee of ours, or otherwise were affiliated with us or the System;

d. Immediately take such steps as may be necessary or appropriate to:

(i) delete your listing in all telephone directories, if applicable, and terminate any other listings that indicate that you are or were a franchisee or licensee of ours, or otherwise were affiliated with us or the System; and

(ii) transfer to our designee or us all telephone numbers used by you in connection with the Franchised Business. You acknowledge that between you and us, we have the sole right and interest in all telephone numbers and directory listings associated with any Proprietary Marks, and you authorize us and appoint us and any officer or agent of ours, as your attorney-in-fact, to direct the telephone company and all listings agencies to accept such direction, or this Agreement, as conclusive evidence of our exclusive rights in such telephone numbers and directory listings and our authority to direct their transfer;

e. Immediately take such action as may be required to cancel all fictitious or assumed names, amend any entity name, or dissolve any entity that contains any Proprietary Mark, in whole or in part, regardless of whether the entity name was authorized by us, and amend or cancel any and all equivalent registrations relating to your use of any Proprietary Mark. You acknowledge that between you and us, we have the sole right and interest in all such fictitious or assumed names, entity name, and equivalent registrations, and you authorize us and appoint us and any officer or agent of ours as your attorney-in-fact, to effect the termination or cancellation of such fictitious or assumed names or equivalent registrations should you fail or refuse to do so, and the appropriate federal, state, and local agencies may accept your direction or this Agreement

as conclusive evidence of our exclusive rights in such fictitious or assumed names or equivalent registrations, and our authority to direct their termination or cancellation;

f. Comply with the confidentiality requirements and the covenant against competition in this Agreement for the specified period. You acknowledge that you, or (if an entity) your authorized representative, has carefully reviewed the confidentiality requirements and the covenant against competition in this Agreement; and that you have agreed to be bound by all the requirements and covenants; and

g. Maintain at a place made known to us all books, records and reports required under this Agreement for a period of not less than three (3) years after the date of termination or expiration of this Agreement, to allow us to make a final inspection of your books and records for the purpose of verifying that all amounts owing have been paid.

If you fail to do any of the foregoing, we may pursue any remedy available at law or in equity against: (i) you; (ii) any or all guarantors of your obligations under this Agreement; and (iii) you and any or all guarantors of your obligations under this Agreement.

h. 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 14.5.h*, 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 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~~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, an amount equal to your cost for such assets, less depreciation and amortization using a two hundred percent (200%) declining balance method over a five (5) year period. If all, or any portion of, your assets that are being purchased by us or our authorized representative are subject to lien(s), we or our authorized representative may pay, on your behalf, the lienholder(s) that portion of the purchase price for your 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 14.5.h*, 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~~.

14.6 Covenant Not to Compete; Conflicting Interests.

a. During the Term and for a period of two (2) years after your abandonment of the Franchised Business, expiration of this Agreement, or termination of this Agreement (whether voluntary or involuntary), you shall not engage in any Competing Business (as defined in *Section 14.6c*.) with any *Cold Stone Creamery* restaurant, nor shall you have any Conflicting Interest (as defined in *Section 14.6d.*) in a Competing Business. The provisions of this Agreement bind you in any capacity, including as a franchisee, sole proprietor, partner, limited partner, member, employer, franchisor, shareholder, officer, director or employee.

b. During the Term, and for a period of two (2) years after your abandonment of the Franchised Business, expiration of this Agreement, or termination of this Agreement (whether voluntary or involuntary), you shall not divert or attempt to divert any business, customers, or potential customers of the *Cold Stone Creamery* System to any Competing Business, by direct or indirect inducement or otherwise. In addition, you shall not at any time do or perform any act, directly or indirectly, which harms the goodwill or reputation of us or the System.

c. For purposes of this *Section 14.6*, "Competing Business" means a business which is primarily engaged in the sale of ice cream, along with cakes, cupcakes, pies, smoothies and other dessert products prepared or served with ice cream or as an ingredient, and all variations thereof, within a geographical area consisting of: (1) during the Term, anywhere else; and (2) after abandonment, expiration or termination of this Agreement, within a ten (10) mile radius from the Location or location of any *Cold Stone Creamery* restaurant of ours, our third-party licensees or our third-party franchisees. The term "*Cold Stone Creamery* restaurant" includes not only the restaurants now in existence, but also those established at a later date. The term of this covenant will be extended by any time consumed in litigation to enforce it in both trial and appellate courts. If a court of competent jurisdiction determines that the restrictions in this paragraph are excessive in time, geographic scope, or otherwise, the court may reduce the restriction to the level that provides the maximum restriction allowed by law.

d. For purposes of this *Section 14.6*, "Conflicting Interest" means an interest by which you, or your executive officers, directors and shareholders (if you are a corporation), or your partners (if you are a partnership), or your members (if you are a limited liability company), or your designated manager, spouses, and/or guarantor(s) directly or indirectly, have a controlling interest in, lend money to, consult with or otherwise assist any Competing Business. If any of the persons named above do not sign this Agreement under the heading "Personal Acceptance of

Sections 7.1, 7.2, 14.6 and 14.8," then you agree to obtain the execution by such person of a written agreement setting forth the foregoing in a form acceptable to us.

14.7 Continuing Obligations.

All your obligations that expressly survive the expiration or termination of this Agreement, including *Sections 14.5* and *14.6*, or by the implicit nature thereof require performance after the expiration or termination of this Agreement, will continue in full force and effect (subsequent to, and notwithstanding, your abandonment of the Franchised Business (whether voluntary or involuntary) the expiration of the Term, or termination of this Agreement), until they are satisfied in full or by their nature expire. The indemnities and obligations set forth in *Article 8* will continue in full force and effect subsequent to, and notwithstanding, the expiration or termination of this Agreement.

14.8 Remedies.

You acknowledge and agree that the restrictions contained in this Agreement, including in this *Article 14*, are fair and reasonable and necessary for the protection of our legitimate business interests and you intend and agree that such restrictions be enforceable and enforced to their fullest extent. You further understand and agree that, notwithstanding any other provision of this Agreement, your breach of your obligations under this *Article 14*, will cause us irreparable harm for which recovery of monetary damages alone would not be an adequate remedy. Both parties shall be entitled to obtain timely injunctive relief, including a temporary restraining order, preliminary and permanent injunctions, to protect their rights under this Agreement, in addition to and not exclusive of any and all other remedies available to each party.

14.9 Early Termination Damages.

If you discontinue operating your Franchised Business before this Agreement expires, with or without obtaining our prior written consent, or in the event of a termination of this Agreement arising from or related to your default and breach of its provisions, you will become obligated to pay Franchisor early termination damages ("Early Termination Damages"). The Early Termination Damages shall be considered damages and not a penalty, are not in lieu of other damages, and your payment of these damages shall not constitute a release of any other obligation owed to us. 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.

The amount of the Early Termination Damages is calculated as follows:

a. Compute the average monthly Royalty Fee and Advertising Fee due for any consecutive twelve (12) month period within the forty-eight (48) months immediately preceding the date we receive notification of the closure, or if you failed to timely notify us of the closure then the date the Franchise Business closed, or, if the Franchised Business has been open for less

than twelve (12) months, the average monthly Royalty Fee and Advertising Fee due since the opening of the Franchised Business ("Monthly Average");

b. Multiply the Monthly Average by the number of months remaining in the Term; and

c. Divide the resulting total computed in b. above by two (2).

For example purposes only: If the average monthly Royalty Fee and Advertising Fee were collectively $1,000 and there were five years (60 months) remaining in the Term, the Early Termination Damages would be $30,000, calculated as follows: $1,000 x 60 months = $60,000 ÷ 2 = $30,000.

If you unilaterally close the Franchised Business and/or unilaterally terminate this Agreement prior to the end of the Term, you must give us at least ninety (90) days prior notice of the early termination ("Early Termination Notice") pursuant to the applicable notice requirements as set forth in Article 15 of this Agreement. For avoidance of doubt, sending the Early Termination Notice via facsimile, email or through other electronic means does not constitute proper notice). Within ten (10) days after our receipt of your Early Termination Notice, we will calculate the Early Termination Damages, which will be due and payable thirty (30) days prior to the closure of your Franchised Business. In the event of a closure or termination arising from or related to your default under this Agreement, or ~~that~~ if you do not: (i) timely or properly provide us with the Early Termination Notice at least ninety (90) days prior to the early termination of your Franchised Business and this Agreement; (ii) remain open for at least ninety (90) days after providing us with the Early Termination Notice; and (iii) pay the Early Termination Damages in full at least thirty (30) days prior to closing of the Franchised Business, the Early Termination Damages due may, in our sole discretion, be increased as follows: it will be calculated by multiplying the Monthly Average by the number of months remaining in the Term, and will not be divided by two (2).

If you have not paid your Royalty Fee and/or Advertising Fee for any period(s) within the forty-eight (48) months prior to notifying us of your early closure or termination, or if you have not reported your Gross Sales for any period(s) within the forty-eight (48) months prior to notifying us of your intended early termination, we will estimate the Royalty Fee and Advertising Fee based upon prior reports to calculate the Monthly Average.

ARTICLE 15. NOTICES

Unless otherwise provided in this *Article 15*, 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 ~~on page 1 of this Agreement~~ below or to such other address as we may designate in writing from time to time in accordance with this *Article 15*. All notices to you may be given at the address set forth ~~on page 1 of this Agreement~~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 *Article 15* 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.

If to Franchisor: KAHALA FRANCHISING, LLC
Attn: Legal Department
9311 E. Via De Ventura
Scottsdale, Arizona 85258

If to Franchisee: FRANCHISEE ENTITY, a[n]
Attn:

Telephone No.
Email(s):

ARTICLE 16. CONSTRUCTION AND ENFORCEMENT; MISCELLANEOUS

16.1 Independent Contractors.

The relationship between you and us is that of independent contractors. You are in no way to be deemed our partner, joint venturer, agent, employee, or servant. You have no authority to bind us to any contractual obligation or incur any liability for or on our behalf. You shall identify yourself as an independent owner of the Franchised Business in all dealings with customers, lessors, contractors, suppliers, public officials, employees, and others.

16.2 Severability and Substitution of Provisions.

Except as provided to the contrary in this Agreement, each article, section, term and provision of this Agreement, and any portion thereof, will be considered severable, and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation, or as a result of a final, non-appealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that regulation or ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement as may otherwise remain valid, and such other portions will continue to be given full force and effect and bind the parties to this Agreement. If the severed provision is material to this Agreement, we shall promptly provide a substitute provision to replace the invalid severed provision consistent with then-current law and the original intent of the parties.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of, or refusal to renew, this Agreement than is required under this Agreement, or the taking of some other action not required under this Agreement, or if under any applicable law, regulation, or court ruling of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice or other action required by such law, regulation, or court ruling will be substituted for the comparable provisions of this Agreement, and we will have the right, in our sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Such modifications to this Agreement shall be

effective only in such jurisdiction, unless we elect to give them greater applicability, and otherwise shall be enforced as originally made and entered into in all other jurisdictions.

16.3 Dispute Resolution.

a. 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 16.3d. or is not subject to mediation under the terms of this Agreement, shall be settled by binding arbitration administered by the American Arbitration Association ("AAA") before a single arbitrator in accordance with its Commercial Arbitration Rules as modified below, and pursuant to the Federal Arbitration Act, 9 U.S.C. §1 et seq~~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 16.3d.* 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~~.

b. Except to the extent that the United States Trademark Act of 1946, as amended (15 U.S.C. § 1051 *et seq*.), the laws of the State where the Franchised Business is located govern all rights and obligations of the parties under this Agreement without regard to conflict of law, and any arbitration shall take place before a sole arbitrator in the County of the State where the Franchised Business is located. The parties agree that the arbitrator shall be an attorney licensed to practice law in the United States and must have a minimum of five (5) years of experience in franchise law. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall, in the award, allocate all of the costs and expenses of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party, against the party who did not prevail. This agreement to arbitrate shall survive termination or expiration of this Agreement. The parties agree that any arbitration shall be solely between them (including any affiliates) and shall not include as a party, by consolidation, joinder, or in any other manner, any other person or entity, unless both parties to this Agreement consent in writing. Both parties shall have the absolute right to refuse such consent. The parties expressly waive any right to bring or participate in any class or other consolidated, joined or multi-party arbitration claim or proceeding, whether or not permissible under the AAA Commercial Arbitration Rules, including any claim brought on their behalf by an association of which it, he or she is a member. At the request of either party, the arbitration shall be conducted in a manner that maintains the confidentiality of the proceedings~~Any arbitration shall take place before a sole arbitrator in Maricopa County, Arizona or, if our headquarters are no longer located in Maricopa County, Arizona, then the arbitration shall take place in the county in which our headquarters are located at the time the arbitration is commenced. You agree that conducting the arbitration where we are located is appropriate due to the multiple locations throughout the United States where our franchisees are located. The parties agree that the arbitrator shall be an attorney licensed to practice law in the United States and must have a minimum of five (5) years of experience in franchise law. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall, in the award, allocate all of the costs and expenses of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party, against the party who did not prevail. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any other dispute,~~

~~arbitration proceeding or litigation, except to the extent such issue may have been specifically determined in another proceeding between the parties. This agreement to arbitrate shall survive any termination or expiration of this Agreement, however effected. The parties agree that any arbitration shall be solely between them (including any affiliates) and shall not include as a party, by consolidation, joinder, or in any other manner, any other person or entity, unless both parties consent in writing. Both parties shall have the absolute right to refuse such consent. Further, the parties expressly waive any right to bring or participate in any class or other consolidated, joined or multi-party arbitration claim or proceeding, whether or not permissible under the AAA Commercial Arbitration Rules, including any claim brought on their behalf by an association of which it, he or she is a member. At the request of any party, the arbitration shall be conducted in a manner that maintains the confidentiality of the proceedings~~.

c. The arbitrator will issue a reasoned award, with findings of fact and conclusions of law. Actions to enforce an express obligation to pay monies may be brought under the Expedited Procedures of the AAA's Commercial Arbitration Rules. Discovery shall be conducted according to the AAA Commercial Arbitration Rules~~The arbitrator will issue a reasoned award, with findings of fact and conclusions of law. Actions to enforce an express obligation to pay monies may be brought under the Expedited Procedures of the AAA's Commercial Arbitration Rules. The Federal Arbitration Act shall govern, excluding all state arbitration laws. Arizona law will govern all other issues. With respect to discovery, the arbitrator shall require each party to make a good cause showing before any discovery exceeding that specifically authorized by the AAA Commercial Arbitration Rules will be granted~~.

d. Prior to the commencement of an arbitration proceeding, a party must notify the other party of its intent to commence arbitration by providing written notice to the other party that describes the facts and subject matter of the Dispute at least sixty (60) days prior to commencing arbitration with the AAA. During the sixty (60) days after a written notice of intent to arbitrate is received by either party, the parties must first mediate the Dispute with a mutually agreed upon private mediator. At the request of any party, the mediation will be confidential. The mediation shall be conducted in the County of the State where the Franchised Business is located, unless the parties mutually agree to a different location. The parties to the mediation will share equally in its costs and expenses, except those costs and expenses incurred separately by each party, including counsel fees and expenses. The mediation process will be deemed "Completed" when the parties agree that it has been completed, the mediator declares that any impasse exists, or sixty (60) days have elapsed since the date of the initiating party's notice to the other party that it is initiating the mediation process, whichever occurs first~~Prior to the commencement of an arbitration proceeding, the parties must first submit any Dispute to non-binding mediation. At the request of any party, the mediation will be confidential. The mediation shall be conducted in Maricopa County, Arizona or in the county in which our headquarters are located at the time of mediation, unless the parties shall mutually agree to a different location. The parties to the mediation will share equally in its costs and expenses, except those costs and expenses incurred separately by each party, including counsel fees and expenses. The mediation process will be deemed "Completed" when the parties agree that it has been completed, the mediator declares that any impasse exists, or sixty (60) days have elapsed since the date of the initiating party's notice to the other party that it is initiating the mediation process, whichever occurs first~~.

e. Notwithstanding anything contained in this Agreement to the contrary, the provisions of Sections 16.3a., 16.3b., 16.3c. and 16.3d. 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 for damage to our goodwill, the Confidential Information,

the Proprietary Marks or for fraudulent conduct by you; or (ii) the delay resulting from the dispute resolution process set forth in section 16.3 may endanger or adversely affect the public (for example, unhealthy, unsafe or unsanitary conditions would continue to exist), or may cause irreparable harm to Franchisor or its affiliates. For such Disputes, we may bring an action in any federal or state court having jurisdiction, whether for monetary damages, temporary 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 and agree not to contest venue, forum non conveniens or jurisdiction of such court. THE PARTIES AGREE THAT ALL DISPUTES SUBMITTED TO THE COURT PURSUANT TO THIS SECTION SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS~~Notwithstanding anything contained in this Agreement to the contrary, the provisions of Sections 16.3a., 16.3b., 16.3c. and 16.3d. 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 Proprietary 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 and agree not to contest venue, forum non conveniens or jurisdiction of such court or arbitration~~.

f. Disputes concerning the validity or scope of arbitration, including whether the Dispute is subject to arbitration, are beyond the authority of the arbitrator and will be determined by a court of competent jurisdiction pursuant to the Federal Arbitration Act, 9 U.S.C. §1 et seq., as amended from time to time.

g. To the extent Law permits, any Dispute arising out of or relating to this Agreement, whether in arbitration or in court, will be conducted only on an individual basis and not in a class, consolidated or representative action. Notwithstanding any other provision of this Agreement or the AAA Rules, disputes regarding the interpretation, applicability, or enforceability of this class waiver may be resolved only by a court and not by an arbitrator. If this waiver of class or consolidated actions is deemed invalid or unenforceable, neither party is entitled to arbitration~~Either party may appeal the final award of the arbitrator, if it is over One Hundred Thousand Dollars ($100,000), to the appropriate U.S. District Court. The Court's review of the arbitrator's findings of fact will be under the clearly erroneous standard, and the Court's review of all legal rulings will be *de novo*. If it should be determined that this provision for federal court review is not enforceable, then either party may appeal the arbitrator's final award, if it is over One Hundred Thousand Dollars ($100,000), to a panel of three (3) arbitrators chosen under AAA Optional Appellate Arbitration Rules , which will employ the same standards of review stated immediately above~~.

16.4 ~~Applicable Law and Forum; Waiver of Jury;~~ Statute of Limitations and Limitation on Franchisor Liability.

~~a. Except to the extent that the United States Trademark Act of 1946, as amended (15 U.S.C., § 1051 et seq.) or the franchising laws of any state that may be applicable, the laws of the State of Arizona govern all rights and obligations of the parties under this Agreement without regard to conflict of law. The parties agree, subject to the mandatory mediation and arbitration~~

~~provisions of *Section 16.3*, that any appropriate state or federal court located in Maricopa County, Arizona has exclusive jurisdiction over any Dispute arising under or in connection with this Agreement and is the proper forum in which to adjudicate the case or controversy. Notwithstanding the foregoing any action initiated by us may, at our election, be brought in any jurisdiction where you are domiciled or that has jurisdiction over you. The parties hereto irrevocably submit to the jurisdiction of, and venue in, any such court, and hereby waive any objection or defense thereto. THE PARTIES AGREE THAT ALL DISPUTES SUBMITTED TO THE COURT PURSUANT TO THIS SECTION SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.~~

~~b.~~a. Notwithstanding anything contained in this Agreement to the contrary, the parties agree that any claims under, arising out of, or related to, this Agreement must be brought within two (2) years of the date on which the underlying cause of action accrued, and the parties hereby waive any right to bring any such action after such two (2)-year period, except for the collection of any unpaid Royalty Fee, Advertising Fee, and any other amount due to us or our affiliate.

~~c.~~b. **YOU HEREBY WAIVE THE RIGHT TO SEEK OR COLLECT PUNITIVE, MULTIPLE, CONSEQUENTIAL AND SPECIAL DAMAGES IN ANY FORUM, INCLUDING ARBITRATION. YOU HEREBY FURTHER WAIVE THE RIGHT, IF ANY, OF ANY ASSOCIATION OR MEMBERSHIP GROUP TO ASSERT CLAIMS ON YOUR BEHALF IN ANY ACTION.**

~~d.~~c. **YOU HEREBY WAIVE THE RIGHT TO ANY DAMAGES IN CONNECTION WITH OR RESULTING FROM THE WRONGFUL ISSUANCE OF AN INJUNCTION.**

~~e.~~d. The parties agree that the maximum damages that you may recover in connection with a wrongful termination of your franchise and this Agreement will be an amount equal to the product of:

(i) the annual net profit (as defined below) multiplied by the lessor of:

~~(ii) the lesser of:~~

(a) The number of full years existing between the date on which the franchise and this agreement were wrongfully terminated and the date on which the Term would have otherwise expired; or

(b) Three.

For purposes of this Agreement, the term "net profit" means an amount equal to the net profits of your Franchised Business, as reflected on your tax return filed with the Internal Revenue Service prior to such termination; provided, however, that if such tax return reflects the operations of your Franchised Business for a period less than one (1) year, such net profits will be annualized based upon the net profits reflected in such tax return.

16.5 No Guarantee of Franchisee's Success.

You have been informed of and acknowledge the highly competitive nature of the business involved, and agree that the successful operation of your Franchised Business will depend in part,

upon your best efforts, capabilities, management, and efficient operation; as well as the general economic trend and other market conditions.

16.6 Existence of Various Forms of Franchise Agreements.

You acknowledge that our present and future franchisees operate under a number of forms of franchise agreements and consequently, our obligations and rights with respect to our various franchisees may differ materially in certain instances. The existence of different forms or versions of the franchise agreement does not entitle you to benefit from any such difference; nor does it operate to alter or amend the agreement of the parties set forth in this Agreement.

16.7 Franchise Owner May Not Withhold Payments.

You agree that you will not, on grounds of alleged or actual nonperformance or breach by us of any of our obligations under this Agreement, withhold payment of any Royalty Fee, Advertising Fee, amounts due to us or any of our affiliates for goods or services purchased by you, or any other amounts due to us or any of our affiliates.

16.8 Remedies Are Cumulative.

The rights and remedies of the parties to this Agreement are cumulative and not exclusive, and no exercise or enforcement by either party of any right or remedy under this Agreement shall preclude the exercise or enforcement by such party of any other right or remedy under this Agreement or otherwise available at law or in equity to such party.

16.9 Interpretation.

All the terms and provisions of this Agreement will be binding upon and inure to the benefit of the successors and assigns of the parties. However, nothing in this *Section 16.9* may be construed as our consent to the Transfer of this Agreement or any rights by you.

16.10 Waiver.

Our failure to insist upon the strict performance of any term, covenant or condition contained in this Agreement will not constitute or be construed as a waiver or relinquishment of our right to enforce thereafter any such term, covenant or condition and such term, covenant or condition will continue in full force and effect. For example, Franchisor's acceptance of any payments made, or Franchisor's failure to require any payments, by Franchisee after a breach of this Agreement shall not be, nor be construed as, a waiver by Franchisor of any breach by Franchisee of any term, covenant or condition of this Agreement or of Franchisor's right to later require such payments as a result of such prior breach.

16.11 Litigation Expense.

If an action at law or suit in equity is brought to establish, obtain or enforce any right by either of the parties to this Agreement, the prevailing party in the suit or action, in the trial and appellate courts, will be entitled to recover from the non-prevailing party reasonable attorneys' fees, costs and expenses and disbursements incurred in such suit or action.

16.12 No Third-Party Beneficiaries.

This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity shall be entitled to any rights hereunder by virtue of so-called "third-party beneficiary rights" or otherwise.

16.13 Binding Effect; Modification.

This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, personal representatives, heirs, permitted assigns and successors in interest. No amendment, change, or modification of this Agreement shall be binding on any party unless executed in writing by you and us.

16.14 Entire Agreement; Nature and Scope; Construction.

This Agreement, all exhibits, attachments, addendums, and amendments, constitute the entire understanding and agreement between the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. If required to be signed, any state specific addendums are incorporated herein by reference. Any representation not specifically contained in this Agreement made prior to entering into this Agreement does not survive subsequent to the execution of this Agreement. We and you have entered into this Agreement for the sole purpose of authorizing you to use the System licensed by this Agreement in the operation of the Franchised Business during the Term in which those specific items designated by us for sale and use in such locations are offered for sale and use in individual, face-to-face transactions with patrons visiting the Franchised Business (and equivalent telephone, online, or mail transactions accepted as a convenience to that customer group). All consideration being furnished by us to you during the course of performance of this Agreement has been determined based on the limited rights and other limitations expressed herein. No other rights have been bargained for or paid for. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth in this Agreement. The parties further acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain.

Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Disclosure Document. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

16.15 Terminology.

In addition to the terms defined elsewhere in this Agreement, the following terms defined below are incorporated in this Agreement by reference and shall be deemed to include all persons who succeed to the interest of the original, where applicable:

The term "affiliate" means any person who, directly or indirectly through one (1) or more intermediaries, controls, is controlled by, or is under common control with any person;

The term “Dollars” means United States Dollars and all amounts due under this Agreement shall be paid in United States currency;

The use of the terms “includes” and “including” in any provision of this Agreement followed by specific examples used shall not be construed to limit application of the provision to only the specific examples used;

The term “person” means any natural person, corporation, partnership, trust, other entity, association or form of organization;

The term “will” and “shall” shall be synonymous, and shall be mandatory and not discretionary, unless otherwise specifically provided herein; and

Any references to articles or sections refer to articles and sections in this Agreement unless specified otherwise.

16.16 Counterparts.

This Agreement may be executed in one (1) or more original counterparts, and all of which, when taken together, shall be deemed to be one (1) original Agreement. The signatures required for execution may be transmitted to the other party via facsimile or a scanned .pdf file sent via email and such signature shall be deemed a duplicate original, shall be effective upon receipt by the other party, may be admitted in evidence and shall fully bind the party and person making such signature. A fully-executed copy of this Agreement shall be of the same force and effect as the original.

16.17 Offerings.

If you are a corporation, partnership or other entity, and if you intend to offer securities, partnership interests or other ownership interests in you through any public or private offering, you shall not use any Proprietary Marks in such public or private offering, except to reflect your franchise relationship with us; nor shall you misrepresent your relationship with us by any statement or omission of an essential statement. You shall indemnify and hold us harmless from any liability in connection with such offering. Nothing in the foregoing shall modify the provisions of *Article 12*, and no such offering shall be made without first complying with any applicable provisions of *Article 12*.

16.18 Time.

Time is of the essence of each and every provision of this Agreement.

16.19 Force Majeure.

Neither of the parties will be liable for loss or damage or be deemed to be in breach of this Agreement if the failure to perform the party’s obligations results from: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any government or any department or agency thereof, or (b) acts of God, and in each case being unforeseeable forces which Franchisee could not by the exercise of due diligence have avoided;

provided however that Franchisee must: (i) immediately upon the start of the above-mentioned act, provide written notice to Franchisor that it expressly enacts its rights granted under this Section, and (ii) use all commercially reasonable efforts to mitigate the effect of the event of Force Majeure upon its performance and to fulfill its obligations under this Agreement. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that no such cause will excuse payments of amounts owed at the time of such occurrence or payment of the Royalty Fee and all other amounts due to us and our affiliates thereafter, or permit Franchisee to permanently close the Franchised Business.

16.20 Plurals and Captions.

Words in the singular number include the plural when the context requires (and vice-versa). The table of contents and the captions are inserted only for convenience and are not a part of this Agreement or a limitation of the scope of the particular article or section to which each refers.

16.21 Joint and Several Liability.

If you consist of two (2) or more individuals, whether in the form of separate individuals or a business entity controlled by the individuals, then each individual and each business entity will be jointly and severally liable under the provisions of this Agreement.

16.22 Trademark Notice.

All trademarks referenced in this Agreement are those of their respective owners.

16.23 No Accord or Satisfaction.

If you pay, or we otherwise receive, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt may, in our sole discretion, be applied against the earliest amount due us. In addition, if interest or late fees are owed, we may, in our sole discretion, apply any amounts paid to the late fees and interest before such amounts are applied to the principal amount owed. We may accept any check or other payment in any amount without prejudice to our right to recover the entire balance of the amount due or to pursue any other right or remedy. No endorsement or statement by you on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be construed as an accord or satisfaction.

ARTICLE 17. ACKNOWLEDGMENTS AND REPRESENTATIONS OF FRANCHISEE

17.1 Certain Representations and Warranties of Franchisee.

You represent and warrant that the following statements are true and complete as of the Effective Date:

a. You do not seek to obtain the Franchised Business for speculative or investment purposes and have no present intention to sell or transfer or attempt to sell or transfer the Franchised Business except as previously approved by Franchisor and subject and conditioned to Article 12 of this Agreement.

b. You understand and acknowledge the value to the System of uniform and ethical

standards of quality, appearance and service described in and required by the Confidential Manual and the necessity of operating the Franchised Business under the System Standards. You represent that you have the capabilities, professionally, financially and otherwise, to comply with our System Standards.

c. If you are a corporation, limited liability company, partnership, or other form of entity, you are duly incorporated, organized, or formed and are qualified to do business in the state and any other applicable jurisdiction within which the Franchised Business is located, and you are and shall remain duly organized and in good standing during the Term.

d. You represent and warrant that: (i) if you are an individual, you are; or (ii) if you are an entity, that each of your owners, shareholders, partners, and members are, a United States citizen or a lawful resident alien of the United States.

e. All financial and other information that you have provided to us or otherwise made available to us in connection with your application for this franchise is true, complete, accurate, and not intentionally misleading.

f. The execution of this Agreement by you will not constitute or violate any other agreement or commitment to which you are a party.

g. Any individual executing this Agreement on your behalf is duly authorized to do so and the Agreement shall constitute your valid and binding obligation and, if applicable, all of your partners, members, or shareholders, if you are a partnership, limited liability company, or corporation.

h. You have, or if you are a partnership, corporation or other entity, your partners or principals have, carefully read this Agreement and all other related documents to be executed by you concurrently or in conjunction with the execution hereof; that you have obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement; that you understand the nature of this Agreement and that you intend to comply with and be bound by this Agreement.

i. You have read and understand the information and disclosures made in the Disclosure Document provided to you as acknowledged in *Section 17.3e.* You understand and acknowledge that: (i) estimates for initial start-up expenses are estimates only and there can be additional start-up expenses; and (ii) your sales may differ substantially from any sales provided in Item 19 of the Disclosure Document, and there is no assurance that your sales will meet or exceed any sales listed in Item 19 of the Disclosure Document. You have had the opportunity to and have consulted or elected not to consult with your attorney, accountant and business advisors before entering into this Agreement.

j. You understand and agree that, while not applicable in every case, our past experience indicates that owner-operated restaurants generally perform better than absentee owners with hired managers. The food business is a personal business and is dependent upon your business skill and judgment. This includes your choice of employees. Your skill in hiring the right people to work in your Franchised Business is very important in determining whether people decide to purchase menu items from your Franchised Business or from another restaurant in the same vicinity.

k. You understand and agree that ownership of a franchise and the Franchised Business carries certain risks. These risks include the loss of your initial investment, other continued financial losses such as rent payments due under lease obligations and other contractual obligations, the loss of your time and energy in starting up and running your Franchised Business, and loss of earnings and investment income from your investment in the Franchised Business. You understand and agree that the Franchised Business may make money and may lose money and are entering this business venture with this express understanding. You are not relying upon anything which is not contained within this Agreement or the Disclosure Document in determining and deciding to become a franchisee.

l. Notwithstanding the foregoing, you understand and agree that the System must not remain static if it is to meet (without limitation) presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, social trends and other market place variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System, including altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition or other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer, modifying or substituting entirely the equipment, signage, trade dress, décor, color schemes and uniform System Standards and specifications and all other unit constructions, design, appearance and operation attributes which you are required to observe under this Agreement; and, abandoning, changing, improving, modifying or substituting the Proprietary Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations. You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed. Except as provided herein, we shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby.

m. You represent that neither you nor any of your affiliates, officers, directors, managers, members, or partners (as applicable) or funding sources are subject to U.S. Executive Order 13224, identified on the U.S. Department of the Treasury's Office of Foreign Assets Control Specially Designated National and Blocked Persons list, or any terrorist list or other blocked persons list. In addition, you represent that you have not received funding from, nor are you owned, controlled, or acting on behalf of the government of any country that is subject to an embargo by the United States, any foreign government official, political party or international organization, and that no foreign government or government official, political party or international organization has any financial interest in the Franchised Business or any monies earned by the Franchised Business.

n. You represent, warrant and agree that you, your officers, directors, managers, members, or partners (as applicable) will each at all times conduct themselves in an ethical manner and avoid any activity that might result in a violation of the U.S. Foreign Corrupt Practices Act, Anti-Terrorism Laws, or any other applicable anti-corruption or bribery laws.

17.2 Additional Information Respecting Franchisee.

a. You have delivered to us or will deliver concurrent herewith, complete and accurate copies of all of your organizational documents, including all partnership agreements, certificates

of partnership, articles of organization, operating agreements, articles or certificates of incorporation, by-laws and shareholder agreements, including all amendments, side letters and other items modifying such documents.

b. Reserved.

17.3 Acknowledgements of Franchisee.

a. You acknowledge that you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that this business venture involves substantial business risks and will largely depend upon your ability. Other than the financial performance representation contained in Item 19 of the Disclosure Document, if any, we expressly disclaim making, and you acknowledge that you have not received or relied on, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the Franchised Business contemplated by this Agreement.

Franchisee Initials _____/_____

b. You hereby certify that none of our employees, no other person speaking on our behalf, and no Area Representative, if applicable, have: (i) made any oral, written, visual, or other representation, agreement, commitment, claim, or statement that stated or suggested any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise other than any financial performance representation contained in Item 19 of the Disclosure Document; or (ii) made any oral, written, visual, or other representation, agreement, commitment, claim, or statement from which any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise might be ascertained, related to a *Cold Stone Creamery* franchise, that is different from, contrary to, or not contained in the *Cold Stone Creamery* Disclosure Document; or (iii) made any representation, agreement, commitment, claim or statement to you that is different from, contrary to, or not contained in, the *Cold Stone Creamery* Disclosure Document. You acknowledge and agree that we do not make or endorse, nor do we allow any of our employees or other persons speaking on our behalf to make or endorse, any additional oral, written, visual, or other representation, agreement, commitment, claim, or statement that states or suggests any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise with respect to a *Cold Stone Creamery* franchise other than any financial performance representation contained in Item 19 of the Disclosure Document.

Franchisee Initials _____/_____

c. You acknowledge that you have received, read and understand this Agreement and the related exhibits, attachments and agreements and that we have afforded you sufficient time and opportunity to consult with advisors selected by you about the potential benefits and risks of entering into this Agreement.

Franchisee Initials _____/_____

d. You understand that this Agreement, including any amendments and exhibits, contains the entire agreement between the parties concerning the Franchised Business, and that any prior oral or written statements that are not set out in this Agreement, including any amendments, exhibits and attachments will not be binding. You acknowledge and agree that we do not permit any representations, agreements, commitments, claims, or statements or approve

any changes in this Agreement or any of the amendments, exhibits and attachments to this Agreement, except by means of a written amendment or addendum signed by all parties to this Agreement. You acknowledge that nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Disclosure Document.

Franchisee Initials _____/_____

e. You acknowledge receipt of our Disclosure Document fourteen (14) days prior to the execution of this Agreement or your payment of any monies to us or our agent (or sooner if required by applicable state law).

Franchisee Initials _____/_____

f. You acknowledge that, other than what was previously disclosed to you in our Disclosure Document to which you acknowledge receipt thereof, you have not: (1) received any financial statements for us or any of our parent or affiliated companies; or (2) relied on the financial condition of us or of any of our parent or affiliated companies when making the decision to purchase the Franchised Business.

Franchisee Initials _____/_____

g. You acknowledge, as detailed in *Section 2.3*, that you must, at your own cost and expense, use only our designated and approved Design Architect for the design of your Franchised Business.

Franchisee Initials _____/_____

h. You acknowledge that the following is your Area Representative (if applicable):

_____
_____
_____

Franchisee Initials _____/_____

i. If an Area Representative is identified in *Section 17.3h.*, you make the following representations with respect to the Area Representative:

(i) You have met or spoken to only _____, the Area Representative;

(ii) Other than any financial performance representation contained in Item 19 of the Disclosure Document, at no time did the Area Representative make any promises or statements, or projections or forecasts, or estimates or warranties or representations or other statement or agreement concerning profits or expenses or costs or actual or projected sales of any kind directly or by implication about *Cold Stone Creamery* restaurants or about the Franchised Business that we desire to develop under this Agreement or about obtaining the confirmed Location or about any other matter other than what is contained in the *Cold Stone Creamery* Disclosure Document or *Cold Stone Creamery* restaurant brochure.

(iii) You acknowledge that you have not received any written materials from us or the Area Representative except for the *Cold Stone Creamery* brochure and Disclosure

Document; and

If there are any exceptions to *Sections 17.3i.(i) – (iii)*, identify the item number and list the exception here:

_____

_____

Franchisee Initials _____/_____

j. You acknowledge there have been no other inducements made with any person or entity, including the Identified Area Representative, encouraging you to purchase the Franchised Business, such as a "side deal" or other promise or agreement not included in the Agreement.

Franchisee Initials _____/_____

k. You acknowledge and understand that *Article 6* covers the use of the *Cold Stone Creamery* trademark and prohibition on registration of our Proprietary Marks. You acknowledge the ownership of the Proprietary Marks by us, and you agree that during the Term and after its expiration or termination, you will not, directly or indirectly, apply to register, register or otherwise seek to use or control or in any way use "*Cold Stone Creamery*", or any other of our proprietary marks, or any confusingly similar form or variation, in any place or jurisdiction either within or outside the United States; nor will you assist any others to do so. You further agree that your corporate, partnership or other entity name will not include any of the Proprietary Marks or phrases similar thereto as a part thereof. Furthermore, you acknowledge and understand that you are prohibited from filing applications for the registration of our trade names used in connection with your Franchised Business.

Franchisee Initials _____/_____

l. You acknowledge and understand that in the event you have registered a trade name or entity name containing our trademarks, you will be required to immediately discontinue all further use of the trademark, all Proprietary Marks and any other marks or names confusingly similar thereto in your entity name. Furthermore, you will take such action as may be required to amend your entity name and affirmatively cancel or terminate and dissolve all fictitious or assumed names or other registrations that contain our Proprietary Marks. In the event you do not comply and execute any and all instruments and documents necessary to protect and maintain our interests in the Proprietary Marks, we will then have power of attorney to execute any documents necessary to protect and maintain our interests in the Proprietary Marks.

Franchisee Initials _____/_____

ARTICLE 18. SUBMISSION OF AGREEMENT

The submission of this Agreement to you does not constitute an offer and this Agreement shall become effective only upon the execution thereof by the parties. THIS AGREEMENT SHALL NOT BE BINDING ON US UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY FRANCHISOR.

[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, has duly executed and delivered this Agreement as of the Effective Date.

FRANCHISEE: _____, a(n) _____

By:_____
[Name, Title]

By:_____
[Name, Title]

FRANCHISOR: KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

PERSONAL ACCEPTANCE OF SECTIONS 7.1, 7.2, 14.6, AND 14.8

Each of the undersigned individually and personally accepts and agrees to be bound by the provisions of Sections 7.1, 7.2, 14.6, and 14.8 of the foregoing Franchise Agreement.

_____, _____, an individual
(signature)
Date:_____

_____, _____, an individual
(signature)
Date:_____

_____, _____, an individual
(signature)
Date:_____

_____, _____, an individual
(signature)
Date:_____

EXHIBIT F-1

TO THE FRANCHISE DISCLOSURE DOCUMENT

Guaranty of Franchise Agreement

GUARANTY OF FRANCHISE AGREEMENT

This GUARANTY OF FRANCHISE AGREEMENT ("Guaranty") is entered into as of _____ by each of the undersigned ([individually and collectively,]"Guarantor") in favor of KAHALA FRANCHISING, L.L.C., an Arizona limited liability company ("Franchisor"). To the extent this Guaranty contains terms and conditions that differ from those contained in the Franchise Agreement (as defined in Recital A below), this Guaranty shall control. All capitalized terms not otherwise defined in this Guaranty will have the same meanings ascribed to such terms in the Franchise Agreement.

Recitals

A. Franchisor and _____, a(n) _____ ("Franchisee") entered into a Franchise Agreement dated _____ ___, 20___[, as amended,] (collectively "Franchise Agreement") for a *Cold Stone Creamery* restaurant located at _____ ("Location").

B. Guarantor is a shareholder, partner, member, or other person or entity interested in effecting the grant or transfer of the Franchise Agreement.

C. Without this Guaranty, Franchisor cannot be assured that there are sufficient assets to operate the franchise or to protect Franchisor in the event of a default by Franchisee.

D. Franchisor is willing to enter into the Franchise Agreement only if Guarantor personally guarantees faithful performance of all the terms of the Franchise Agreement.

E. Guarantor acknowledges Guarantor received and read the Franchise Agreement and agrees to be bound to the obligations in this Guaranty with regard to the Franchise Agreement.

Agreement

1. In consideration of the above recitals, Guarantor personally guarantees, for the benefit of Franchisor, its parent, subsidiaries, affiliates and successors and assigns, the prompt and complete performance of all the covenants and conditions contained in the foregoing Franchise Agreement.

2. This Guaranty is effective until all terms of the Franchise Agreement have been fully and completely performed by Franchisee and shall continue through the entire Term of the Franchise Agreement as may be renewed or extended. No release of Franchisee or discharge of Franchisee under bankruptcy law, or any other law, shall impair or effect the obligations of Guarantor to Franchisor hereunder.

3. Franchisor is not required to proceed first against the Franchisee, but may proceed first against the Guarantor alone or concurrent with proceeding against Franchisee. The obligations of Guarantor hereunder are absolute and unconditional.

4. Franchisee and Franchisor may from time to time alter or modify the Franchise Agreement between themselves, possibly changing or increasing the extent of Guarantor's obligation under this Guaranty. Guarantor consents to any and all modifications or amendments of the Franchise Agreement and the documents and Confidential Manual referred to in the Franchise Agreement, without requiring notice to Guarantor or Guarantor's consent.

5. Guarantor agrees specifically to be bound by the confidentiality requirements and the covenant against competition in the Franchise Agreement.

6. Guarantor waives notice of acceptance of this Guaranty and notice of non-performance or non-payment by Franchisee of any of its obligations or liabilities under the Franchise Agreement.

7. A default by Guarantor under this Guaranty will be deemed a default under all Franchise Agreements guaranteed by the Guarantor.

8. Guarantor agrees to pay all attorneys' fees, costs and expenses (including any and all Royalty Fees and Advertising Fees and associated interest on such amounts, that are determined to be owing to Franchisor due to underreporting by Franchisee) incurred by Franchisor in enforcing this Guaranty, whether or not suit or action is filed, and if suit or action is filed, then through trial and all appeals, and also in any proceedings or matter in Bankruptcy Court; Guarantor assumes all liability for all losses, costs, attorneys' fees, and expenses that Franchisor incurs as a result of a default by Franchisee, including those fees and expenses incurred in a bankruptcy proceeding involving Franchisee.

9. Guarantor hereby agrees that upon notice of default or upon an uncured default of the Franchise Agreement or any other agreement between Guarantor (or a legal entity thereof) and Franchisor or its affiliates, and with no prior notice, Guarantor consents to Franchisor's (or any of its affiliate's or third-party contractor's) acquisition and use of non-business consumer credit reports on Guarantor in order to evaluate as necessary the financial condition of Guarantor as principal, member, manager, franchisee, and/or guarantor in connection with the collection of monetary obligations as contemplated by the Franchise Agreement, this Guaranty, a promissory note, or any other agreements between Guarantor (or a legal entity thereof), and Franchisor or its affiliates. Guarantor as an individual or individuals hereby knowingly consent to the use of such credit reports consistent with the Federal Fair Credit Reporting Act as contained in 15 U.S.C. § 1681 et seq.

10. This Guaranty is personal to Guarantor and the obligations and duties imposed herein may not be delegated or assigned; provided, however, that this Guaranty shall be binding upon the successors, assigns, heirs, estate, trustee(s) and personal representative(s) of Guarantor. This Guaranty shall inure to the benefit of Franchisor, its affiliates, successors and assigns.

11. In the event that any one or more provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Guaranty shall be construed to bind Guarantor to the maximum extent permitted by law that is subsumed within the terms of such provision as though it were separately articulated herein.

12. This Guaranty shall be interpreted and construed under the laws of the State of Arizona, which laws shall prevail in the event of any conflict of law. Any appropriate state or federal court located in Maricopa County, Arizona has exclusive jurisdiction over any case or controversy arising under or in connection with this Agreement and is the proper forum in which to adjudicate the case or controversy, and the parties hereto irrevocably submit to the jurisdiction of any such court. THE PARTIES AGREE THAT ALL DISPUTES ADMITTED TO THE COURT PURSUANT TO THIS SECTION 12 SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

13. If Guarantor consists of two (2) or more persons, then each person will be jointly and severally liable under the provisions of this Guaranty.

14. [The undersigned _____[include name(s) here of each of the undersigned who is not married] each represents that he/she is not married as of the Effective Date.]

15. Guarantor acknowledges that (i) it is a condition to the granting of the Franchise Agreement to Franchisee that Guarantor shall execute and deliver this Guaranty to Franchisor, (ii) that Franchisor has entered into the Franchise Agreement in reliance upon the agreement of Guarantor to do so, and (iii) that, as owner of the Franchisee, Guarantor has received adequate consideration to support its execution of this Guaranty. This Guaranty does not grant or create in Guarantor any interests, rights or privileges in any franchise or Franchise Agreement.

16. This Guaranty may be executed in one or more counterparts, each of which shall be deemed to be an original copy of this Guaranty and all of which, when taken together, shall be deemed to constitute one and the same Guaranty.

17. Words in the singular number include the plural when the context requires (and vice-versa), and defined terms include the possessive when the context requires (and vice-versa).

GUARANTOR:

_____	_____
[Name], an individual	[Name], an individual
_____	_____
[Name], an individual	[Name], an individual

EXHIBIT F-2

TO THE FRANCHISE DISCLOSURE DOCUMENT

Non-Disclosure and Non-Competition Agreement

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

This NON-DISCLOSURE AND NON-COMPETITION AGREEMENT ("Agreement") is made and entered into as of _____ ("Effective Date"), by and between KAHALA FRANCHISING, L.L.C., an Arizona limited liability company, having an office located at 9311 East Via De Ventura, Scottsdale, Arizona 85258 ("Franchisor") and the undersigned, an individual, having an address of _____. Franchisor and the undersigned may also be referred to in this Agreement individually as "Party" and collectively as "Parties."

Recitals

A. Franchisor is in the business of licensing franchise systems in the quick service restaurant market and is the owner and/or licensee of certain proprietary, confidential and/or trade secret information related to its business.

B. The undersigned is the spouse of the franchisee or spouse of an employee, officer, director, member, manager, partner or owner of an interest in the equity or voting interests of [Franchisee], the "Franchisee" under and signatory to, that certain "Franchise Agreement" dated _____ entered into with Franchisor granting Franchisee the right to operate one *Cold Stone Creamery* restaurant ("Franchised Business") on the terms and conditions stated therein.

C. The undersigned acknowledges that, in order to induce Franchisor to enter into the Franchise Agreement, Franchisee must cause those persons as listed in Recital B to execute this Agreement for the benefit of Franchisor.

NOW, THEREFORE, in consideration of the foregoing and of the representations, terms, covenants, conditions and agreements set forth in this Agreement and intending to be legally bound, the Parties hereby agree as follows:

Agreement

1. **Definition of Confidential Information.** "Confidential Information" includes, without limitation, knowledge and information which Franchisee knows, or should reasonably know, which Franchisor regards as confidential concerning: (i) formulation, ingredients, raw materials, recipes, and food preparation processes for proprietary products, non-proprietary products, collateral logo merchandise or other items or services that Franchisor permits Franchisee to sell at or from the Franchised Business; (ii) Franchisor's supply relationships, inventory requirements and control procedures; (iii) pricing, sales, profit performance or other results of operations of any and all *Cold Stone Creamery* restaurants, including the Franchised Business; (iv) demographic data for determining sites and territories; (v) the results of customer surveys and promotional programs; and (vi) in general, business methods, trade secrets, specifications, customer data, cost data, procedures, information systems and knowledge about the operation of *Cold Stone Creamery* restaurants or the *Cold Stone Creamery* System, whether it is now known or exists or is acquired or created in the future, and whether or not the information is included in the Confidential Manual or Franchisor expressly designates the information as confidential. Confidential Information does not include information which the undersigned can demonstrate came to his or her attention independent of entering into this Agreement and information that Franchisor agrees is, or has become, generally known in the public domain,

except where public knowledge is the result of the undersigned's wrongful disclosure (whether or not deliberate or inadvertent).

2. **Non-Disclosure of Confidential Information.**

a. The undersigned agrees not to possess, obtain, or seek to obtain, either directly or indirectly, any Confidential Information from any person or other source, unless authorized in writing by Franchisor. In the event that the undersigned does possess, or comes to possess, any Confidential Information, the undersigned shall immediately notify Franchisor of that fact and return the Confidential Information, and all copies and portions thereof, to Franchisor.

b. The undersigned agrees not to disclose, duplicate, sell, reveal, divulge, publish, furnish or communicate, either directly or indirectly, any Confidential Information to any other person, firm or entity, unless authorized in writing by Franchisor.

c. The undersigned agrees not to use any Confidential Information for his or her own personal gain or to further the purposes of others, whether or not the Confidential Information has been conceived, originated, discovered or developed, in whole or in part, by the undersigned or represents the undersigned's work product. To the extent the undersigned has assisted in the preparation of any information that Franchisor considers Confidential Information or has prepared or created such information by himself or herself, the undersigned hereby assigns any rights that he or she may have in such information as creator to Franchisor, including all ideas made or conceived by the undersigned.

d. The undersigned acknowledges that the use, publication or duplication of the Confidential Information for any purpose not authorized by this Agreement constitutes an unfair method of competition by the undersigned.

e. The provisions of this Section 2 shall apply forever, surviving the expiration or termination of all contracts between Franchisor and Franchisee.

f. The provisions concerning non-disclosure of Confidential Information shall not apply if disclosure of Confidential Information is legally compelled in a judicial or administrative proceeding, provided the undersigned shall have used his or her best efforts, and shall have afforded Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be disclosed. If the undersigned is required to disclose Confidential Information, whether in whole or in part, to any third party pursuant to a subpoena or a court or agency order, the undersigned agrees to only disclose the minimum amount of Confidential Information required to be disclosed.

3. **Agreements Regarding Competition.**

a. For as long as Franchisee is a party to any franchise agreement with Franchisor, the undersigned agrees that he or she shall not, directly or indirectly, own (neither beneficially nor of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competing Business (as defined in *Section 3.f* below); provided, however, the restrictions stated in this paragraph shall not apply to the undersigned after two (2) years from the date that the undersigned ceases to be a spouse of the Franchisee or spouse of an employee, officer, director, member, manager, partner or owner of an interest in the equity or voting interests of Franchisee or otherwise associated in any capacity with Franchisee.

b. For a period of two (2) years after expiration or termination of the last franchise agreement between Franchisee and Franchisor, it shall be a breach of this Agreement for the undersigned to directly or indirectly, own, engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business; provided, however, the restrictions stated in this paragraph shall not apply to the undersigned after two (2) years from the date that the undersigned ceases to be a spouse of the Franchisee or spouse of an employee, officer, director, member, manager, partner or owner of an interest in the equity or voting interests of Franchisee or otherwise associated in any capacity with Franchisee.

c. The undersigned may engage in any activities not expressly prohibited by this Agreement. However, in connection with permitted activities, the undersigned shall not (i) use the Confidential Information or any of *Cold Stone Creamery* intellectual property including without limitation, any and all rights currently existing or that may come into being which Franchisor or Franchisor's affiliates now own or later acquire in *Cold Stone Creamery* trademarks, proprietary products and/or Confidential Information arising under any patent, trade secret, copyright, trade dress, design protection, database protection, trademark, or similar laws of the United States or any other country in which Franchisor or its affiliates operate (collectively "*Cold Stone Creamery* Intellectual Property"); (ii) engage in any conduct or activity which suggests or implies that Franchisor endorses, or authorizes, the undersigned's activities; or (iii) induce any person to engage in conduct prohibited by this Agreement.

d. The undersigned acknowledges that the covenants regarding competition are independent of the other covenants and provisions of this Agreement. If any provision regarding competition is void or unenforceable under any applicable law, but would be enforceable as written or as modified under the laws of the state in which the Franchised Business is located (the "Local Laws"), the parties agree that the Local Laws shall govern any dispute concerning or involving the construction, interpretation, validity or enforcement of the provisions regarding competition. Franchisee expressly authorizes Franchisor to conform the scope of any void or unenforceable covenant in order to conform it to the Local Laws.

e. For purposes of this *Section 3*, "*Cold Stone Creamery* System" means, collectively, all of the distinctive business methods, proprietary products, Confidential Information and *Cold Stone Creamery* Intellectual Property which Franchisor now or in the future authorizes or requires Franchisee to use as a condition of the Franchise Agreement, as Franchisor may modify in its sole discretion at any time.

f. For purposes of this *Section 3*, "Competing Business" means a business which is primarily engaged in the sale of ice cream and/or frozen yogurt, along with cakes, cupcakes, pies, smoothies and other dessert products prepared or served with ice cream or frozen yogurt as an ingredient, and all variations thereof within a geographical area consisting of: (1) for as long as Franchisee is a party to any Franchise Agreement with Franchisor, anywhere including the location of the Franchised Business; and (2) after expiration or termination of the last franchise agreement between Franchisee and Franchisor, within a ten (10) mile radius from the location of the Franchised Business or location of any *Cold Stone Creamery* restaurant of Franchisor, Franchisor's third-party licensees or Franchisor's third-party franchisees. The term "*Cold Stone Creamery* restaurant" includes not only the restaurants now in existence, but also those established at a later date. The term of this covenant will be extended by any time consumed in litigation to enforce it in both trial and appellate courts. If a court of competent jurisdiction determines that the restrictions in this paragraph are excessive in time, geographic

scope, or otherwise, the court may reduce the restriction to the level that provides the maximum restriction allowed by law.

g. For purposes of this *Section 3*, "Confidential Manual" refers collectively to all of the confidential operations manuals, recipe manuals, operations guides and other instructions loaned or delivered to the Franchisee during the term of the Franchise Agreement, which may be memorialized in written or electronic format, now existing and hereinafter developed, and which may be modified periodically to reflect changes in the *Cold Stone Creamery* System.

4. **Interference.**

The undersigned agrees not to, directly or indirectly, for himself or herself or on behalf of any other person: divert, or attempt to divert, any business or customer of any *Cold Stone Creamery* restaurant to any competitor by direct or indirect inducement or perform any act which directly or indirectly could, or may, injure or prejudice the goodwill and reputation of *Cold Stone Creamery* Intellectual Property or *Cold Stone Creamery* System.

5. **Irreparable Harm to Franchisor.**

The undersigned understands and agrees that if the undersigned breaches or threatens to breach any of his or her obligations under this Agreement, Franchisor will be irreparably harmed and an award of monetary damages alone would be inadequate. Therefore, the undersigned agrees that Franchisor shall be entitled to seek equitable relief, including, without limitation, temporary, preliminary and permanent injunctive relief and specific performance for any actual or threatened breach by the undersigned, his or her affiliates or their respective officers, directors, shareholders, employees or agents. The remedies provided under this *Section 5* shall be in addition to and not exclusive of any other right or remedy available to Franchisor under this Agreement or otherwise, including, without limitation, an award of attorneys' fees, expert witness fees and costs incurred by Franchisor or its affiliates in connection with any dispute arising from or related to this Agreement.

6. **Validity; Conformity With Applicable Law.**

Wherever possible, each provision of this Agreement shall be interpreted in a manner as to be valid under applicable law, but if any provision of this Agreement shall be invalid or prohibited thereunder, the provision shall be ineffective only to the extent of the prohibition or invalidity without invalidating the remainder of this Agreement.

7. **Miscellaneous.**

a. *Waiver.* Any waiver granted to the undersigned by Franchisor excusing or reducing any obligation or restriction imposed under this Agreement shall be evidenced by a writing executed by Franchisor in order to be effective and shall only be effective to the extent specifically allowed in such writing. No waiver granted by Franchisor shall constitute a continuing waiver. Any waiver granted by Franchisor shall be without prejudice to any other rights Franchisor may have. The rights and remedies granted to Franchisor are cumulative. No delay on the part of Franchisor in exercising any right or remedy shall preclude Franchisor from fully exercising such right or remedy or any other right or remedy.

b. *Entire Agreement; Amendment.* This Agreement sets forth the entire agreement made by the undersigned pertaining to the subject matter hereof, fully superseding any and all prior

agreements or understandings that may exist between the undersigned and the Franchisor pertaining to such subject matter. No amendment, change, modification or variance to or from the terms and conditions set forth in this Agreement shall be binding on the undersigned unless it is set forth in writing and duly executed by the undersigned and Franchisor.

c. This Agreement shall be binding on the undersigned's heirs, executors, successors and assigns as though originally executed by such persons.

d. *Notices.* All notices permitted or required under this Agreement shall be in writing and shall be delivered by personal delivery, courier, such as FedEx® or UPS®, or by U.S. Mail, sent certified or registered mail, return receipt requested, to the address set forth in the first paragraph of this Agreement, with a courtesy copy sent via email or facsimile (to the address set forth on the signature page below) for the respective Party to be noticed, which address may be amended from time to time pursuant to the terms of this *Section 7.d*. Notices provided under this *Section 7.d* shall be deemed received upon personal delivery or delivery by courier and within five (5) days after deposit in the U.S. Mail.

e. *Governing Law and Venue.* This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without reference to conflict of laws principles. Except for actions seeking injunctive relief (which may be brought in any appropriate jurisdiction) suit under this Agreement shall only be brought in the state or federal courts located in Maricopa County, Arizona. This choice of jurisdiction and venue is intended by the Parties to be mandatory and not permissive in nature, and to preclude the possibility of litigation between the Parties with respect to, or arising out of, this Agreement in any jurisdiction other than as specified in this *Section 7.e*. Each Party waives any right it may have to assert the doctrine of forum non conveniens or similar doctrine or to object to the jurisdiction and venue with respect to any proceeding brought in accordance with this *Section 7.e*.

f. *No Assignment.* The undersigned shall not assign or transfer any rights or obligations under this Agreement without Franchisor's prior written consent, which may be withheld in Franchisor's sole discretion. Any assignment made in violation of this *Section 7.f* shall be void.

g. *Counterparts; Facsimile Signatures.* This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original document as against the Party whose signature appears thereon, and all of which shall together constitute one and the same Agreement. The signatures required for execution may be transmitted to the other Party via facsimile or email and such signature shall be deemed a duplicate original, shall be effective upon receipt by the other Party, may be admitted in evidence and shall fully bind the Party and person making such signature.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement by their duly authorized representatives with full rights, power and authority to enter into and bind the respective Party and to perform all obligations under this Agreement.

[NAME]

By: _____
[Name], an individual

Date: _____

Address: [Street Address]
[City, State Zip]
Phone: (xxx) xxx-xxxx
Email: xxxxxxxx@xxxx.xxx

EXHIBIT G

TO THE FRANCHISE DISCLOSURE DOCUMENT

Collateral Assignment and Irrevocable Special Power of Attorney

[store #]
[doc #]

COLLATERAL ASSIGNMENT AND
IRREVOCABLE SPECIAL POWER OF ATTORNEY

This COLLATERAL ASSIGNMENT AND IRREVOCABLE SPECIAL POWER OF ATTORNEY ("Assignment") is entered into on _____ ("Effective Date") in accordance with the terms of that certain Franchise Agreement dated _____ [, as amended] ("Franchise Agreement") by and between _____, a(n) _____ ("Franchisee") and KAHALA FRANCHISING, L.L.C., an Arizona limited liability company ("Franchisor"), executed concurrently with this Assignment and under which Franchisor granted Franchisee the right to own and operate a *Cold Stone Creamery* restaurant located at _____ ("Restaurant").

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor, its affiliates, subsidiaries, successors and assigns, all of Franchisee's right, title and interest in and to: (i) the "Telephone Numbers and Listings" which include those certain telephone numbers and regular, yellow-pages, special, classified or other telephone directory listings used at any time in connection with the operation of the Restaurant; (ii) any website page or social media addresses and accounts, including, but not limited to, a Facebook® page or Twitter® account that contains any term or any mark confusingly similar to a trademark or other intellectual property owned or licensed by Franchisor; and (iii) any corporation, limited liability company, partnership, or other entity name or trade name filed or formed by Franchisee that contains any trademark or other intellectual property owned or licensed by Franchisor (each an "Entity Name"). This Assignment is for collateral purposes only, and except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Franchisor shall notify the (i) telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as the "Telephone Company"); (ii) webmaster/webhost for the website or social media account; and (iii) Secretary of State, Corporation Commission or other state government agency that handles the filing of entity formation documents, to effectuate the assignment pursuant to the terms hereof.

Franchisee hereby appoints Franchisor as his/her/its attorney-of-fact and grants Franchisor an irrevocable Special Power of Attorney, coupled with an interest, with full power and authority for the purpose of executing documents or taking such action as necessary or appropriate as Franchisee might or could do if personally present, hereby ratifying all that Franchisor, as Franchisee's attorney-in-fact, shall lawfully do or cause to be done by virtue of this Special Power of Attorney to obtain, protect, maintain or enforce Franchisor's intellectual property rights if Franchisor is, for any reason, unable to obtain Franchisee's cooperation or assistance. The Special Power of Attorney granted by this Assignment, shall survive the dissolution, death, incompetence or disability of Franchisee and the termination or expiration of the Franchise Agreement or this Assignment.

Upon (i) termination of the Franchise Agreement for any reason, or (ii) expiration of the Franchise Agreement without renewal or extension, Franchisor shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings, website and/or social media account, and Entity Name. In such event Franchisee shall have no further right, title or interest in the Telephone Numbers and Listings or the website and/or social media account, and shall remain liable to the Telephone Company for all past due fees and charges owing to the Telephone Company on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, Franchisor shall have the sole right to and interest in the Telephone Numbers and Listings,

website and/or social media accounts and Entity Name upon termination or expiration of the Franchise Agreement. Franchisee appoints Franchisor as Franchisee's true and lawful attorney-in-fact to direct the Telephone Company, webmaster/webhost, and state government agency to assign same to Franchisor and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event Franchisee shall immediately instruct the (i) Telephone Company to assign the Telephone Numbers and Listings to Franchisor; the webmaster/webhost to assign the website and/or social media account to Franchisor; and (iii) state government agency to allow Franchisor to file the necessary documents to change the Entity Name. If Franchisee fails to promptly direct the (i) Telephone Company to assign the Telephone Numbers and Listings to Franchisor; (ii) webmaster/webhost to assign the website or social media account(s) to Franchisor; and/or (iii) file the necessary documents with the appropriate state government agency to remove Franchisor's trademarks or other intellectual property from the Franchisee's Entity Name, Franchisor shall direct the appropriate parties to effectuate the assignment contemplated hereunder to Franchisor.

The parties agree that the Telephone Company, webmaster/webhost, and appropriate state government agency may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Telephone Numbers and Listings, website and/or social media accounts, and Franchisor's authority to file the necessary documents to remove Franchisor's trademark or other intellectual property from the Entity Name and that such assignment shall be made automatically and effective immediately upon Telephone Company's, webmaster's/webhost's or state government agency's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company, webmaster/webhost, or state government agency requires that the parties execute an assignment form or other documentation at the time of termination or expiration of the Franchise Agreement Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

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, has duly executed and delivered this Assignment as of the Effective Date.

ASSIGNOR (Franchisee):

_____, a(n) _____

By:_____
[Name, Title]

State of _____
County of _____

On _____ before me, personally appeared _____known to me (or proved to me on the oath of _____ or through _____) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her/their authorized

capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
(Signature of Notary Public)

(Seal)

Acknowledged by:

ASSIGNEE (Franchisor):

KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

EXHIBIT H

TO THE FRANCHISE DISCLOSURE DOCUMENT

Amendment to Franchise Agreement
(for non-traditional locations excluding those co-branded with another affiliated brand)

[store #]
[doc #]

[FIRST] AMENDMENT TO FRANCHISE AGREEMENT

[for non-traditional locations excluding those co-branded with another affiliated brand]

This [FIRST] AMENDMENT TO FRANCHISE AGREEMENT ("[First] Amendment") dated _____ __, 20___ ("[First] Amendment Effective Date"), to the Franchise Agreement dated _____ ___, 20___ (collectively the "Agreement") for the non-traditional *Cold Stone Creamery* location at _____ ("Location") by and between KAHALA FRANCHISING, L.L.C., an Arizona limited liability company ("Franchisor") and _____ ("Franchisee"), is entered into by such parties to amend the Agreement as set forth in this [First] Amendment. To the extent this [First] Amendment contains terms and conditions that differ from those contained in the Agreement, this [First] Amendment shall control. The parties agree that a concept or principle covered in this [First] Amendment shall apply and be incorporated into all other provisions of the Agreement 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 [First] Amendment will have the same meanings ascribed to such terms in the Agreement.

1. The last sentence of the second unnumbered paragraph in Section **1.2**, "**Location of the Franchised Business; No Exclusive Territory or Other Rights**," is hereby deleted and replaced with the following: "This Agreement is limited to the operation of one non-traditional restaurant, unless otherwise amended, and does not grant you the right to buy, own or operate additional restaurants."

2. Section **4.1**, "**Training Program**," is hereby amended to add the following after the last sentence in Section 4.1: "Notwithstanding the foregoing, for non-traditional locations, the total number of days of In-Store training will be three (3) days."

3. The first sentence in Section **5.1**, "**Initial Franchise Fee**," is hereby deleted and replaced with the following: "The initial franchise fee is ____ Thousand Dollars ($_____) ("Initial Franchise Fee")."

4. Paragraph b. of Section **5.13**, "**Transfer Franchise Fee**," is hereby deleted and replaced with the following:

> b. A Potential Transferee (as defined in *Section 12.1c*.) receiving this Agreement, as may be amended, in connection with a Full Transfer (as defined in *Section 12.1a.1*.), must pay to us a transfer franchise fee of Five Thousand Dollars ($5,000) ("Transfer Franchise Fee").

5. The first sentence in Section **5.24**, "**Grand Opening Marketing**," is hereby deleted and replaced with the following:

> Five Thousand Dollars ($5,000) ("Grand Opening Marketing") is payable to us on the earlier of: (i) prior to you executing a lease for the premises where the Franchised Business will be located; or (ii) prior to construction commencing at the premises where the Franchised Business will be located.

6. Except as set forth in this [First] Amendment, the terms and provisions of the Agreement 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, has duly executed and delivered this [First] Amendment as of the [First] Amendment Effective Date.

FRANCHISOR: KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

FRANCHISEE: _____, a(n) _____

By:_____
[Name, Title]

By:_____
[Name, Title]

EXHIBIT H-1

TO THE FRANCHISE DISCLOSURE DOCUMENT

Rocky Mountain Chocolate Factory Addendum to Franchise Disclosure Document and Amendment to Franchise Agreement

ROCKY MOUNTAIN CHOCOLATE FACTORY
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following modifications are to the Cold Stone Creamery Franchise Disclosure Document and may supplement certain portions of the Franchise Disclosure Document and the Franchise Agreement.

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

Kahala Franchise Corp. entered into a Master License Agreement dated August 17, 2009 ("Master License Agreement") with Rocky Mountain Chocolate Factory, Inc. ("RMCF") under which selected franchised and company-owned Cold Stone Creamery stores are allowed to sell RMCF's products in addition to the Cold Stone Creamery product offering ("Co-Branded Stores"). The Master License Agreement was assigned to Kahala Franchising effective August 2010. Under the Master License Agreement, RMCF has permitted us to grant to certain of our franchisees or company or affiliate-owned Cold Stone Creamery stores the right to use the RMCF Marks and the RMCF Methods (as defined below) in connection with the sale of selected RMCF Products within the premises of existing Cold Stone Creamery stores and in new Co-Branded Stores.

As of November 30, ~~2023~~2024, there were ~~101~~ 105 *Cold Stone Creamery* franchises that sold RMCF Products.

RMCF has developed proprietary methods ("RMCF Methods") for the sale of gourmet chocolate and other premium confectionary products, featuring Rocky Mountain Chocolate Factory brand candy that you purchase from RMCF's factory in Durango, Colorado ("Factory Candy") and confectionary items that you may make in your *Cold Stone Creamery* store, such as caramel apples ("Store Candy") (collectively, the "RMCF Products") under the Rocky Mountain Chocolate Factory name and associated trademarks and service marks (the "RMCF Marks"). You may choose to sell the traditional line or the full line of RMCF Products in your store. All stores must be developed and operated to our specifications and standards, and sell only those products that we authorize. A *Cold Stone Creamery* store that is authorized to sell the RMCF Products is also referred to as the "Franchised Business" or the "Co-Branded Stores."

In order to sell the RMCF Products and use the RMCF Methods at your store, certain of the terms and conditions of your Franchise Agreement with us must be modified. You will be required to sign an Amendment to Cold Stone Creamery Franchise Agreement for Co-Branded Store in the form attached as Exhibit H-1 ("Amendment").

RMCF is an unaffiliated third party. We have no ownership rights or interests in the RMCF Marks, the RMCF Methods or the RMCF Products. We have negotiated the Master License Agreement to, among other things, permit us to sublicense to our franchisees the rights to use the RMCF Marks and the RMCF Methods and to sell the RMCF Products in their Cold Stone Creamery stores. Nonetheless, those rights and our ability to sublicense them to you remain subject at all times to the Master License Agreement remaining in full force and effect. If for any reason the Master License Agreement is terminated prior to the expiration of the term of your Amendment, your rights to use the RMCF Marks and the RMCF Methods and to sell the RMCF Products will immediately cease.

ITEM 5: INITIAL FEES

There are two types of RMCF Product lines; one is the full line of RMCF Products and the other is the traditional line of RMCF Products. The traditional line of RMCF Products offers a limited version of the full line of RMCF Products.

The initial franchise fee to sell the full line of RMCF Products in your Cold Stone Creamery store is $24,500 for the RMCF portion of your Co-Branded Store. This fee is payable in full to us when you sign the Amendment to Franchise Agreement to sell RMCF Products. This fee is in addition to the Initial Franchise Fee you are required to pay for a Cold Stone Creamery store.

The initial franchise fee to sell the traditional line of RMCF Products in your Cold Stone Creamery store is $6,000 for the RMCF portion of your Co-Branded Store. This fee is in addition to the Initial Franchise Fee you are required to pay for a Cold Stone Creamery store.

The initial franchise fees to sell RMCF Products in your Cold Stone Creamery store are non-refundable and there are no discounts for Eligible Military or 501(c)(3) organizations.

ITEM 6: OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee and Surcharge from the RMCF portion of your Co-Branded Store (Note 1)	9% of Gross Sales plus a maximum Surcharge of $10 per week (Note 2)	Withdrawn electronically from your designated bank account weekly (Note 3)	"RMCF Gross Sales" include all revenue earned from the sale of RMCF Products in your Co-Branded Store excluding sales tax and authorized refunds, credits and allowances.
Transfer Fee for the Rocky Mountain Chocolate Factory portion of a Co-Branded Store	$2,500	Upon closing of the transfer	Note 1

Notes:

(1) The sale of RMCF Products is included in the definition of Gross Sales as set forth in your Franchise Agreement for which you will pay us royalties. We, in turn, are responsible for any payments to RMCF attributable to your sale of RMCF Products. These fees are collected by us, are payable to us, and are non-refundable. The fees are uniformly imposed by us; however, we may, in our sole discretion, reduce or waive an ongoing fee for a defined period of time.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Sale of RMCF Products within Existing Cold Stone Creamery Store

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Initial Franchise Fee (Note 1)	$ 6,000 to $24,500	Lump Sum	Upon signing the Amendment	Us
Travel and Living Expenses While Training	$1,000 to $1,500	As incurred	As incurred	Airlines, hotels & restaurants

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Architectural Fee	$1,700 to $5,000	Lump sum	Before opening RMCF portion of Co-Branded Store	Third party vendor
Leasehold Improvements[5]	$5,000 to $475,000	Lump sum	Before opening RMCF portion of Co-Branded Store	Contractor
Exterior and Interior Signage	$4,500 to $18,200	Lump sum	Before opening RMCF portion of Co-Branded Store	Third party vendor or us
Equipment and Fixtures	$16,000 to $652,000	Lump sum	Before opening RMCF portion of Co-Branded Store	Third party vendor or us
POS System	$0 to $2,000	Lump sum	Before opening RMCF portion of Co-Branded Store	Third party vendor
Initial Inventory	$3,500 to $12,500	Lump sum	Before opening RMCF portion of Co-Branded Store	RMCF
Employee Uniforms	$0 to $1,000	Lump sum	Before opening RMCF portion of Co-Branded Store	Third party vendor
Grand Opening Advertising	$0 to $1,500	Lump sum	Before opening RMCF portion of Co-Branded Store	Third party vendor
Permits and Licenses	$0 to $500	Lump sum	Before opening RMCF portion of Co-Branded Store	Governmental entities
Total	$ 37,700 to $173178,700	For existing Cold Stone Creamery stores, there are typically no additional real property expenses, security deposits, or utility deposits to convert to a Co-Branded Store, unless required by the landlord.		

Note:

These estimates are based on constructing the required leasehold improvements within an approximately 200 square foot area within your existing store, and assume the availability of electrical requirements of 200 amps 3-phase, and HVAC of one ton per 150 square feet. You may, but are not required to, at your own cost and expense, use our designated and approved third party architect and project management firm for the design and construction oversight of your Co-Branded Stores.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as stated below, you have no obligation to purchase or lease goods, services, supplies, fixtures, equipment, inventory or computer hardware relating to the establishment or operation of your Co-Branded Store from us or from any of our designees, and you have the right to purchase them from any approved supplier or, for those products for which no approved supplier

exists, from any supplier whose products meet the minimum standards established by us or RMCF.

We will require you to use RMCF's designated and approved vendors for your purchases of RMCF Products and other items associated with the sale of RMCF Products in your Cold Stone Creamery store. RMCF is the designated supplier of 'Factory Candy' which includes chocolates and other candy manufactured by RMCF and some cooking supplies for making Store Candy. Apart from the Factory Candy sold by RMCF described above, neither we, nor RMCF, nor our respective officers or directors own an equity interest in the companies that are vendors or suppliers of the goods and services relating to the sale of RMCF Products.

RMCF reserves the right to receive rebates or allowances from designated or approved suppliers based on purchases made by RMCF's franchisees, and RMCF also reserves the right to receive rebates or allowances based on purchases made by you. These rebates may range from 1% to 5%. Any rebates and allowances will be included in RMCF's general revenue, and may be used by RMCF to benefit the RMCF system, in its sole and absolute discretion. We do not receive rebates or allowances from suppliers on your purchase of RMCF Products or supplies.

RMCF derives revenue from the sale of Factory Candy, Store Candy ingredients, packaging materials, other items and certain services to you. In the fiscal year ended February 28, ~~2023~~2024, RMCF's revenue from purchases by franchisees was $~~19~~18,~~842~~317,~~700~~ 912 or 64.~~67~~31% of its total revenues of $~~33,560,700~~28,482,350.

RMCF is not affiliated with any approved or designated suppliers. Except as described above, it does not derive income based on any required purchases or leases, except that in an effort to make sources or supplies available to its franchisees and to you and to monitor and maintain consistency throughout the system, it may negotiate with approved vendors from whom you can purchase items which meet our specifications. RMCF may collect a fee from approved vendors on the items its franchisees and you purchase from approved vendors. These vendors may sell you various items, raw materials for the preparation of Store Candy, such as fudge, brittles and caramel, packaging items such as bags and tins, and other items. We estimate that any purchases by you for which RMCF collects a fee will constitute less than 3% of your total cost of operating your Cold Stone Creamery store. Except as described above, RMCF does not negotiate purchase arrangements with suppliers for the benefit of its franchisees or for your benefit, although it reserves the right to do so in the future. RMCF has no purchasing or distribution cooperatives. RMCF does not give its franchisees or you any material benefits based on use of designated or approved sources or suppliers.

In addition, your Co-Branded Store must be consistent in color, design and style with the standards and specifications adopted and approved by us and RMCF, and we and RMCF may modify those standards periodically. You must maintain the appearance and atmosphere of your Co-Branded Store, and the equipment and premises used in connection with your Co-Branded Store, in accordance with the standards we and RMCF may adopt from time to time. Any variations in color, design, style, appearance or atmosphere must be approved in writing by us. RMCF's current standards and specifications are included in the RMCF Operating Manual, which will be provided to you.

You must purchase all of the Factory Candy and ingredients for Store Candy that you sell from RMCF or a source we designate. If you would like to purchase or lease any food, supplies, equipment, signage, decor and other goods that will be used to sell RMCF Products from a vendor or supplier that is not on our or RMCF's then-current list of approved vendors and suppliers, you must follow the approval process for suppliers described in Item 8 of this franchise disclosure document.

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 RMCF Amendment	Disclosure Document Item
a. Site selection and acquisition/lease	Not Applicable	7 and 11
b. Pre-opening purchases and leases	2	5, 7, 8 and 11
c. Site development and other pre-opening requirements	2	7, 8 and 11
d. Initial and ongoing training	3	11
e. Opening	2, 4, 8	7 and 11
f. Fees	5	5, 6, 7 and 11
g. Compliance with standards and policies/Confidential Operations Manuals	2, 4	8, 11, 14 and 16
h. Trademarks and proprietary information	6	13 and 14
i. Restrictions on products/ services offered	2, 4	8 and 16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	Not applicable	11
l. Ongoing product/service purchases	Not applicable	8
m. Maintenance, appearance and remodeling requirements	Not applicable	7 and 11
n. Insurance	8	7
o. Advertising	5	6, 7 and 11
p. Indemnification	8	13 and 14
q. Owner's participation/ management/staffing	Not applicable	11 and 15
r. Records and reports	Not applicable	6 and 11
s. Inspections and audits	Not applicable	6 and 11
t. Transfer	Not applicable	6, 16 and 17
u. Renewal	Not applicable	6, 16 and 17
v. Post-termination obligations	7	17
w. Non-competition covenants	8	15 and 17

Obligation	Section in RMCF Amendment	Disclosure Document Item
x. Dispute resolution	Not applicable	17

ITEM 10: FINANCING

We do not, directly or indirectly, offer you financing or guarantee any of your obligations.

We do not require any security interests to be given by you as we do not offer any financing arrangement. In addition, we do not have any financing arrangement with the franchisee and therefore, we do not intend to sell, assign or discount to a third party any financing arrangement. Because there is no financing arrangement between us and the franchisee, there are no waiver of defenses or other legal rights executed by the franchisee. We do not arrange financing from other sources; therefore, we do not receive direct or indirect payments from placing financing.

No part of your initial investment to develop or convert to a Co-Branded Store will be financed by us. RMCF may or may not offer financing for a portion of your initial investment if you are converting an existing Cold Stone Creamery store to a Co-Branded Store and if you meet RMCF's conditions for eligibility. If RMCF offers financing, the terms of any such financing would be between you and RMCF. We receive no benefit from RMCF if they provide financing to you.

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

Except as disclosed below, Kahala Franchising is not required to provide you with any assistance.

RMCF Training

Before you open your Co-Branded Store, one of RMCF's designated trainers will train you and, at your option, your General Manager, or one other person to operate the Co-Branded Store using RMCF's Methods ("RMCF Training Program"). The designated trainers include certain qualified employees, Area Representatives and RMCF Field Consultants. The RMCF Training Program will consist of the topics outlined below. However, certain portions of the RMCF Training Program may be altered or eliminated, and/or the number of hours may be adjusted, depending upon your background and your ability to comprehend the information.

RMCF CO-BRAND TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of on-the-job training	Column 4 Location
Introduction to Rocky Mountain Chocolate Factory	2	0	Durango, Colorado (or another specified location)
Product Knowledge/Candy Identification	3	0	Durango, Colorado (or another specified location)

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of on-the-job training	Column 4 Location
RMCF Factory Tour	0	1	Durango, Colorado (or another specified location)
RMCF Customer Service Department – Ordering and Shipping	~~1~~.5	0	Durango, Colorado (or another specified location)
Inventory Control/Daily Record Keeping/Vendor Sheet	1. ~~7~~5	0	Durango, Colorado (or another specified location)
Cooking	0	~~17~~12	Durango, Colorado (or another specified location)
Introduction to Retail (Customer Service)	1	0	Durango, Colorado (or another specified location)
RMCF Accounting Policies	.25	0	Durango, Colorado (or another specified location)
Survey	.25	0	Durango, Colorado (or another specified location)
Online Tools	.50	0	Durango, Colorado (or another specified location)
Merchandising and Marketing Techniques	~~4~~1.25	1	Durango, Colorado (or another specified location)
		0	Durango, Colorado (or another specified location)
Employees – Hiring, Firing and Maintaining	1	0	Durango, Colorado (or another specified location)
TOTAL	~~14.75~~11.25	~~19~~14	

RMCF and other designated trainers hold training classes for Cold Stone franchisees opening a Co-Branded Store on an as needed basis. You must attend training after you sign the Amendment and before you begin selling RMCF Products in your Co-Branded Store. If you attend training at RMCF's headquarters in Durango, Colorado, the primary instructors are Donna Coupe, RMCF's Vice President of Franchise Support since June 2008; Fred Sabatini, our Director of Franchise Support and Operations since June 2015;;Mairead McGuire, Manager of Retail Operations since July 2020/Heather Demacopoulos, RMCF's Franchise Field Consultant since September 2013; ~~;~~Katie Johnson, Franchise Field Consultant since March 2021. Wendy Smith, our Franchise Field Consultant since March 2019; Laura Trujillo, RMCF's Franchise Field Consultant since September 2006; Erika Lightburne, RMCF's Co-brand Liason since April 2011, and Lisa Taylor, RMCF's Director of Franchise Support since August 2006. The training material consists of written, video and audiotape instruction. The initial training program includes hands-on training in a mock retail store in RMCF's training center if you attend training in Durango, Colorado. If you attend training elsewhere, the on-the-job training will be conducted at a Co-Branded Store in your store's market area on a schedule agreed upon in advance. We will try to assign you to a training store that is geographically convenient to you.

Attendees must satisfactorily complete the RMCF Training Program, in our and RMCF's discretion. The training classes are held daily for four consecutive days.

The consequence of your failure to successfully complete the RMCF Training Program to our, and RMCF's satisfaction is that you will not be permitted to convert your Cold Stone Creamery store to a Co-Branded Store.

Neither you nor anyone else attending the RMCF Training Program will be deemed to be RMCF's franchisee or employee for any purpose.

Attendance at the entire training program is mandatory for you and either your General Manager, or at your option, one other person. All of your attendees must complete, to our and RMCF's satisfaction, the RMCF Training Program. All managers, officers and employees will be subject to a covenant not to compete and confidentiality and other obligations, in the form attached as Attachment 2 to Exhibit H-1. We and RMCF may require you to attend additional training or bear the costs associated with sending a trainer to your Cold Stone Creamery store for additional training if you have not satisfactorily completed the training program.

We do not charge a fee for two individuals to attend the RMCF Training Program. All training program attendees bear their own travel, lodging and meal expenditures in connection with attending the training program.

Additional training programs and refresher courses may be required from time to time. You will be required to bear your own travel, lodging and meal expenditures in connection with attendance. In addition, you must attend, at your expense, all annual and other meetings and conference calls that we determine are mandatory for all Co-Branded Stores, or Co-Branded Stores located within a particular geographic region. We may impose a charge for your failure to attend those programs, courses, meetings and conference calls.

RMCF Operating Manual

Before you open your Co-Branded Store, we or RMCF will loan to you a copy of RMCF's operating manual ("RMCF Operating Manual"), which contains standards of operations, the equipment and fixtures required to operate the franchise, operating procedures and policies. The RMCF Operating Manual for Co-Branded Stores contains 163 pages. The table of contents of the RMCF Operating Manual is contained in Attachment 1 of Exhibit H-1 to this Franchise Disclosure Document.

You must operate your Co-Branded Store strictly in accordance with the operating procedures and policies, as contained in the RMCF Operating Manual, as it may be amended from time to time. The RMCF Operating Manual is strictly confidential and must be returned promptly to us or RMCF upon your Store ceasing to be a Co-Branded Store.

ITEM 12: TERRITORY

You will not receive an exclusive territory. You may face competition from (i) RMCF franchisees or RMCF company-owned outlets, (ii) other Cold Stone Creamery Stores that will also sell RMCF Products, and (iii) other channels of distribution that RMCF controls. We (and/or our affiliates) may establish other franchised or company-owned Co-Branded Stores that may compete with your location, including across the street from your location or in the same venue as your location. One or more future Co-Branded Stores may have an adverse effect on the revenues and profitability of existing Co-Branded Stores, including your Co-Branded Store.

We will endeavor to resolve any conflicts which arise from the operation of your Co-Branded Store concerning our distribution activities, or involving territory, customer or support. If you have a conflict, you should contact the legal department, for their independent review and decision. Conflict cases will be addressed on a case-by-case basis.

The Amendment does not provide you with any options, rights of first refusal, or similar rights to acquire additional Co-Branded Stores.

There are no restrictions on the customers to whom you may sell the RMCF Products, but all sales must be made at your Co-Branded Store premises. You may not sell any RMCF Products from or to any location other than your Co-Branded Store premises.

ITEM 13: TRADEMARKS

Co-Branded Stores will have the right to use the following RMCF Marks that are owned by RMCF and registered on the Principal Register of the USPTO:

Trademark	Registration Number	Registration Date
Rocky Mountain Chocolate Factory	1552146	August 15, 1989
Rocky Mountain Chocolate Factory and Design	1718498	September 22, 1992

RMCF has filed all required affidavits and renewals for these Marks. There are no agreements currently in effect which limit our right to use or license the use of the RMCF Marks which are in any manner material to you.

There are no currently effective determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending opposition or cancellation proceeding, or any pending material litigation, involving the RMCF Marks which is relevant to their use by you.

We have entered into the Master License Agreement with RMCF. This Master License Agreement gives us the right to use, and to license our franchisees to use, the RMCF Marks listed above solely in connection with the sale of RMCF Products at Co-Branded Stores. Either party may terminate the Master License Agreement upon the occurrence of a material breach of the agreement or upon certain other events. In the event of termination both we and our franchisees must immediately discontinue any further use of the RMCF Marks.

There are no superior prior rights or infringing uses of the principal RMCF Marks actually known to RMCF, which rights or uses could materially affect your use of the principal RMCF Marks in any state. There are no agreements currently in effect that significantly limit RMCF's rights to use or license the use of the principal RMCF Marks. You must promptly notify us of any suspected unauthorized use of, or challenge to the validity of, the RMCF Marks or any challenge to RMCF's ownership of, or right to use or license others to use, the RMCF Marks. RMCF will have the right to direct and control any administrative proceeding or litigation involving the RMCF Marks, including any settlement thereof. RMCF has the right, but not the obligation, to take action against uses by others that may constitute infringement of the RMCF Marks. We, or RMCF, will defend you against any third-party claim, suit, or demand arising out of your use of the RMCF Marks. If we, in our sole discretion, determine that you have used the RMCF Marks in a manner authorized by the Amendment, the cost of such defense, including the cost of any judgment or settlement, will be borne by us. If we, in our sole discretion, determine that you have not used the RMCF Marks in a manner authorized by the Amendment, the cost of such defense, including the cost of any judgment or settlement, will be borne by you. In the event of any litigation relating to your use of the

RMCF Marks, you must execute any and all documents and do such acts as may, in our opinion, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party in any legal action. Except to the extent that such litigation is the result of your use of the RMCF Marks in a manner inconsistent with the terms of the Amendment, we will reimburse you for your out-of-pocket litigation costs in doing such acts.

We, or RMCF, may require you to use different trademarks for use in identifying the RMCF Products if the RMCF Marks can no longer be used, or if RMCF, in its sole discretion, determines that substitution of different proprietary marks will be beneficial to the RMCF system. In such circumstances, the use of the substituted trademarks will be governed by the terms of the Amendment.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

RMCF claims all statutory copyrights that attach to all, or part of, any original materials used in the RMCF system, including their RMCF Operating Manual, advertising and promotional materials, and all other written materials we provide you.

To date, RMCF has not registered any items for copyright protection. However, their copyright protection will extend for 100 years from the date of each item's creation or 75 years from the date of each item's publication, whichever is shorter.

The RMCF Operating Manual is an integral part of the RMCF system licensed to you under the terms of the Amendment. All of the disclosures appearing in Item 14 of this franchise disclosure document also apply with respect to a) the RMCF Operating Manual and b) any confidential information you may receive about RMCF or the manner in which it conducts business.

You and your General Manager, principals, officers, managers and employees of your Co-Branded Store also must sign RMCF's Confidentiality and Non-Competition Agreement in the form appearing as Exhibit B to the Amendment.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell at your Co-Branded Store the RMCF Products in a manner consistent with RMCF's comprehensive standards and requirements as applied by us to Co-Branded Stores. In addition, we may incorporate new products and services that we believe will be successful.

You will be obligated to offer and sell those new RMCF Products and to participate in any RMCF local, regional and promotional programs, initiatives and campaigns adopted by us in which we require you to participate.

You may not offer or sell any products or services specified by us in any configuration, form or manner (including items for resale) other than that specifically approved by us. You may not market your Co-Branded Store or use the RMCF Marks on the Internet or in any other form of electronic communication.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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.

Rocky Mountain Chocolate Factory Amendment to Franchise Agreement

This table lists certain important provisions of the Amendment. You should read these provisions in the Amendment attached to this disclosure document.

Provision	Section in Amendment to Franchise Agreement	Summary
a. Length of the term	Opening paragraph	Remaining term of your franchise agreement.
b. Renewal or extension of the term	Opening paragraph	Renewal terms of your franchise agreement.
c. Requirements for you to renew or extend	Not Applicable	Not Applicable
d. Termination by you	Not Applicable	Not Applicable
e. Termination by us without Cause	19.3c	Immediately upon termination of the Master License Agreement
f. Termination by us with Cause	19.3a and 19.3b	See (g) and (h)
g. "Cause" defined–curable defaults	19.3a and 19.3b	Failure to maintain standards; unauthorized business or sale of unauthorized products; failure to obtain consent as required by Amendment; failure to comply with the RMCF Operating Manual; breach of related agreements; failure to pay RMCF for Factory Candy.
h. "Cause" defined-non-curable defaults	19.3	Abandonment of the sale of RMCF Products, misuse of the RMCF Marks; unauthorized disclosure of confidential information; unauthorized transfer of your Co-Branded Stores; termination of the Franchise Agreement; transfer of your Store without transfer of the RMCF rights.
i. Your obligations on termination /non-renewal	19.3e	Cease to identify as a Co-Branded Stores return RMCF Operating Manual; cease using any RMCF's proprietary information and the trade dress; Pay all amounts outstanding to us and our affiliates within 10 days.
j. Assignment of the contract by us	Not Applicable	Not Applicable
k. "Transfer" by you-definition	Not Applicable	Not Applicable
l. Our approval of transfer by you	Not Applicable	Not Applicable
m. Conditions for our approval of transfer	Not Applicable	Not Applicable
n. Our right of first refusal to acquire your business	Not Applicable	Not Applicable
o. Our option to purchase your business	Not Applicable	Not Applicable

Provision	Section in Amendment to Franchise Agreement	Summary
p. Your death or disability	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	19.6	You and your principals (and their immediate family members) may not own, operate, or have any relationship with, any business that is the same or similar, or offers products or services which are the same or similar, to a Cold Stone Creamery or a Rocky Mountain Chocolate Factory Store (collectively "Similar Business"), nor employ or seek to employ persons already employed by us or by any of our franchisees.
r. Non-competition covenants after the franchise is terminated or expires	19.6	You and your principals may not for a period of 1 year following the Amendment, own, operate, or have any relationship with, a Similar Business which is located (i) at the Co-Branded Stores premises; (ii) within a 10 mile radius of the Co-Branded Store premises; or (iii) within a 10 mile radius of any other store operated by us, RMCF, or any of our respective franchisees or affiliates at the time you signed the Franchise Agreement.
s. Modification of the agreement	Not Applicable	Not Applicable
t. Integration /merger clause	Not Applicable	Not Applicable
u. Dispute resolution by arbitration or mediation	Not applicable	Not Applicable
v. Choice of forum	Not Applicable	Not Applicable
w. Choice of law	Not Applicable	Not Applicable

Note: Section references are to the Amendment to Cold Stone Creamery Franchise Agreement for Co-Branded Store unless stated otherwise. This table must be read in conjunction with the table relating to the Franchise Agreement in this item. The Franchise Agreement provisions also are applicable and will apply to the sale of RMCF Products at your Co-Branded Store.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If

you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting John Wuycheck, Kahala Franchising, L.L.C., 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (480) 362-4800, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For years 2022 to 2024
(United States)

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised				
	2022	98	101	3
	2023	101	100	-1
	2024	100	105	5
Company - Owned				
	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets				
	2022	98	101	3
	2023	101	100	-1
	2024	100	105	5

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 to 2024

STATE	YEAR	NUMBER OF TRANSFERS
Arizona		
	2022	0
	2023	0
	2024	1
California		
	2022	0
	2023	2
	2024	0
Colorado		
	2022	1
	2023	1
	2024	0
Indiana		
	2022	2
	2023	3
	2024	0
Illinois		
	2022	0
	2023	1
	2024	0
Maryland		
	2022	0
	2023	1
	2024	0
New Jersey		
	2022	1
	2023	0
	2024	1
New York		
	2022	1
	2023	0
	2024	0
North Carolina		
	2022	0
	2023	0

	2024	1
Ohio		
	2022	0
	2023	2
	2024	0
Utah		
	2022	3
	2023	1
	2024	2
Virginia		
	2022	0
	2023	1
	2024	0
Wyoming		
	2022	0
	2023	0
	2024	1
Total	2022	8
	2023	12
	2024	6

Table No. 3

Status of Franchised Outlets
For years 2022 to 2024

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS - OTHER REASONS	OUTLETS AT END OF THE YEAR
Arizona								
	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	1	0	0	0	0	5
California								
	2022	10	0	0	0	0	0	10
	2023	10	0	0	0	0	1	9

	2024	9	0	0	0	0	0	9
Colorado								
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	1	0	0	0	0	7
Florida								
	2022	4	0	0	0	0	1	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Idaho								
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	1	1
Iowa								
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Illinois								
	2022	4	1	0	0	0	0	5
	2023	5	0	0	1	0	0	4
	2024	4	0	0	0	0	0	4
Indiana								
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	1	4
	2024	4	0	0	0	0	0	4
Kansas								
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	1	5
	2024	5	0	0	0	0	0	5
Kentucky								
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3

Maryland								
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Michigan								
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	1	0	0	0	0	5
Missouri								
	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Nebraska								
	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
	2024	5	0	0	0	0	0	5
New Jersey								
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
New York								
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
North Carolina								
	2022	4	0	0	0	0	1	3
	2023	3	1	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Ohio								
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6

Oregon								
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Tennessee								
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Texas								
	2022	2	2	0	0	0	0	4
	2023	4	1	0	0	0	0	5
	2024	5	3	0	0	0	0	8
Utah								
	2022	14	0	0	0	0	0	14
	2023	14	0	0	0	0	0	14
	2024	14	0	0	0	0	0	14
Virginia								
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
West Virginia								
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Wisconsin								
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Wyoming								
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1

Total								
	2022	98	5	0	0	0	2	101
	2023	101	3	0	1	0	3	100
	2024	100	6	0	0	0	1	105

Table No. 4

Status of Company Owned Outlets
For years 2022 to 2024

Col. 1 State	Col.2 Year	Col.3 Outlets at Start of Year	Col.4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
All States	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Totals	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table No. 5

Projected Openings As Of November 30, 2024

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
MT	1	0	0
TX	2	0	0
Total	3	0	0

We had ~~four~~ one Franchisee~~s~~ who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreements during the year ending November 30, ~~2023~~2024.

Franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business during the year ending November 30, ~~2023~~2024:

Company Name	Owner Names	Owner Cities	Owner States	Owner Phones
Temple Group, Inc.	Temple, Jeremiah; Temple, Kassie	Ammon	ID	2085223347

Franchisees who had an outlet transfer during the year ending November 30, ~~2023~~2024

Prior Company Name	Prior Franchisee Names	Prior Franchisee City	Prior Franchisee State	Prior Franchisee Phone
Cooler South Enterprises, LLC		Mills River	NC	828-215-6149
	David Medlock	Casper	WY	307-439-9995,307-554-6322
MACAG Flemington Partners LLC		Long Valley,Port Murray	NJ	908-246-7441,973-219-7920
The Sweet Place LLC		Kaysville,Ogden,Pocatello	ID,UT	208-401-5510,208-871-0266,208-871-1088,208-871-1188,801-446-0450
Glendale Desserts LLC		Glendale	AZ	602-570-1508,602-632-7542

We have not had any franchisees who have not communicated with us for the 10-week period before the date of this Disclosure Document. We had two franchisees who had their Franchise Agreements terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreements during the year ending November 30, ~~2023~~ 2024 for a store that never opened, and we had no franchisees that transferred their Franchise Agreements during the year ending November 30, ~~2023~~ 2024 for a store that was not yet open.

Franchisees who had their Franchise Agreements terminated during the year ending November 30, ~~2023~~ 2024 for a store that never opened during the year ending November 30, ~~2023~~2024

None

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. Some of our franchisees have signed confidentiality clauses during the last three fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the *Cold Stone Creamery* franchise system and the sale of RMCF Products in their stores. 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.

COLD STONE CREAMERY FRANCHISEES WHO SOLD RMCF PRODUCTS IN THEIR STORES
FRANCHISEE LIST - AS OF November 30, ~~2023~~2024

The name of the franchisee, store address and store telephone number of the open stores are listed below

Franchise Company	Owners	Address	City	State	Zip	Phone
Osborne Ventures LLC	Pamela Osborne,Jeff Osborne	9918 W Happy Valley Rd	Peoria	AZ	85383	6235661400
WOAH ARCADIA LLC	Robert Headley,Caitlin Headley	20022 N 67th Ave	Glendale	AZ	85308	6235669400
S&J Foods LLC	Jennifer Leon	1877 East Williams Field Rd., Suite 105	Gilbert	AZ	85295	480-307-6990
CPS ENTERPRISE LLC	Sunil.Annapureddy,Praveen.Pati,Chandan.Samireddy	1949 W Ray Rd	Chandler	AZ	85224	4804861909
Leon Creamery LLC	Luis.Leon,Adriana.Leon	17430 N Porter Rd	Maricopa	AZ	85138	5202171609
Crazy Cone Company LLC	Omedullah Hamedullah, Khalid Yarash,Mariyam Ahmadi	4705 Clairemont Dr	San Diego	CA	92117	8582705552
RAYN DRZR Corporation	Dilawar Khan,Rabia Khan	2686 Dublin Blvd	Dublin	CA	94568	9258751333
Gill Stone Inc	Jaskaran Singh,Navdip Kaur	1859 West 11th St	Tracy	CA	95376	2098327461
Nice Creams, Inc.	Yolanda Castro	2049 N Imperial Ave	El Centro	CA	92243	7603533633
Ahluwalia, Ranjit	Ranjit Ahluwalia	3401 Dale Rd	Modesto	CA	95356	2095791097
ILEC LLC	Ebru Savas Mustafa	708 Center Dr	San Marcos	CA	92069	7607474385
Benevedes, Inc.	Annette Benevedes	186 N 12th Ave	Hanford	CA	93230	5595839000
Scooper Trouper, Inc.	Syed Malik	1201 West Rancho Vista Blvd	Palmdale	CA	93551	6612742650
CALIFORNIA DESERT BUSINESS INVESTMENTS, LLC	Usman Aziz,Sarah.Aziz,Arshad Abid	6485 Adobe Road	Twentynine Palms	CA	92277	7603617777
Jimmy C., LLC	Kathryn Shepard,Jonathan	215 South Sligo Street	Cortez	CO	81321	9705652725

	Shepard					
KPOG, Inc	Kelli Turner,Jeremy (Petey) Helm	1087 South Hover Street	Longmont	CO	80501	3036825680
Niagara Investments Company, L.L.C.	Jeraldine Fitzgerald,Mike Fitzgerald,Tim Fitzgerald	8441 S Yosemite St	Lone Tree	CO	80124	3037088771
OM II Management Inc	Anjali Sarwal,Alok Sarwal	6300 E Hampden Ave	Denver	CO	80222	3037595454
We All Scream, LLC	Jeremy (Petey) Helm,Kelli Turner	14239 W Colfax Ave	Lakewood	CO	80401	3032159364
OM III Management, Inc.	Anjali Sarwal,Alok Sarwal	4906 N Tower Rd	Denver	CO	80249	7204751403
OM Management, Inc.	Anjali Sarwal,Alok Sarwal	14132 E Cedar Avenue	Aurora	CO	80012	
Dattani Creamery Inc.	Vijay.Dattani	8145 International Dr	Orlando	FL	32819	4074921880
Cold Creations LLC	Conrad Hauca	10710 State Road 54	New Port Richey	FL	34655	813-383-8510
DHC Ventures, LLC	Amber Davis,Joshua Davis	20 Homegrown Way	Yulee	FL	32097	9045486193
Tasty Treats, LLC	Andrew.Martin,Dawn.Martin	1631 SW Main Street, Suite 102	Ankeny	IA	50023	0000000000
Magic Stone Creamery, LLC	Kent Lee,Nancy Lee	799 Cheney Dr	Twin Falls	ID	83301	2087364656
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	2100 Troy Rd	Edwardsville	IL	62025	6186551480
DEV KUSH, INC	Raman Patel	7080 Mannheim Rd	Rosemont	IL	60018	8478246670
SSAS LLC	Anil Kondaveeti,Srimala Kantamneni	20330 N Deer Park Blvd	Deer Park	IL	60010	3122035118
Alaqmar, Inc.	Ahmed Zakiuddin,Yusuf Vajihuddin	1153 Brookforest Avenue	Shorewood	IL	60413	8156091893
Jolly Group Valpo, LLC	Michael Jorden,Candace Jorden	71 Silhavy Rd	Valparaiso	IN	46383	2194763430

Jolly Group, LLC	Michael Jorden,Candace Jorden	11 West 112th Ave	Crown Point	IN	46307	2196639010
AB Creamery LLC	Madeline Pinkston,Neil Pinkston	6401 E Lloyd Expy	Evansville	IN	47715	8124372653
M&N's Joy LLC	Jianliang Yu,Jing Yu	14550 Clay Terrace Blvd	Carmel	IN	46032	3175697170
Foods In The Ville, L.L.C.	Robert Hayes,Alan Rizza	1225 Moro St.	Manhattan	KS	66502	7855395336
Mission Investment Company	Allan Emerly	647 Massachusetts St	Lawrence	KS	66044	7858430990
Sonny & Boua Baccam, Inc.	Santhiphone Sonny Baccam,Boua Baccam	14941 W. 119th St.	Olathe	KS	66062	9137824815
Wessco Enterprises, Inc	Douglas Wessley,Rhonda Wessley	2441 N Maize Rd	Wichita	KS	67205	3167294245
Wessco Enterprises, Inc	Rhonda Wessley,Douglas Wessley	7325 W Taft St	Wichita	KS	67209	3168691823
Kamilia, LLC	Kami Tan,Eric Tan	2015 S. Hurstbourne Pkwy.	Louisville	KY	40220	5024997750
HamburgLex CSC LLC	Bhavesh Patel	2337 Sir Barton Way	Lexington	KY	40509	8592430694
Jai Shree Laxmi Inc.	Jalpa Patel,Hitesh Patel	3801 Mall Rd	Lexington	KY	40503	8592802264
Our Creamery Inc	Dilafroz Ahmed,Waliul Chowdhury,Zahir Mahmud,Arshad Khwaja	84 Main St	Gaithersburg	MD	20878	3015900009
PS & MS VENTURES LLC	Sambasivarao Bellam,Srinadh Chowdary.Kandru	10101 Twin Rivers Rd.	Columbia	MD	21044	513-375-8557
Dastani Enterprises, Inc.	Keikhosrow Dastani	2700 Campus Way North	Lanham	MD	20706	3013243888
California Creamery LLC	Syed Saif Ul Islam Shah	44980 St. Andrews Church Rd.	California	MD	20619	2402378296
Scoops & Apples, Inc.	Faizi Haque,Narmeen Haque	31961 Gratiot Avenue	Roseville	MI	48066	5862942013
G.W. Sweis Investments, LLC	Gassab Sweis	510 Monroe St	Detroit	MI	48226	3139642715

HLR Scoopers, LLC	James Melluish	6800 South Westnedge Avenue	Portage	MI	49002	2693274674
W.G. Sweis Investments, LLC	Gassab Sweis,William Sweis	16823 Kercheval Ave	Grosse Pointe	MI	48230	3138864020
Sweis, W. & Sweis, G	William Sweis,Gassab Sweis	25217 Evergreen Rd	Southfield	MI	48075	2487284546
Scott, Omer Buddy	Omer Scott	610 Wildwood Drive	Jefferson City	MO	65109	5736362653
Garrett, Elizabeth	Elizabeth Garrett	12418 Olive Blvd	Creve Coeur	MO	63141	3145763945
MJM Enterprise Company LLC	Satyan Bakhai,Satyan Bakhai	9300 NE 83rd Terrace	Kansas City	MO	64158	8167364015
MJM Enterprise Company LLC	Satyan Bakhai	8600 Ward Parkway	Kansas City	MO	64114	8168771849
J&A Creamery North, LLC	Amber Kenney	30 Town Square Blvd.	Asheville	NC	28803	8286503013
Rock and Ricky LLC	Ricky Garcia	11088 US Highway 15/501	Aberdeen	NC	28315	9106929440
TRACKS Investments, LLC	Sheryl Shoaf,Rodney Shoaf	1626 Highwoods Blvd	Greensboro	NC	27410	3362920321
Yousef, Muhammad	Muhammad Masood Yousef	6911 Fayetteville Rd	Durham	NC	27713	9192518087
WILLIAMS A LA MODE, INC.	Shawn Williams,Cindy Williams	3220 Farnam St	Omaha	NE	68131	4023591719
WILLIAMS A LA MODE, INC.	Shawn Williams,Cynthia.Williams	12746 Westport Parkway	La Vista	NE	68138	4029052897
WILLIAMS A LA MODE, INC.	Shawn Williams,Cindy Williams	17304 Davenport St	Omaha	NE	68118	4025054192
WILLIAMS A LA MODE, INC.	Shawn Williams,Cynthia.Williams	2110 S 67th St	Omaha	NE	68106	5314667619
WILLIAMS A LA MODE, INC.	Shawn Williams,Cynthia.Williams	21209 Nebraska Crossing Dr	Gretna	NE	68028	4023320331
Silver Scoop Chocolate LLC	Nishantha Vithana,Shermila Vithana	1930 State Route 57	Hackettstown	NJ	07840	9088509901
Fun Rockaway, Inc.	Gayan Ondaatjie	321 Mount Hope Ave	Rockaway	NJ	07866	9735378200
SILVER SCOOP FLEMINGTON L.L.C.	Nishantha Vithana,Shermila Vithana	325 US Highway 202	Flemington	NJ	08822	9087880770
CSC Webster LLC	Allan (Lanny) Auchter	1028 Ridge Road	Webster	NY	14580	5856456445

Zileli LLC	Feridun Zilelioglu	64 Washington Ave	Pleasantville	NY	10570	9144094959
Khalid and Sons Ltd.	Syed Khalid,Syed Yawar Khalid	80 Route 6	Somers	NY	10505	9146210201
MMM786 Creamery Corp	Akm Masud Hasan,Mustaque Ahmed,Mohammed Ali Razai	1475 Western Ave	Albany	NY	12203	5185424316
Midwest Creamery LLC	Faisal Hemani	3700 Rigby Road	Miamisburg	OH	45342	9372475658
Marsella LLC	James Markino,Michael Biasella	48 Park Lane	Hudson	OH	44236	3306552990
KAT ENTERPRISES, LLC	Andrea Watros,Kathryn Harr	1718 Hill Road North	Pickerington	OH	43147-8880	6148689801
Marsella LLC	James Markino,Michael Biasella	4966 Portage St NW	North Canton	OH	44720	3304943600
MasterMind Tech, LLC	Sneham Bika Sanem,Divya Ravula	7038 Hospital Drive	Dublin	OH	43016	6147180333
Marsella LLC	James Markino,Michael Biasella	3900 Medina Rd	Fairlawn	OH	44333	3306654466
Twin Scoop, L.L.C.	Rick Cruz,Rob Cruz	2227 NW 185th Ave	Hillsboro	OR	97124	5036458959
Sweet Dreams, LLC	Rita McCay	100 Chestnut Street	Chattanooga	TN	37402	4232670888
D&P Ice Cream, L.L.C.	Paul Deininger,Debbie Deininger	17503 La Cantera Pkwy	San Antonio	TX	78257	2105612776
Martha Robbins and David De La Paz	Martha.Robbins,David.De-La-Paz	620 US Hwy 287 N Frontage Rd	Mansfield	TX	76063	972-921-1122
V&L Creamery, LLC	Lorena Vidaurri,Victor Vidaurri	7406 SW 34th Ave	Amarillo	TX	79121	8068030493
Acharya, Daxesh & Swati	Daxesh.Acharya,Swati Acharya	1750 N Loop 1604 E	San Antonio	TX	78232	2104449801
Shri Modheshwari-Allen, Inc.	Ratnakar Mody,Kamlesh Hiralal Modi,Ankita Mehta	190 E Stacy Road	Allen	TX	75002	9723438245
V&L Creamery, LLC	Victor Vidaurri,Lorena Vidaurri	2333 South Georgia Street	Amarillo	TX	79109	8063318032
DAWNTODUSK COFFEE LLC	Vijayabalan. Babu,Chitra. Babu	3259 Preston Rd	Frisco	TX	75034	9722945440

Aslma, K. & Kashif Q.	Kashif.Aslam ,Qurat.Kashif	11575 S Texas 6	Sugar Land	TX	77498	8329994739
The Sweet Place LLC	Bart Place,Jolyn Place,Chase Place,Audra Place,Dalton Place	936 North Main Street	Layton	UT	84041	8014440701
Red Emerald Equity LLC	Donald Webb,Tamara Webb,Mark. Hatch,Erroly n.Hatch	456 E State Rd	American Fork	UT	84003	8017637540
GOBOGH, Inc.	DeWayne Glazier,Jared Glazier	3781 West Center Park Drive	West Jordan	UT	84084	8016734404
Stone Cold Confections-Logan, LC	Eldon Haacke,Josh Christensen	1400 N 505 E	Logan	UT	84341	4357533339
Chicago Scoops, LLC	Kyle Welch,Jonat han Shulkin,Tim Watkins,Anto nio Gracias	1197 N Main St	Tooele	UT	84074	4352280120
RBC Ice Cream, LLC	Robin Christensen, Becky Christensen	1191 E Main St	Price	UT	84501	4356132653
Chicago Scoops, LLC	Antonio Gracias,Kyle Welch,Jonat han Shulkin,Tim Watkins	320 N Main St	Spanish Fork	UT	84660	3126831900
Price, Lane & Jana Jenson	Lane A. Price,Jana Jenson-Price	273 W 500 S	Bountiful	UT	84010	8019162220
WEBB GROUP I, LLC	Donald Webb,Tamara Webb,Brittan y Moreno,Raul Moreno	1376 North Redwood Rd	Saratoga Springs	UT	84045	8013418470
TLDP Ventures LLC	Terry Walker	10493 S Redwood Rd	South Jordan	UT	84095	8014461095
The Treat Tree LLC	Connor Stewart	175 25th St	Ogden	UT	84401	3853334731
The Sweet Place LLC	Bart Place,Jolyn Place,Chase Place,Audra Place,Dalton Place	1917 W 1800 N	Clinton	UT	84015	3853937071
Glazier, Jared	Jared Glazier	5287 South State Street	Murray	UT	84107	8012700801

JAGONeil LLC	Judith O Neil	1820 West Highway 40	Vernal	UT	84078	4357816349
SJ SCOOPS LLC	Romil Mehta,Dharikkumar Patel	9982 Brook Rd	Glen Allen	VA	23059-6501	8042625490
Chicago Scoops, LLC	Antonio Gracias,Jonathan Shulkin,Kyle Welch,Tim Watkins	1005 Pearson Drive	Hudson	WI	54016	7153819899
Beasley Enterprises LLC	Daniel Beasley,Nathanial Beasley	10 Pullman Square	Huntington	WV	25701	6812045945
T.L.C. Creamery LLC	Jill Medlock	939 E 2nd St	Casper	WY	82601	3072373960

Cold Stone Creamery Franchisees who have signed Franchise Agreements
and the Amendment to sell RMCF Products in their store
but whose stores were not yet open as of November 30, ~~2023~~2024

Franchise Company	Owners	Address	City	State	Zip	Phone or Email
Kamlesh Modi and Jagruti Modi	Kamlesh Hiralal Modi,Jagruti Kamlesh Modi	TBD	Plano	TX		972-276-0008
Husted, Daniel & Marlena	Daniel.Husted,Marlena.Husted	211 Town Center Ave	Big Sky	MT	59716	7722339680
Mehta, Ankita et. al.	Ankita Mehta,Dharmesh.Mehta,Hetal.Bhatt,Ridham.Bhatt,Kamlesh Hiralal Modi,Jagruti Kamlesh Modi,Ratnakar Mody,Lalitaben Mody		The Colony	TX		anki_5226@hotmail.com,sarjoo1976@hotmail.com,hkmodi85@gmail.com,bhattridham@gmail.com,coldstone2108@gmail.com

~~* Note: Where no store city, state, or phone number was available, the Franchisee's city, state, and office telephone number (or home telephone number if no office telephone number is available) or email address is listed above.~~

ATTACHMENT 1
TO EXHIBIT H-1 OF FRANCHISE DISCLOSURE DOCUMENT

Rocky Mountain Chocolate Factory / CSC
Operations Manual

ROCKY MOUNTAIN CHOCOLATE FACTORY / CSC
OPERATIONS MANUAL

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ATTACHMENT 2
TO EXHIBIT H-1 OF FRANCHISE DISCLOSURE DOCUMENT

Amendment to Cold Stone Creamery Franchise Agreement

[FIRST] AMENDMENT TO FRANCHISE AGREEMENT
[to add Rocky Mountain Chocolate Factory products]

This [FIRST] AMENDMENT TO FRANCHISE AGREEMENT ("[First] Amendment") dated _____ ___, 20____ ("[First] Amendment Effective Date"), to the Franchise Agreement dated _____ ___, 20___ (collectively the "Agreement"), for the *Cold Stone Creamery*® location at _____ ("Location") by and between Kahala Franchising, L.L.C., an Arizona limited liability company ("Franchisor") and _____ ("Franchisee"), is entered into by such parties to amend the Agreement as set forth in this [First] Amendment. To the extent this [First] Amendment contains terms and conditions that differ from those contained in the Agreement, this [First] Amendment shall control. The parties agree that a concept or principle covered in this [First] Amendment shall apply and be incorporated into all other provisions of the Agreement 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 [First] Amendment will have the same meanings ascribed to such terms in the Agreement.

1. The following **Article 19**, "**Rocky Mountain Chocolate Factory® License: Terms and Conditions**," is hereby added to the Agreement immediately following the end of **Article 18**, "**Submission of Agreement**":

ARTICLE 19. ROCKY MOUNTAIN CHOCOLATE FACTORY® LICENSE; TERMS AND CONDITIONS

19.1 Right to Offer and Sell Rocky Mountain Chocolate Factory Products.

a. Grant of *RMCF* Rights. We hereby authorize you to offer and sell the approved *Rocky Mountain Chocolate Factory* ("*RMCF*") gourmet chocolates and confections (individually and collectively, "*RMCF* Products"), as provided in writing from time to time during the Term by us or Rocky Mountain Chocolate Factory, Inc. ("RMCF Inc."), the franchisor of the *RMCF* brand. The *RMCF* Products shall only be offered and sold in compliance with the trademarks and methods of RMCF Inc. (collectively, "*RMCF* System"). All rights hereby granted to you under this *Article 19* and in connection with your right to use the *RMCF* System shall hereinafter be referred to as the "*RMCF* Rights."

b. *RMCF* Trademarks. The *RMCF* trademarks, service marks, trade names, and trade dress approved for your use under this Agreement, as may be amended from time to time by RMCF Inc., are listed in Attachment "A," attached hereto and incorporated herein by reference (individually and collectively, "*RMCF Trademarks*"). All *RMCF* Trademarks used in connection with the *RMCF* Products and *RMCF* System are and shall remain the sole property of RMCF Inc. and any and all goodwill associated with and identified by your use of the *RMCF* Trademarks will inure directly and exclusively to the benefit of RMCF Inc. We hereby grant you a non-exclusive, non-transferable sublicense to use the *RMCF* Trademarks solely as authorized by this Agreement and in compliance with the terms of the Master License Agreement entered into by our affiliate, as ultimately assigned to us, and RMCF Inc., dated August 17, 2009, as amended

("*RMCF* Master License Agreement"). You hereby assign all proprietary rights, including copyrights, in works created by you or on your behalf or any of your owners, officers, employees, contractors or agents in connection with the use of the *RMCF* System to RMCF Inc. without additional consideration. You hereby assign and will execute such additional assignments or documentation to effectuate the assignment of all intellectual property, inventions, copyrights and trade secrets developed, in whole or in part, in relation to the *RMCF* System during the Term, as we or RMCF Inc. may deem necessary, to enable RMCF Inc., at its expense, to apply for, prosecute and obtain copyrights, patents or other proprietary rights in the United States and in foreign countries or to transfer to RMCF Inc. all right, title, and interest in said property. You will promptly disclose to us and RMCF Inc. all inventions, discoveries, improvements, recipes, creations, patents, copyrights, trademarks and confidential information relating to the *RMCF* System which you or any of your owners, officers, employees, contractors or agents have made or may make solely, jointly or commonly with others, and will promptly create a written record of the same. In addition to the foregoing, you acknowledge and agree that any improvements or modifications, whether copyrightable, directly related to the sale of *RMCF* Products will be deemed to be a part of the *RMCF* System and will inure to the benefit of RMCF Inc.

c. *RMCF* Operations. You acknowledge the layout, design, decoration, color scheme, signage, and equipment associated with the *RMCF* System is an integral part thereof. Accordingly:

1. You will convert, design and decorate a portion of the Location as specified by us for use in the sale of *RMCF* Products and in accordance with the plans and specifications which are contained in the confidential *RMCF* operating manual provided to you by either us or RMCF Inc., which also contains standards, specifications, policies and other directives and information relevant to the *RMCF* System, as may be amended by from time to time by RMCF Inc. ("*RMCF* Operating Manual"). Prior to any implementation or construction of such *RMCF* designs, you must receive our and our third party approved architect's approval of the *RMCF* design plans. You may, in our sole discretion, be charged a fee of One Thousand Seven Hundred Dollars ($1,700) for such review and approval, in addition to any fee charged for the review of the Plans for the Franchised Business. You acknowledge that such approval is solely for complying with the *RMCF* System, and not for determining compliance with codes, ordinances or other legal requirements. You are solely responsible for ensuring that the Location, including the *RMCF* design plans, conform to all codes, ordinances and other legal requirements, including the ADA. Upon completion of all approvals, a copy of the final approved store design plans shall be attached to and incorporated in this Agreement as Attachment "B."

2. You must acquire for use at the Location all signage and other items that display the *RMCF* Trademarks and ensure compliance with the *RMCF* standards and specifications that are contained in the *RMCF* Operating Manual. It is your sole responsibility to ensure that any signs used at the Location also comply with applicable local ordinances, building

codes and zoning regulations. Any modifications to the standards and specifications for *RMCF* signs that must be made due to local ordinances, codes or regulations must be submitted to us for submission to RMCF Inc. for prior written approval. You acknowledge the *RMCF* Trademarks, or any other name, symbol or identifying marks on any signs associated with the *RMCF* System, may only be used in accordance with standards and specifications set forth in this Agreement and only with the prior written approval of RMCF Inc.

3. You must acquire for use at the Location the equipment of a type and in an amount which complies with the *RMCF* System. You acknowledge that the type, quality, configuration, capability and performance of the equipment are all standards and specifications which are a part of the *RMCF* System and therefore such equipment must be purchased, leased, or otherwise obtained in accordance with RMCF Inc.'s standards and specifications and only from suppliers or other sources approved by RMCF Inc.

4. We will determine the initial inventory of *RMCF* Products and *RMCF* equipment that you will purchase from RMCF Inc. or its designated or approved suppliers to be used, offered and sold in connection with the Franchised Business. You agree to offer such *RMCF* Products as we shall designate and you shall not offer any products or services under the *RMCF* Trademarks not previously approved by us in writing. Depending on several factors, which include the size and configuration of your Location, we may permit you to manufacture certain confections, *RMCF* Products, and cooking supplies on-site at your Location using RMCF Inc.'s proprietary recipes (individually and collectively, "Store Candy") and we may require that you purchase certain confections, *RMCF* Products, and cooking supplies manufactured by RMCF Inc. in its factory (individually and collectively, "Factory Candy"). A franchised business permitted by us to manufacture a full line of Store Candy, including dipping caramel, is referred to as a "Full *RMCF* Store." A franchised business which is permitted by us to manufacture a more limited amount of Store Candy is referred to as "Traditional *RMCF* Stores."

5. RMCF Inc. reserves the right to change the price for Factory Candy and related products from time to time as may be set forth in the most recent price bulletin sent to all franchisees or the then-current *RMCF* Operating Manual. With respect to the offer and sale of all *RMCF* menu items, *RMCF* Products and *RMCF* services, you are free to set your own resale prices, provided that we may, where allowed by applicable law, establish maximum resale prices that may be charged based on an analysis of the market and to facilitate advertising and competitive strategies.

6. You shall obtain all permits and certifications as may be required to lawfully sell *RMCF* Products, together with all certifications from government authorities having jurisdiction over the Location. You must certify to us before commencing the sale of *RMCF* Products that all requirements for construction and operation have been met, including zoning, access, sign, health, safety requirements, building and other

required construction permits, licenses to do business and fictitious name registrations, sales tax permits, health and sanitation permits and ratings and fire clearances.

7. You shall be responsible for the cost of obtaining all governmental construction permits, certifications, and licenses necessary to lawfully sell *RMCF* Products, and must, at your expense, comply with all laws, zoning ordinances, rules and regulations of any governmental agencies that may govern the construction of or modifications to the Location for the sale of *RMCF* Products. You agree to allow our authorized representatives, at any and all times while construction is in progress, to meet with the licensed architect and general contractor and enter the Location for this purpose. If we determine in good faith that the provisions of this *Section 19.1c7* are not being observed, you will, at your expense, immediately take all necessary corrective action.

d. Your *RMCF* Representations and Warranties. You represent and warrant that the following statements are true and complete in regards to your *RMCF* operations:

1. You do not seek to obtain the *RMCF* Rights for speculative or investment purposes and have no present intention to sell or transfer, or attempt to sell or transfer, its *RMCF* Rights.

2. You understand and acknowledge the value to the *RMCF* brand of uniform and ethical standards of quality, appearance and service described in and required by the *RMCF* Operating Manual and the necessity of operating the Location under the standards set forth in the *RMCF* Operating Manual. You represent that you have the capabilities, professionally, financially and otherwise, to comply with our standards and the standards of RMCF Inc.

3. You have read and understand the information and disclosures made in the *RMCF* Disclosure Document provided to you by us or RMCF Inc. You understand and acknowledge that estimates for initial startup expenses are estimates only. You understand that there can be and likely will be additional start-up expenses. You have had the opportunity to and have consulted or elected not to consult with your attorney and accountant and business advisors before entering into this Agreement.

4. You understand and acknowledge that you may make money and may lose money and are entering this *RMCF* business venture with this express understanding. You are not relying upon anything which is not contained within this Agreement or any related Disclosure Document in determining and deciding to sell *RMCF* Products.

5. Notwithstanding the foregoing, you understand and agree that the *RMCF* System must not remain static if it is to meet (without limitation) presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, social trends and other market place variables, and if it is to best serve the interests of

the *RMCF* brand, you and all other *RMCF* franchisees. Accordingly, you expressly understand and agree that RMCF Inc. may from time to time change the components of the *RMCF* System, including altering the products, programs, services, methods, standards, forms, policies and procedures of that *RMCF* System; abandoning the *RMCF* System altogether in favor of another system in connection with a merger, acquisition or other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which under *Article 19* you are authorized or required to offer, modifying or substituting entirely the *RMCF* System, including the *RMCF* equipment, signage, trade dress, décor, color schemes, and other specifications and all other unit constructions, design, appearance and operation attributes which you are required to observe under this Agreement; and, abandoning, changing, improving, modifying or substituting the *RMCF* Trademarks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations. You shall accept, use and effectuate any such changes or modifications to, or substitution of, the *RMCF* System as if they were part of the *RMCF* System at the time that this Agreement was executed. Except as provided herein, neither we nor RMCF Inc. shall be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby.

6. You represent that neither you nor any of your affiliates, officers, directors, managers, members, or partners (as applicable) or funding sources are subject to U.S. Executive Order 13224, identified on the U.S. Department of the Treasury's Office of Foreign Assets Control Specially Designated National and Blocked Persons list, or any terrorist list or other blocked persons list. In addition, you represent that you have not received funding from nor are you owned, controlled, or acting on behalf of the government of any country that is subject to an embargo by the United States, any foreign government official, political party or international organization, and that no foreign government or government official, political party or international organization has any financial interest in your *RMCF* Rights or any monies earned by your exercise of the *RMCF* Rights.

7. You, or any member of your immediate family in the case of an individual, are not currently and will not at any time in the future be engaged in, or participate as an owner, officer, partner, director, agent, employee, shareholder, member, manager, or otherwise in any other *RMCF* Competitive Business without having first obtained RMCF Inc.'s written consent. For the purposes of this *Article 19*, "*RMCF* Competitive Business" means any business operating, or granting franchises or licenses to others to operate, a retail, wholesale, distribution or manufacturing business with either of the following attributes: (i) a business deriving a total of ten percent (10%) or more of its gross receipts from the sale, processing or manufacturing of one or a combination of any of the following: boxed chocolate candies, products which are the same as or substantially similar to candy made by you at the Location, or products made with recipes, or processes, included in the *RMCF* Operating Manual; or (ii) a business devoting a total of ten percent (10%) or more of its retail display space to one or a combination of the following: boxed chocolate candies, products

which are the same as or substantially similar to candy made by you at the Location, or products made with recipes, or processes, included in the *RMCF* Operating Manual.

e. *RMCF* Training. You, or if you are an entity then the natural person designated by you to assume primary responsibility for the management of the Franchised Business ("General Manager"), are required to attend and successfully complete an initial training program for the sale of *RMCF* Products as offered by RMCF Inc., or by authorized employees or representatives of ours who have been approved to conduct *RMCF* Product training ("*RMCF* Initial Training"). The *RMCF* Initial Training will consist of classroom and on-the-job training, lasting approximately thirty (30) hours (plus an additional seven (7) days if you transition to a Full *RMCF* Store), and will be held in Durango, Colorado, or such other location as designated by us or *RMCF* Inc. You may, at your option, send one (1) additional person to the *RMCF* Initial Training. The *RMCF* Initial Training program will be provided without charge of a tuition or fee; however, you will be responsible for any and all travel and living expenses incurred in connection with attendance at the *RMCF* Initial Training. You must successfully complete the *RMCF* Initial Training before you will be permitted to sell *RMCF* Products or to exercise any of its other *RMCF* Rights. You acknowledge that adequate knowledge regarding the *RMCF* brand is essential to the promotion of the *RMCF* System. Based upon your prior experience in the food service industry and subject to RMCF Inc.'s approval, your requirement to attend the *RMCF* Initial Training may be waived by us or RMCF Inc.

f. *RMCF* Non-Disparagement. You will not take any action or make any statements to any third parties that would constitute a criticism, denigration or disparagement of RMCF Inc. or us, of either of our employees, representatives or agents, or the *RMCF* System, or that would tend to be injurious to the reputation or goodwill of RMCF Inc. or us, or either of our respective employees, representatives or agents, or the *RMCF* System, or which may interfere in any manner with our or RMCF Inc.'s business affairs or business relations, or either of our respective employees, representatives or agents.

g. Reservation of Rights. You acknowledge that the *RMCF* Rights granted herein are non-exclusive and that, pursuant to the *RMCF* Master License Agreement, RMCF Inc. retains the rights, among others: (1) to use, and to license others to use, the *RMCF* System for the operation of *RMCF* stores, kiosk stores, satellite stores, temporary stores and other co-branded stores, at any location other than at the Location; (2) to use the *RMCF* System to identify services and products, promotional and marketing efforts or related items, and to identify products and services similar to or the same as those which you will sell, but made available through alternative channels of distribution other than through traditional *RMCF* stores, at any location other than at the Location, including through satellite stores, temporary stores, kiosk stores, other co-branded stores, by way of mail order, (including electronic mail order), the Internet, catalog, telemarketing, other direct marketing methods, television, retail store display or through the wholesale sale of its products to unrelated retail

outlets or to candy distributors or outlets located in stadiums, arenas, airports, turnpike rest stops or supermarkets; and (3) to use and license the use of other proprietary marks or methods in connection with the sale of products and services similar to those which you will sell or in connection with the operation of retail stores selling chocolate and other products, at any location other than at the Location, which stores are the same as, or similar to, or different from a traditional *RMCF* store or a satellite store, a temporary store, a co-branded store or a kiosk store, on any terms and conditions as RMCF Inc. deems advisable, and without granting you any rights therein.

19.2 Rocky Mountain Chocolate Factory Fees.

a. Initial *RMCF* License Fee. You shall pay to us an Initial *RMCF* License Fee in the amount of Six Thousand Dollars ($6,000) [IF GRANTED THE RIGHTS TO A TRADITIONAL *RMCF* STORE; OR "Twenty Four Thousand Five Hundred Dollars ("$24,500)" IF GRANTED THE RIGHTS TO A FULL *RMCF* STORE] ("*RMCF* License Fee"). The *RMCF* License Fee is in addition to the Initial Franchise Fee for the Franchised Business as set forth in *Section 5.1*, and will be due and payable by you to us by cashier's check, wire transfer or other form of immediately available funds acceptable to us, upon your execution of the First Amendment to Franchise Agreement, subjection to *Section 19.2a1*. You and we agree that our grant of the *RMCF* Rights and your payment of the *RMCF* License Fee does not give you any rights with respect to other franchises or licenses, if any, as we in our sole discretion may elect to make available in the future. The *RMCF* License Fee will be fully earned by us upon the [First] Amendment Effective Date and will be nonrefundable.

1. If you are initially granted the rights to a Traditional *RMCF* Store and are later granted the rights to a Full *RMCF* Store, the remaining balance amount of the *RMCF* License Fee due pursuant to *Section 19.2a*, raising the total *RMCF* License Fee due to Twenty-Four Thousand Five Hundred Dollars ($24,500), will be payable by you to us upon your execution of an amendment granting you the additional rights to become a Full *RMCF* Store.

b. *RMCF* Royalties. For the period of time commencing on the later of the date that you sign the [First] Amendment to Franchise Agreement or the date you begin to sell *RMCF* Product to the public, and for the duration of the Term, you must pay to us a weekly royalty fee equal to nine percent (9%) of total *RMCF* Gross Sales (as defined below) ("*RMCF* Royalty Fee"). This *RMCF* Royalty Fee is in addition to the Royalty Fee set forth in *Section 5.2*. During a temporary closure of your Franchised Business, if any, and as set forth in *Section 5.2*, you are not required to pay the *RMCF* Royalty Fee.

c. *RMCF* Transfer Fee. A transfer fee of Two Thousand Five Hundred Dollars ($2,500) ("*RMCF* Transfer Fee") is payable to us when you sell the rights granted you under this *Article 19*. This *RMCF* Transfer Fee is in addition to the Transfer Fee set forth in *Section 5.13*.

d. *RMCF* Gross Sales. For the purpose of this *Article 19*, "*RMCF* Gross Sales" means all sales, money or things of value, received or receivable, directly or indirectly, by you on account of the sale of *RMCF* Products, less applicable sales taxes and any documented refunds, credits and allowances given by you to customers in accordance with the *RMCF* Operating Manual, but without deducting any of your costs and expenses. All sales made from catering services of *RMCF* Product must be included in *RMCF* Gross Sales.

e. *RMCF* Reporting. You are required to report *RMCF* Gross Sales to our designated accounting office via the Internet at http://franchisee.kahalamgmt.com, as set forth by us, by the close of business on each Tuesday for the week ending the preceding Tuesday, commencing on the [First] Amendment Effective Date and continuing through the Term. The *RMCF* Gross Sales reports shall detail the *RMCF* Gross Sales derived from the sale of *RMCF* Products separately from the Gross Sales as set forth in *Section 5.2*. You acknowledge and agree that we may share all *RMCF* Gross Sales reports with RMCF Inc.

f. *RMCF* Payment Terms. Payment of *RMCF* Royalty Fees and all other fees due to us under this *Article 19* shall be made in the same manner as payments required under *Article 5*. This includes:

1. Your requirement to make payments via electronic transfer of funds;

2. Our right to debit your Depository Account at any time upon notice to you for any amounts owed by you or your affiliates under any agreement by and between you or any of your affiliates and us or any of our affiliates;

3. Our right to charge you interest accruing on late payments (from the date payment is due until the date it is paid) at an interest rate of eighteen percent (18%) per annum, which amount, plus a late charge of five percent (5%) of the unpaid amount or One Hundred Dollars ($100), whichever is greater, shall be added to each late payment; and

4. Our right to inspect and audit, or cause to be inspected and audited, the business records, cash control devices, bookkeeping and accounting records, sales and income tax records and returns and other records of the Franchised Business and your entity's books and records as they relate to the *RMCF* System.

19.3 Rocky Mountain Chocolate Factory Default; Termination.

a. Termination by Us - Effective upon Notice. We have the right, in our sole discretion, to terminate any and all of your *RMCF* Rights without affording you any opportunity to cure (subject only to any termination pre-requisites in any state franchise law whose applicability, as a matter of law supersedes the choice-of-law provision set forth in this Agreement), and such termination will be effective upon your receipt of written notice upon

the occurrence of any of the following events:

1. Abandonment. If you cease to sell *RMCF* Products for a period of five (5) consecutive days, or any shorter period that indicates an intent by you to discontinue sale of the *RMCF* Products, unless and only to the extent that full operation of the Franchised Business is suspended or terminated due to fire, flood, earthquake or other similar causes beyond your control and not related to the availability of funds to you;

2. Misuse of *RMCF* Trademarks. If, within ten (10) days after notification from us, you fail, with respect to the *RMCF* Trademarks, either to correct any misuse, or to follow our or RMCF Inc.'s directions and guidelines concerning proper use;

3. Unauthorized Disclosure. If you intentionally or negligently disclose to any unauthorized person the contents of or any part of the *RMCF* Operating Manual or any other trade secrets or confidential information related to the *RMCF* System;

4. Unauthorized Transfer. If you sell, transfer or otherwise assign the *RMCF* Rights, or attempt to transfer *RMCF* Rights in any manner not in full compliance with the transfer provisions set forth in this Agreement, and such transfer is not part of the simultaneous transfer of this Agreement. You specifically understand and agree that this *Article 19* is indivisible from this Agreement, and may not be transferred, except as part of an approved transfer of this Agreement.

5. Failure to Pay. If you fail to pay RMCF Inc. for purchases of *RMCF* Products and other items on a timely basis, and that failure has not been cured within thirty (30) days after we or RMCF Inc. have provided notice of such failure to you.

b. Termination by Us - Effective upon Thirty (30) Days' Notice. We have the right to terminate your *RMCF* Rights (subject only to any termination pre-requisites in any state franchise law whose applicability, as a matter of law supersedes the choice-of-law provision set forth in this Agreement), effective upon thirty (30) days' written notice to you, if you breach any provision of this *Article 19* other than those listed in *Section 19.3a* and fail to cure the default during such thirty (30) day period. In that event, your *RMCF* Rights will terminate without further notice to you, effective upon expiration of the thirty (30) day period. Defaults include the following:

1. Failure to Maintain Standards. You fail to maintain the then-current operating procedures and adhere to the specifications and standards established by the *RMCF* Operating Manual or otherwise communicated to you;

2. Deceptive Practices. You engage in any unauthorized business or practice or sell any unauthorized product or service under the *RMCF* Trademarks or under a name or mark which is confusingly similar to the *RMCF* Trademarks;

3. Failure to Obtain Consent. You fail, refuse or neglect to obtain our or RMCF Inc.'s prior written approval or consent as required; or

4. Failure to Comply with the *RMCF* Operating Manual. You fail or refuse to comply with the then-current requirements of the *RMCF* Operating Manual.

Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such thirty (30) day period and you have commenced and are continuing to make good faith efforts to cure the breach during such thirty (30) day period, as determined in our sole discretion, then you may be given an additional reasonable period of time to cure the same, and the *RMCF* Rights will not automatically terminate without written notice from us.

c. Termination of *RMCF* Master License Agreement. You acknowledge that the *RMCF* Rights are granted pursuant to, and remain conditional upon, the continued existence of the *RMCF* Master License Agreement. The *RMCF* Rights will automatically terminate upon the expiration or termination of the *RMCF* Master License Agreement, regardless of the cause of such termination and neither we nor RMCF Inc. shall have any further liability or obligation to you arising from or in connection with the termination or this *Article 19*. Upon termination of the *RMCF* Rights, you may, at your own expense, be required to return the Location to the condition reasonably similar to those prior to the renovations made pursuant to *Section 19.1*.

d. Scope of *RMCF* Rights Termination. At your option, a termination of the *RMCF* Rights may relate *solely* to your rights and obligations with respect to the *RMCF* System and shall not affect the validity or ongoing enforceability of the remainder of this Agreement, including your rights in connection with the *Cold Stone Creamery* brand. Termination of the RMCF Rights for any reason does not release you or us from the respective obligations under any other section of this Agreement or any other agreement, including any lease or promissory note, between the parties.

e. Your Obligations upon Termination of the *RMCF* Rights. You are obligated upon termination of your RMCF Rights to immediately:

1. Cease use of and remove all *RMCF* Trademarks, including signs, symbols, devices, trade names, trademarks or other materials;

2. Renovate, paint or otherwise change the interior and exterior of the Location to remove any trade dress or other leasehold improvements, equipment, fixtures, candy cases and other items that identify with the *RMCF* System;

3. Deliver to us, or our designee, all items of inventory that bear *RMCF* Trademarks, including packaged chocolates, confections, signs, sign-faces, advertising materials, forms and other materials;

4. Deliver to us, or our designee, the *RMCF* Operating Manual and all other information, documents and copies thereof associated with the *RMCF* System;

5. Promptly take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any *RMCF* Trademarks which are under the exclusive control of RMCF Inc. or, at the option of RMCF Inc., assign the same to the RMCF Inc.;

6. If applicable, notify all telephone directory publishers of the termination or expiration of your right to use any regular, classified or other telephone directory listings associated with any *RMCF* Trademarks and to authorize transfer thereof to RMCF Inc., or its designee. You acknowledge that, as between you and us, we have the sole rights to and interest in all directory listings associated with any *RMCF* Trademark. You authorize us, and hereby appoint us and any of our officers, as your attorney-in-fact, to direct the telephone directory publishers to transfer to us or our designee or cancel any directory listings relating to the Location. Should you fail or refuse to do so, you understand and agree that the telephone directory publishers may accept a copy of this *Article 19* as conclusive evidence of our exclusive rights in such directory listings and our authority to direct their transfer or cancellation;

7. Sign a general release, in a form satisfactory to us, of any and all claims against us, RMCF Inc., and each of our affiliates and each respective officer, director, employee and agent; and

8. If applicable, take such action as may be required to remove from the Internet all sites referring to your former association with the *RMCF* System and to cancel or assign to us or our designee, in our sole discretion, all rights to any domain names for any sites on the Internet that refer to any such association.

19.4 Rocky Mountain Chocolate Factory Indemnification.

a. Indemnification of RMCF Inc. and Us. You agree to indemnify, defend, and hold RMCF Inc., us and each of our respective affiliates (including parent and subsidiary companies), and its stockholders, directors, officers, members, managers, partners, joint venturers, attorneys, employees, contractors, agents, guarantors, successors and assignees (collectively, "*RMCF* Indemnified Parties") harmless for, from and against any and all claims, liabilities, causes of action, demands, obligations, costs and expenses, damages, liabilities, judgments, proceedings, of every kind and nature, including reasonable attorneys' fees, (individually and collectively, "*RMCF* Claims") suffered or incurred by any of the *RMCF* Indemnified Parties arising out of or relating to your *RMCF* Rights, including your failure to comply with PCI DSS or any law, statute, regulation, order, rule, or ordinance, or management of the Franchised Business and the *RMCF* System, except for *RMCF* Claims held to have resulted solely from our or RMCF Inc.'s gross negligence or willful misconduct. Notwithstanding the foregoing, RMCF Inc. will have the right, at its option, to defend any *RMCF* Claim, but you must reimburse RMCF Inc. upon demand for the

costs of such defense.

b. RMCF Inc. Indemnification of You. RMCF Inc. agrees to indemnify, defend, and hold you and your affiliates, and their stockholders, directors, officers, members, managers, partners, employees, agents, successors and assignees harmless for, from and against any and all *RMCF* Claims, liabilities, causes of action, demands, obligations, costs and expenses, including reasonable attorneys' fees, arising out of any alleged infringement or unfair competition in connection with your authorized use of the *RMCF* Trademarks and *RMCF* confidential information, provided that such use is in accordance with the provisions of this Agreement. However, if RMCF Inc. requires you to modify or discontinue use of its proprietary 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 its and its sublicensees' use of the proprietary information infringed upon a third party's rights, RMCF Inc. will bear the cost of those modifications or discontinuances.

19.5 Rocky Mountain Chocolate Factory Insurance.

You shall obtain insurance coverage applicable to RMCF Inc. in accordance and in addition to its insurance obligations under *Section 9.5*, including adding RMCF Inc. and its affiliates and each of their respective directors, shareholders, employees and agents as additional insureds, with primary non-contributory coverage, on all insurance policies that you are obligated to maintain pursuant to this Agreement, as well as any additional insurance coverage, policy amounts, or other obligations that may be contained in the *RMCF* Operating Manual.

19.6 Rocky Mountain Chocolate Factory Non-Competition.

You acknowledge and agree that the provisions of *Section 14.6* shall apply equally to a business operating, or granting franchises or licenses to others to operate, a retail, wholesale, distribution or manufacturing business with either of the following attributes: (i) a business deriving a total of ten percent (10%) or more of its gross receipts from the sale, processing or manufacturing of one or a combination of any of the following: boxed chocolate candies; or products which are the same as or substantially similar to Store Candy; or products made with recipes, or processes, included in the *RMCF* Operating Manual; or (ii) a business devoting a total of ten percent (10%) or more of its retail display space to one or a combination of the following: boxed chocolate candies; or products which are the same as or substantially similar to Store Candy; or products made with recipes, or processes, included in the *RMCF* Operating Manual. For purposes of enforcing *Section 14.6*, all references to us shall also include RMCF Inc.

19.7 Rocky Mountain Chocolate Factory Confidentiality Agreement.

You agree to treat the *RMCF* Operating Manual in the same confidential manner as our confidential Operations Manual. At our request, each individual referenced in *Section 14.6d* will sign the *RMCF* Confidentiality

and Non-Competition Agreement set forth in Attachment "C," attached hereto and incorporated herein by reference.

19.8 Rocky Mountain Chocolate Factory Acknowledgements of Franchisee.

In addition to the acknowledgements of Franchisee set forth in *Section 17.3* of this Agreement:

a. Franchisee recognizes that the success of the *RMCF* Product offering involves substantial business risks. Franchisor expressly disclaims making, and Franchisee acknowledges that it has not received or relied on any warranty or guarantee, express or implied, as to the potential volume, profits or success of such offering contemplated by this Agreement.

Franchisee Initials _____/_____

b. Franchisee acknowledges that the *RMCF* Rights granted in this Agreement are contingent upon the ongoing relationship between Franchisor and RMCF Inc. and will immediately terminate in the event of a termination or expiration of the *RMCF* Master License Agreement.

Franchisee Initials _____/_____

c. Franchisee acknowledges that its financial obligations under any promissory note it may have signed in connection with the *RMCF* Rights will continue regardless of the success that Franchisee has in connection with such *RMCF* Rights.

Franchisee Initials _____/_____

d. Franchisee acknowledges that it will be required to meet the operating standards of Franchisor and RMCF Inc., and any additional operating standards established by Franchisor and/or RMCF Inc. with respect to the *RMCF* Rights, including, but not limited to, manager and staff uniforms, hours of operation, and pricing of products.

Franchisee Initials _____/_____

e. Franchisee acknowledges that it will be required to fully execute the national marketing calendar provided to it by Franchisor that incorporates marketing for *RMCF* Products.

Franchisee Initials _____/_____

f. Franchisee acknowledges receipt of Franchisor and RMCF's Disclosure Document at least 14 days prior to the execution of this [First] Amendment or payment of any monies to Franchisor or Franchisor's agent.

Franchisee Initials _____/_____

19.9 Construction.

You and we agree that the purpose of this *Article 19* is not to change or alter the terms of this Agreement except as necessary to accomplish the objective of this *Article 19*. Therefore, in respect to the *RMCF* System, if the terms listed in this Agreement outside of this *Article 19* conflict with this *Article 19*, the language shall be construed, to the maximum extent possible, to avoid any direct conflict and, if such construction is unavoidable, then the terms of this *Article 19* shall govern.

2. Attachments "A," "B" and "C" hereto are hereby added to and incorporated in the Agreement by this reference.

3. Except as set forth in this [First] Amendment, the terms and provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto, by and through their respective authorized representatives, who each have full rights, power and authority to enter into and bind his or her respective party to the obligations set forth in this [First] Amendment without further consent or approval of any kind, have duly executed and delivered this [First] Amendment as of the [First] Amendment Effective Date.

FRANCHISOR: KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

FRANCHISEE: _____, a(n) _____

By:_____
[Name, Title]

By:_____
[Name, Title]

ATTACHMENT "A"

RMCF Trademarks

The term "*RMCF* Trademarks" includes the following:

1. "Rocky Mountain Chocolate Factory" (word mark);
2. "Rocky Mountain Chocolate Factory" and design; and
3. All other trademarks and service marks that are included in the *RMCF* Operating Manual from time to time that are authorized for use in the Franchised Business with products offered under the "Cold Stone Creamery" Proprietary Marks.

ATTACHMENT "B"

Location Floor Plan

ATTACHMENT "C"

Confidentiality and Non-Competition Agreement

[*See attached*]

CONFIDENTIALITY AND NONCOMPETITION AGREEMENT

This *CONFIDENTIALITY AND NONCOMPETITION* AGREEMENT ("**Agreement**"), dated _____ __, 20__, by and between ROCKY MOUNTAIN CHOCOLATE FACTORY, INC. ("**RMCF**") and [INDIVIDUALS], of [FRANCHISEE ENTITY], a [TYPE OF FRANCHISEE ENTITY] (collectively, "**Franchisee**"). All capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement, defined below.

Kahala Franchising, L.L.C. has granted to Franchisee, pursuant to that certain Franchise Agreement dated _____, 20__, ("**Franchise Agreement**") and amendment thereto granting Franchisee rights to use the RMCF System, as defined in the First Amendment to Franchise Agreement dated _____, 20__ ("**Amendment**"), the right to offer Cold Stone Creamery® products and Rocky Mountain Chocolate Factory® products in the same store ("**Store**"). The undersigned, in consideration of the receipt and/or use of the Operating Manual and other information proprietary to RMCF, including but not limited to methods, strategies and techniques developed by RMCF relating to operations, marketing, training, advertising, trade secrets, recipes and other confidential data (collectively referred to as "**Proprietary Information**"), agrees with RMCF as follows:

(1) The undersigned acknowledges that the Operating Manual and other Proprietary Information now or hereafter provided to Franchisee by or on behalf of RMCF is proprietary to RMCF and must be held in the utmost and strictest confidence.

(2) The undersigned represents and agrees that the undersigned will not, without the prior written consent of RMCF, either:

(i) Duplicate or otherwise reproduce the Operating Manual or other Proprietary Information;

(ii) Deliver or make available the Operating Manual or other Proprietary Information to any person other than an authorized representative of RMCF;

(iii) Discuss or otherwise disclose the contents of the Operating Manual or other Proprietary Information to any person other than an authorized representative of RMCF; or

(iv) Use the Operating Manual or other Proprietary Information to his, her or its commercial advantage other than in connection with the operation of the franchise created and granted by the Franchise Agreement.

(3) While the Franchise Agreement and the Amendment are in effect, neither the undersigned, nor any member of his or her immediate family, shall engage in, or participate as an owner, officer, partner, director, agent, employee, shareholder, member, manager, or otherwise in any other Competitive Business without having first obtained RMCF's written consent. For the purposes of this Agreement, "**Competitive Business**" shall mean any business operating, or granting franchises or licenses to others to operate, a retail, wholesale, distribution or manufacturing business with either of the following attributes: (i) a business deriving a total of 10% or more of its gross receipts from the sale, processing or manufacturing of one or a combination of any of the following: boxed chocolate candies; or products which are the same as or substantially similar to Store Candy; or products made with recipes, or processes, included in the Operating Manual; or (ii) a business devoting a total of 10% or more of its retail display space to one or a

combination of the following: boxed chocolate candies; or products which are the same as or substantially similar to Store Candy; or products made with recipes, or processes, included in the Operating Manual.

(4) The undersigned has acquired from RMCF, or its authorized representative, confidential information regarding RMCF's trade secrets and franchised methods which, in the event of a termination of the Franchise Agreement and Amendment, could be used to injure RMCF. As a result, neither the undersigned, nor any member of his or her immediate family, shall, for a period of 1 year from the date of termination, transfer or expiration of the Franchise Agreement and Amendment, without having first obtained RMCF's written consent, engage in or participate as an owner, officer, partner, director, agent, employee, shareholder, member, manager, or otherwise in any Competitive Business which is located or operating, as of the date of such termination, transfer or expiration, within a 10-mile radius of the Franchisee's former Location as defined in the Franchise Agreement, or within a 10-mile radius of any other franchised or company-owned or co-branded *Rocky Mountain Chocolate Factory* store, unless such right is granted pursuant to a separate agreement with RMCF.

(5) The undersigned agrees that during the term of the Franchise Agreement, and for a period of 1 year thereafter, it shall in no way divert or attempt to divert the business of customers, or interfere with the business relationship established with customers of the Store or of any Competitive Business.

(6) The undersigned agrees that all copyrightable works created by the undersigned, the Franchisee or any of its owners, officers or employees in connection with the Proprietary Information shall be the sole property of RMCF. The Franchisee has assigned all proprietary rights, including copyrights, in these works to RMCF without additional consideration. The undersigned and the Franchisee hereby assign and will execute such additional assignments or documentation to effectuate the assignment of all intellectual property, inventions, copyrights and trade secrets developed in part or in whole in relation to the Store, during the term of the Agreement, as RMCF may deem necessary in order to enable it, at its expense, to apply for, prosecute and obtain copyrights, patents or other proprietary rights in the United States and in foreign countries or in order to transfer to RMCF all right, title and interest in said property. The undersigned and the Franchisee shall promptly disclose to RMCF all inventions, discoveries, improvements, recipes, creations, patents, copyrights, trademarks and confidential information relating to the Store which it or any of its owners, officers or employees has made or may make solely, jointly or commonly with others and shall promptly create a written record of the same. In addition to the foregoing, the undersigned and the Franchisee acknowledge and agree that any improvements or modifications, whether or not copyrightable, directly or indirectly related to the Store, shall be deemed to be a part of the RMCF System and shall inure to the benefit of RMCF.

(7) The undersigned agrees that it shall not take any action or make any statements to any third parties that would constitute a criticism, denigration or disparagement of RMCF or the RMCF System or would tend to be injurious to the reputation or goodwill of RMCF or its Marks, or which in any manner may interfere with the business affairs or business relations of RMCF.

IN WITNESS WHEREOF, this Agreement has been executed by the undersigned as of the date set forth above.

AGREED TO BY:

[NAME], a [ENTITY TYPE]

By: _____
[NAME, TITLE]

By: _____
[NAME, TITLE]

ROCKY MOUNTAIN CHOCOLATE FACTORY, INC.

By: _____
Title: _____

EXHIBIT I

TO THE FRANCHISE DISCLOSURE DOCUMENT

Amendment to Franchise Agreement
(for co-branded non-traditional locations)

[store #]
[doc #]

[FIRST] AMENDMENT TO FRANCHISE AGREEMENT

[for non-traditional locations co-branded with an affiliated brand]

This [FIRST] AMENDMENT TO FRANCHISE AGREEMENT ("[First] Amendment") dated _____ ("[First] Amendment Effective Date"), to the Franchise Agreement dated _____ ___, 20___ ("Agreement") for the non-traditional *Cold Stone Creamery* restaurant being co-branded in the *[name of original brand]* restaurant located at _____ by and between KAHALA FRANCHISING, L.L.C., an Arizona limited liability company ("Franchisor") and _____ ("Franchisee"), is entered into by such parties to amend the Agreement as set forth in this [First] Amendment. To the extent this [First] Amendment contains terms and conditions that differ from those contained in the Agreement, this [First] Amendment shall control. The parties agree that a concept or principle covered in this [First] Amendment shall apply and be incorporated into all other provisions of the Agreement 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 [First] Amendment will have the same meanings ascribed to such terms in the Agreement.

1. Franchisee agrees that Franchisee shall enter into this Agreement under the same Franchisee name as the _____ [*name of original brand*] franchise agreement.

2. Franchisee hereby represents that it has reviewed the underlying lease agreement for the Location to ensure the lease agreement does not contain any provisions that prevent or restrict Franchisee from serving super-premium fresh made ice cream, frozen yogurt, cakes, pies, smoothies, shakes, specialty beverages, soft drinks, other frozen dessert products and other *Cold Stone Creamery* menu items at the Location. Franchisee shall be responsible for all costs and expenses, fees, penalties, attorneys' fees, claims, demands and damages incurred relating to Franchisee offering *Cold Stone Creamery* menu items at the Location.

3. Franchisee agrees that the Agreement may only be transferred in conjunction with a transfer of the [*name of original brand*] franchise agreement.

4. The last sentence of the second unnumbered paragraph in Section **1.2**, "**Location of the Franchised Business; No Exclusive Territory or Other Rights**," is hereby deleted and replaced with the following: "This Agreement is limited to the operation of one non-traditional restaurant, unless otherwise amended, and does not grant you the right to buy, own or operate additional restaurants."

5. Section **1.3**, "**Term of Agreement**," is hereby deleted in its entirety and replaced with the following:

> **1.3 Term of Agreement.**
>
> The term of this Agreement will commence on the Effective Date and expire concurrently with the term of the franchise agreement of the traditional brand in which this store is co-branded, unless terminated earlier in accordance with *Article 14* or any other provisions of this Agreement, renewed in accordance with *Article 13*, or transferred in accordance with *Article 12* ("Term").

6. Section **4.1**, "**Training Program**," is hereby amended to add the following after

the last sentence in Section 4.1: "Notwithstanding the foregoing, for non-traditional, co-branded restaurants, the total number of days of In-Store training will be five (5) days."

7. Section **4.6,** "**Computer Systems; Debit and Credit Card Processing**," is hereby deleted in its entirety and replaced with the following:

> **4.6 Computer Systems; Debit and Credit Card Processing.**
>
> You hereby agree to use the same POS System for the Franchised Business under the same terms and conditions as provided in the [*name of original brand*] franchise agreement.

8. The first sentence of Section **5.1** "**Initial Franchise Fee**," is hereby deleted and replaced with the following: "The initial franchise fee for this non-traditional, co-brand location is ____ Thousand Dollars ($_____) ("Initial Franchise Fee")."

9. Franchisee agrees that the Gross Sales for this *Cold Stone Creamery* restaurant shall be reported separately from the gross sales reported under the [*name of original brand*] franchise agreement. Franchisee further agrees that the Royalty Fee and Advertising Fee for this *Cold Stone Creamery* restaurant shall be paid separately from the royalty fee and advertising fee payable under the [*name of original brand*] franchise agreement.

10. Section **5.6**, "**Depository Account; Payment Procedures**," is hereby deleted in its entirety and replaced with the following:

> **5.6 Depository Account; Payment Procedures.**
>
> You hereby agree to use the same Depository Account for the Franchised Business under the same terms and conditions as provided in the [*name of original brand*] franchise agreement.

11. Section **5.7**, "**Lease Review Fee**," is hereby deleted in its entirety and replaced with the following: "**5.7 Not Applicable**."

12. Section **5.8**, "**Lease Guarantee Fee**," is hereby deleted in its entirety and replaced with the following: "**5.8 Not Applicable** ."

13. Section **5.13** "**Transfer Franchise Fee**," is hereby deleted in its entirety and replaced with the following:

> **5.13 Transfer Franchise Fee.**
>
> A Potential Transferee (as defined in *Section 12.1c.*) receiving this Agreement, as may be amended, in connection with a Full Transfer (as defined in *Section 12.1a.1.*), must pay us a transfer franchise fee of Five Thousand Dollars ($5,000) ("Transfer Franchise Fee").

14. Section **5.16**, "**Annual Meeting Registration Fee**," is hereby deleted in its entirety and replaced with the following: "**5.16 Not Applicable**."

15. Section **5.19**, "**Data Fees**," is hereby deleted in its entirety and replaced with the following: "**5.19 Not Applicable**."

16. Section **5.20**, "**POS Help Desk Phone Support Maintenance Service Fee**," is hereby deleted in its entirety and replaced with the following: "**5.20 Not Applicable**."

17. The first sentence in Section **5.24**, "**Grand Opening Marketing**," is hereby deleted and replaced with the following:

> Five Thousand Dollars ($5,000) ("Grand Opening Marketing") is payable to us on the earlier of: (i) prior to you executing a lease for the premises where the Franchised Business will be located; or (ii) prior to construction commencing at the premises where the Franchised Business will be located.

18. Except as set forth in this [First] Amendment, the terms and provisions of the Agreement 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, has duly executed and delivered this [First] Amendment as of the [First] Amendment Effective Date.

FRANCHISOR: KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

FRANCHISEE: _____, a(n) _____

By:_____
[Name, Title]

By:_____
[Name, Title]

EXHIBIT J

TO THE FRANCHISE DISCLOSURE DOCUMENT

In-Store Training Release and Waiver of Liability Agreement

In-Store Training Release and Waiver of Liability

READ THIS INSTRUMENT FULLY AND CAREFULLY PRIOR TO SIGNING. THIS IS A LEGALLY VALID AND BINDING OBLIGATION TO RELEASE A PARTY FROM ALL KNOWN AND UNKNOWN OBLIGATIONS. THIS DOCUMENT MUST BE SIGNED BEFORE TRAINING CAN BEGIN.

This In-Store Training Release and Waiver of Liability ("Release") executed on this_____day of_____, 20___ ("Effective Date") by_____("Trainee") is in favor of , a corporation, a Limited Liability company, or as individual(s), and their respective directors, officers, members, partners, managers, employees, agents, insurers, successors, assigns, representatives, executors and heirs (individually and collectively the "Franchisee") and KAHALA FRANCHISING, L.L.C., an Arizona limited liability company, and its affiliates and each of their respective parents, subsidiaries, directors, officers, members, managers, employees, agents, successors, assigns and insurers (individually and collectively the "Franchisor"). Franchisor and Franchisee shall collectively be referred to herein as the "Hosts."

The Trainee desires to participate in a training program provided by the Hosts, which program involves engaging in activities related to being a restaurant worker ("Activities"), for the purpose of learning to operate a similar business. The Trainee understands that the Activities may take place at various restaurant facilities owned, operated or managed by Franchisor and/or Franchisee, and may include various restaurant activities, including, but not limited to, cooking, cleaning, lifting and climbing, all of which may take place in a facility where there is increased risk of bodily harm or personal injury, including but not limited to, slips, falls, burns, lacerations, exposure to hazardous materials, as well as many other risks. Trainee understands and agrees that no compensation shall be earned by or paid to Trainee in connection with Trainee's participation in the training program. In consideration of the training being provided to Trainee, in the Hosts' location, Trainee agrees that such training constitutes good and valuable consideration and hereby freely, voluntarily, and without duress executes this Release under the following terms:

Release and Waiver. Trainee does hereby release and forever discharge and hold harmless and promise to indemnify and not sue Hosts, both jointly and severally, from any and all liability, claims, actions, damages, judgments, obligations, expenses, including, without limitation, attorneys' fees, expert witness fees and costs, and demands of whatever kind or nature, either in law or in equity, which arise or may hereafter arise, in whole or in part, from Trainee's Activities with Hosts. Trainee understands that this Release discharges Hosts from any liability or claim that the Trainee may have against Hosts with respect to any bodily injury, personal injury, illness, death, or property damage that may result from Trainee's Activities with Hosts, whether caused by the negligence of Trainee or Hosts. Trainee also understands and hereby agrees that it is NOT an employee of Hosts and that Hosts do not assume any responsibility for or obligation to provide financial assistance or other assistance, including, but not limited to, medical, life, health, or disability, or workers' compensation insurance in the event of injury or illness.

Medical Treatment. Trainee does hereby release and forever discharge Hosts from any claim whatsoever which arises or may hereafter arise on account of any first aid, treatment, or service rendered in connection with the Trainee's Activities with Hosts.

Insurance. Trainee understands that, except as otherwise agreed to by Hosts in writing, Hosts do not carry or maintain health, medical, life, workers' compensation, or disability insurance coverage for any Trainee. Each Trainee is expected and encouraged to obtain his or her own medical, health, life, disability and workers' compensation insurance for his or her protection while conducting any Activities with Hosts.

Photographic Release. In consideration of the training provided to Trainee and without further compensation or royalties, Trainee hereby authorizes Hosts to capture and use in any form, format or media, whether now known or later developed for marketing, advertising and other business purposes, Trainee's name, image, likeness, voice and other personal information and hereby grants and conveys unto Hosts all right, title and interest in any and all photographic images and video or audio recordings captured or made by Hosts during the Trainee's Activities with Hosts, including but not limited to, any claims, damages, royalties, proceeds, or other benefits derived from such photographs or recordings.

Prohibition on Hiring. Trainee understands and agrees that during its Activities with Hosts, it will be afforded an opportunity to meet and work with experienced employees of Hosts, who could be of value to Trainee should they be employed by Trainee. Trainee hereby agrees that for a period of two (2) years following the Effective Date of this Release, Trainee shall NOT, directly or indirectly, recruit, solicit, offer, hire, or otherwise entice any employee or agent of Hosts to become a Trainee employee or to otherwise sever his or her employment with Hosts.

Other. Trainee expressly agrees that this Release is intended to be as broad and inclusive as permitted by the laws of the State of Arizona, and that this Release shall be governed by and interpreted in accordance with the laws of the State of Arizona. Trainee agrees for himself/herself and his or her heirs, executors and representatives, that the representations in this Release are contractually binding, and are not mere recitals, and that should Trainee or his/her heirs, executors or representatives assert a claim contrary to what Trainee has agreed to in this Release, the claiming party shall be liable for the expenses (including, without limitation attorneys' fees and costs) incurred by Hosts in defending the claims. This Release may not be modified orally, and a waiver or modification of any provision shall not be construed as a waiver or modification of any other provision herein or as consent to any subsequent waiver or modification. Trainee consents to the release by any third party to Hosts and their insurance carriers of Trainee's name and medical information that may relate solely to any injury or death he or she may suffer arising from the Activities. Trainee agrees that in the event that any clause or provision of this Release shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not otherwise affect the remaining provisions of this Release which shall continue to be enforceable and Hosts and Trainee agree to promptly negotiate the terms of a substitute clause or provision to replace the severed or unenforceable clause or provision, consistent with the parties' original intent and then-current law.

IN WITNESS WHEREOF, I certify that I am 18 years of age or older. I have carefully read, understand and have freely executed this Release as of the Effective Date.

Trainee Signature_____

Printed Name_____

Address_____

street *city* *state* *zip*

Home Phone_____ **Work Phone**_____

Witness Signature (must be 18 years of age or older) _____

Printed Name_____

EXHIBIT K

TO THE FRANCHISE DISCLOSURE DOCUMENT

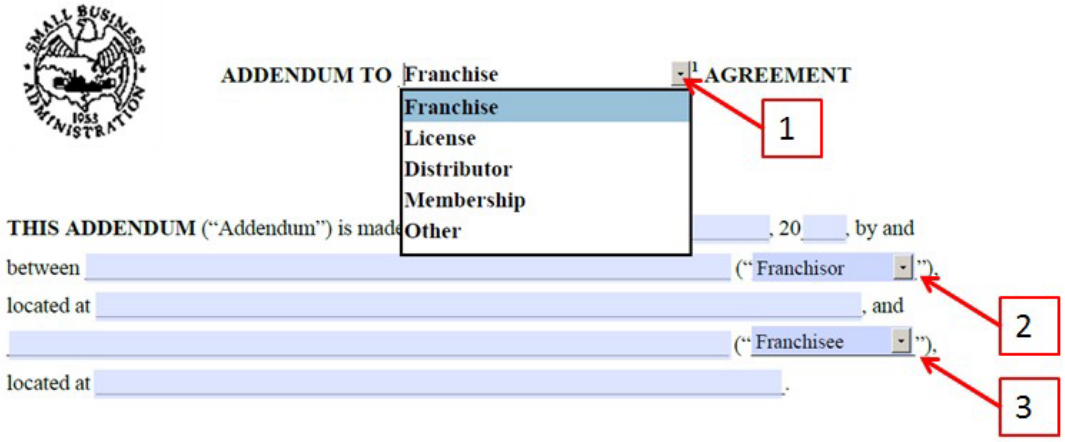
Addendum to the Franchise Agreement for SBA Loans

INSTRUCTIONS FOR USE OF SBA FORM 2462
ADDENDUM TO FRANCHISE AGREEMENT

SBA has issued a revised version of the Addendum to Franchise Agreement (SBA Form 2462) which became effective January 1, 2018. SBA's Standard Operating Procedure (SOP) 50 10 5(J) explains updates made to the franchise review process for the 7(a) and 504 loan programs. By executing this Addendum, the franchisor agrees that any terms in its franchise agreement or any other document the franchisor requires the franchisee to sign that are related to control by the franchisor or its franchisees (resulting in a determination by SBA of affiliation between the Franchisor and its franchisees, as defined in 13 CFR part 121 and SBA's Standard Operating Procedure 50 10) will not be enforced against the franchisee during the life of the SBA-guaranteed loan.

SBA Form 2462 has **three** locations with drop down menu options at the beginning of the form (see example below). Once a drop down option is chosen (i.e. #1 "Franchise" #2 "Franchisor" and #3 "Franchisee"), the user must hit the "tab" key to automatically populate the appropriate term in all fields.

Example of Drop-Down Options



Once the drop down options have populated in all three locations, the remaining fillable fields must be completed manually (see example below). These fields will either be blank or contain the language "(Enter type of)" or "(type of agreement)." In each of these fields, enter the type of agreement, e.g., franchise, license, dealer, membership, etc. When completing SBA Form 2462, the text may not be altered except to insert the information required to complete the form.

Example of Fillable Fields to be Completed Manually

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the (enter type of) term (excluding additional renewals) for fair market value.

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the (type of agreement) system must meet all SBA eligibility requirements.

ADDENDUM TO FRANCHISE [1] AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between _____ (" Licensor "), located at _____, and _____ (" Licensee "), located at _____.

Franchisor and _Licensee_ entered into a _Franchise_ Agreement on _____, 20___, (such Agreement, together with any amendments, the "_Franchise_ Agreement"). _Licensee_ is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the _Franchise_ Agreement or any other document _Franchisor_ requires _Licensee_ to sign:

CHANGE OF OWNERSHIP

- If _Licensee_ is proposing to transfer a partial interest in _Licensee_ and _Franchisor_ has an option to purchase or a right of first refusal with respect to that partial interest, _Franchisor_ may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of _Licensee_. If the _Franchisor_'s consent is required for any transfer (full or partial), _Franchisor_ will not unreasonably withhold such consent. In the event of an approved transfer of the _(Enter type of)_ interest or any portion thereof, the transferor will not be liable for the actions of the transferee _Licensee_.

FORCED SALE OF ASSETS

- If _Franchisor_ has the option to purchase the business personal assets upon default or termination of the _Franchise_ Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the _Licensee_ owns the real estate where the _licensee_ location is operating, _Licensee_ will not be required to sell the real estate upon default or termination, but _Licensee_ may be required to lease the real estate for the remainder of the _(enter type of)_ term (excluding additional renewals) for fair market value.

[1] While relationships established under license, jobber, dealer and similar agreements are not generally described as ''franchise'' relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

COVENANTS

- If the _Licensee owns the real estate where the licensee location is operating, _Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Licensee 's real estate, they must be removed in order for the _Licensee to obtain SBA-assisted financing.

EMPLOYMENT

- _Franchisor will not directly control (hire, fire or schedule) Licensee 's employees. For temporary personnel franchises, the temporary employees will be employed by the _Licensee not the Franchisor .

As to the referenced _Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the _Licensee .

Except as amended by this Addendum, the _Franchise Agreement remains in full force and effect according to its terms.

_Franchisor and _Licensee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

Authorized Representative of FRANCHISOR :

By: _____

Print Name: _____

Title: _____

Authorized Representative of LICENSEE :

By: _____

Print Name: _____

Title: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Licensee . Additionally, the applicant Licensee and the (type of agreement) system must meet all SBA eligibility requirements.

EXHIBIT L

TO THE FRANCHISE DISCLOSURE DOCUMENT

Required Lease Terms
(Lease Addendum to Lease Agreement)

REQUIRED LEASE TERMS

The Terms and Conditions in the attached Lease Addendum to Lease Agreement ("Lease Addendum") must be included in the Franchisee's Lease for the location of the Franchised Business via execution of the attached Lease Addendum or through modifications to the actual Lease

LEASE ADDENDUM TO LEASE AGREEMENT

("Lease Addendum")

Dated: _____ ____, 20___

between

_____ and _____

(Landlord Name) (Tenant Name)

_____

(Address of "Premises")

1. **Use of Premises.**

During the term of the Lease, the Premises may be used only for the operation of a quick service restaurant under the *Cold Stone Creamery* system, trademarks, trade names, and logos, which specialize in the sale of super-premium fresh made ice cream, cakes, pies, smoothies, shakes, specialty beverages, soft drinks and other frozen dessert products and any other items sold under the *Cold Stone Creamery* system. Landlord consents to Tenant's use of such trademarks, trade names, logos, tag lines, signs, décor items, color schemes, and related components of the *Cold Stone Creamery* franchise system as Kahala Franchising, L.L.C., franchisor of the *Cold Stone Creamery* brand ("Franchisor"), or any of its affiliates, may prescribe for *Cold Stone Creamery* franchisees and which may be altered or changed by Franchisor from time to time.

2. **Assignment and Notices.**

a. Notwithstanding anything to the contrary in the Lease, Tenant shall have the right to assign the Lease and all amendments thereto, as applicable, including this Lease Addendum (collectively, "Lease"), and all rights hereunder to Franchisor or any of its affiliates, or to a third-party *Cold Stone Creamery* franchisee approved by Franchisor upon the expiration or termination of the current franchise agreement by and between Franchisor and Tenant ("Franchise Agreement"), without obtaining Landlord's consent and without the imposition of any assignment fee or similar charge. Landlord shall not accelerate the rent owed hereunder in connection with such assignment(s), so long as Franchisor, its affiliate(s) or its third-party franchisee(s) assumes in writing the obligations of Tenant under the Lease. Nothing in this Section 2.a shall serve to extend the term of the Lease or provide Franchisor any occupancy rights, options to renew or other rights not expressly set forth to Tenant in the Lease.

b. Landlord agrees to furnish Franchisor with copies of any and all letters and notices to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant. Landlord further agrees that, if it intends to terminate the Lease, the Landlord will give Franchisor the same advance written notice of such intent as provided to Tenant, specifying in such notice all defaults that are the cause of the proposed termination. Franchisor shall have the right to cure, at its sole option, any such default within the time periods granted to Tenant under the Lease. If neither Tenant nor Franchisor cures all such defaults within said time periods (or such longer cure periods as may be specifically permitted by the Lease), then the Landlord may terminate the Lease, re-enter the Premises and/or exercise all other rights as set forth in the Lease.

c. Prior to the expiration or termination of the Lease, Franchisor shall have the right to enter the Premises to make any reasonable modifications or reasonable alterations necessary to protect Franchisor's interest in the *Cold Stone Creamery* brand and its trademarks, trade names, logos, tag lines, signs, décor items, color schemes, and related components of the *Cold Stone Creamery* franchise system, or to cure any default under the Lease, and Landlord and Tenant agree that Franchisor shall not be liable for trespass or any other crimes or tort.

3. **Notices.**

All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, email or facsimile (provided that the sender confirm the facsimile by sending an original confirmation copy by certified transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Tenant, the notice shall be addressed to:

_____
_____
_____
Attn: _____
Facsimile: _____
Email: _____

If directed to Landlord, the notice shall be addressed to:

_____
_____
_____
_____
_____
Attn: _____
Facsimile: _____
Email: _____

If directed to Franchisor, the notice shall be addressed to:

Kahala Franchising, L.L.C.
9311 E. Via De Ventura
Scottsdale, AZ 85258
Attn: Real Estate Department
Facsimile: (480) 362-4792
Email: leases@kahalamgmt.com

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by email or facsimile shall be deemed given on the business day of transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days' written notice of such change to the other parties.

4. **Amendments.**

Landlord and Tenant will not amend, renew, extend or otherwise modify the Lease in any manner which would materially affect any of the provisions in this Lease Addendum without Franchisor's prior written consent.

5. **Right of First Refusal.**

Landlord and Tenant agree that should Landlord and Tenant desire to terminate the Lease prior to the scheduled expiration date, Landlord will notify Franchisor of the proposed termination not less than thirty (30) days in advance of the proposed termination date. Franchisor shall have a right of first refusal to assume the Lease whereby Tenant will assign the Lease to Franchisor and Franchisor will assume all rights and obligations of Tenant under the Lease.

6. **Miscellaneous.**

The terms and conditions of this Lease Addendum will supersede any conflicting terms of the Lease. Any capitalized term not specifically defined in this Lease Addendum shall have the meaning ascribed to such term in the Lease.

IN WITNESS WHEREOF, the parties hereto, by and through their respective representatives authorized to enter into and bind each respective party without further consent or authorization, have duly executed and delivered this Lease Addendum in duplicate as of the date set forth above.

LANDLORD: _____, a(n) _____
_____

By: _____
Name: _____
Title: _____

TENANT: _____, a(n) _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT L-1

TO THE FRANCHISE DISCLOSURE DOCUMENT

RMCF Required Lease Terms
(Lease Addendum to Lease Agreement)

REQUIRED LEASE TERMS

The Terms and Conditions in the attached Lease Addendum to Lease Agreement ("Lease Addendum") must be included in the Franchisee's Lease for the location of the Franchised Business via execution of the attached Lease Addendum or through modifications to the actual Lease

LEASE ADDENDUM TO LEASE AGREEMENT

("Lease Addendum")

Dated _____ ____, 20__

between

_____ and _____

(Landlord Name) (Tenant Name)

_____

(Address of "Premises")

1. **Use of Premises.**

During the term of the Lease, the Premises may be used only for the operation of a quick service restaurant under the *Cold Stone Creamery* system, trademarks, trade names and logos, which specialize in the sale of super-premium fresh made ice cream, cakes, pies, smoothies, shakes, specialty beverages, soft drinks, other frozen dessert products, any other items sold under the *Cold Stone Creamery* system, and chocolate products including hand dipped chocolates, assorted chocolates and candies and chocolate food products such as logoed packaged cocoas and chocolate sauces; fresh, dried and frozen fruit dipped in chocolate; cookies and brownies made from Rocky Mountain Chocolate Factory® packaged mixes; fudges, caramel apples, nut brittles and popcorn candy; as well as chocolate-related non-food items such as molds, cookbooks, cards, mugs and tins; as well as the incidental sale at retail of logo imprinted promotional aprons, shirts, hats and visors; Ty plush toys; soft drinks (excluding daiquiris), hot cocoa, frozen bananas, frozen cheesecake; the incidental sale of non-gourmet, non-brand-identified brewed coffee; the incidental sale of bulk/hard candy; the incidental sale of soft drinks, and for no other purpose, provided that Tenant may sell at retail such additional products that may from time to time be commonly sold in other Rocky Mountain Chocolate Factory® stores. Landlord consents to Tenant's use of such trademarks, trade names, logos, tag lines, signs, décor items, color schemes, and related components of the *Cold Stone Creamery* franchise system with an authorized Rocky Mountain Chocolate Factory® product offering as Kahala Franchising, L.L.C., franchisor of the *Cold Stone Creamery* brand ("Franchisor"), or any of its affiliates, may prescribe for *Cold Stone Creamery* franchisees with an authorized Rocky Mountain Chocolate Factory® product offering and which may be altered or changed by Franchisor from time to time.

2. **Assignment and Notices.**

a. Notwithstanding anything to the contrary in the Lease, Tenant shall have the right to assign the Lease and all amendments thereto, as applicable, including this Lease Addendum (collectively, "Lease"), and all rights hereunder to Franchisor, or any of its affiliates, or to a third-party *Cold Stone Creamery* franchisee approved by Franchisor upon the expiration or termination of the current franchise agreement by and between Franchisor and Tenant ("Franchise Agreement"), without obtaining Landlord's consent and without the imposition of any assignment fee or similar charge. Landlord shall not accelerate the rent owed hereunder in connection with such assignment(s), so long as Franchisor, its affiliate(s) or its third-party franchisee(s) assumes in writing the obligations of Tenant under the Lease. Nothing in this

Section 2.a shall serve to extend the term of the Lease or provide Franchisor any occupancy rights, options to renew or other rights not expressly set forth to Tenant in the Lease.

b. Landlord agrees to furnish Franchisor with copies of any and all letters and notices to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant. Landlord further agrees that, if it intends to terminate the Lease, the Landlord will give Franchisor the same advance written notice of such intent as provided to Tenant, specifying in such notice all defaults that are the cause of the proposed termination. Franchisor shall have the right to cure, at its sole option, any such default within the time periods granted to Tenant under the Lease. If neither Tenant nor Franchisor cures all such defaults within said time periods (or such longer cure periods as may be specifically permitted by the Lease), then the Landlord may terminate the Lease, re-enter the Premises and/or exercise all other rights as set forth in the Lease.

c. Prior to the expiration or termination of the Lease, Franchisor shall have the right to enter the Premises to make any reasonable modifications or reasonable alterations necessary to protect Franchisor's interest in the *Cold Stone Creamery* brand and its trademarks, trade names, logos, tag lines, signs, décor items, color schemes and related components of the *Cold Stone Creamery* franchise system with an authorized Rocky Mountain Chocolate Factory® product offering, or to cure any default under the Lease, and Landlord and Tenant agree that Franchisor shall not be liable for trespass or any other crimes or tort.

3. **Notices.**

All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, email or facsimile (provided that the sender confirm the facsimile by sending an original confirmation copy by certified transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Tenant, the notice shall be addressed to:

_____
_____
_____
Attn: _____
Facsimile: _____
Email: _____

If directed to Landlord, the notice shall be addressed to:

_____
_____
_____
_____
_____
Attn: _____
Facsimile: _____
Email: _____

If directed to Franchisor, the notice shall be addressed to:

Kahala Franchising, L.L.C.
9311 E. Via De Ventura
Scottsdale, AZ 85258
Attn: Real Estate Department
Facsimile: (480) 362-4792
Email: leases@kahalamgmt.com

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by email or facsimile shall be deemed given on the business day of transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days' written notice of such change to the other parties.

4. **Amendments.**

Landlord and Tenant will not amend, renew, extend or otherwise modify the Lease in any manner which would materially affect any of the provisions in this Lease Addendum without Franchisor's prior written consent.

5. **Right of First Refusal.**

Landlord and Tenant agree that should Landlord and Tenant desire to terminate the Lease prior to the scheduled expiration date, Landlord will notify Franchisor of the proposed termination not less than thirty (30) days in advance of the proposed termination date. Franchisor shall have a right of first refusal to assume the Lease whereby Tenant will assign the Lease to Franchisor and Franchisor will assume all rights and obligations of Tenant under the Lease.

6. **Miscellaneous.**

The terms and conditions of this Lease Addendum will supersede any conflicting terms of the Lease. Any capitalized term not specifically defined in this Lease Addendum shall have the meaning ascribed to such term in the Lease.

IN WITNESS WHEREOF, the parties hereto, by and through their respective representatives authorized to enter into and bind each respective party without further consent or authorization, have duly executed and delivered this Lease Addendum in duplicate as of the date set forth above.

LANDLORD: _____, a(n) _____
_____

By: _____

Name: _____

Title: _____

TENANT: _____, a(n) _____

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

EXHIBIT M
TO THE FRANCHISE DISCLOSURE DOCUMENT

Lease Guaranty Acknowledgment

Lease Guaranty Acknowledgment

You have informed Kahala Franchising, L.L.C. (the "Company") that the landlord of the location which you have selected for the operation of your Franchised Business requires, as a condition for you to obtain a lease agreement, that you obtain a lease guaranty from the Company or any affiliate of the Company of your obligations under the lease. You have requested that the Company or any affiliate of the Company execute and deliver a lease guaranty in favor of the premises landlord for the location you have selected or are considering for your Franchised Business. You acknowledge that neither the Company nor any of its affiliates is required to serve as guarantor of your lease for the site of your Franchised Business and that a decision whether to serve as guarantor is within the sole and absolute discretion of the Company.

We are willing to undertake to assist you in obtaining a lease by agreeing to execute and deliver a lease guaranty, in form and substance satisfactory to the Company and its counsel. In consideration for the execution and delivery of a lease guaranty, you hereby acknowledge that you have agreed to pay a lease guaranty fee to the Company in an amount equal to the lesser of (i) ten percent (10%) of the total amount of the rental obligations to be guaranteed under the lease during its term, and any renewal term (inclusive of any charges for real estate taxes, common area maintenance, insurance), or (ii) Ten Thousand ($10,000) Dollars (the "Lease Guaranty Fee"). The Lease Guaranty Fee will be due and payable to the Company upon the Company's (or any affiliate of the Company) execution of the applicable lease guaranty agreement with the landlord.

Any capitalized terms not specifically defined in this Lease Guaranty Acknowledgment shall have the meaning ascribed to such terms in your *Cold Stone Creamery* Franchise Agreement dated _____.

The undersigned understands and acknowledges that: (i) notwithstanding the agreement of the Company to execute and deliver a lease guaranty, the execution and delivery of such guaranty and any participation of the Company and/or its agents or employees, including, without limitation, its Area Representatives, and/or brand presidents in the negotiation of an LOI or a lease, and analyzing and/or approving site(s) for the Location of the Franchised Business, you are solely responsible for conducting a review of the proposed site, the LOI and lease terms, and for final Location selection and approval based upon your review, your business plan and model; (ii) you have not relied upon the assistance of the Company in procuring, or in the approval of, an LOI or lease for the Franchised Business, or in its decision to select any proposed site; (iii) each potential site for the Franchised Business is unique and provides different risks and benefits, which may impact the performance of the Franchised Business; and, (iv) as part of analyzing the proposed site, it is your responsibility to meet 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 Franchised Business.

Acknowledged and accepted:

Corporation or Entity:_____
By:_____

Print Name:_____

Brand Concept:_____
Date:_____

EXHIBIT N

TO THE FRANCHISE DISCLOSURE DOCUMENT

Lease Review and/or Negotiation Agreement and Release and State Addenda

LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE

You have requested that the real estate department of Kahala Management, L.L.C. ("Company") assist you in the review of the Lease for your Franchised Business ("Location"), which may include participation in the negotiation of the business terms of a lease with the landlord and/or broker/agent of the landlord for the Location ("Lease Assistance"). You have agreed to pay the Company a fee of Two Thousand Five Hundred Dollars ($2,500) for Lease Assistance. The Company is willing to undertake to assist you in the review and related negotiations.

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 your *Cold Stone Creamery* Franchise Agreement dated _____ ____, 20___ for store number _____.

Although, Company must review your selection of a Location and the Lease to confirm it meets our minimum site 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. The services provided by the Company's real estate department will include only those certain services as detailed in your Franchise Agreement.

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, Brand Presidents or Vice President of Operations, in the Lease Assistance for the location of the Franchised Business, 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 Franchised Business, or in your decision to select any proposed site; (iii) each site for the Franchised Business 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 Franchised Business, it is your sole responsibility to conduct such due diligence reviews of the geographic area and the shopping center in which the Franchised Business 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 Franchised Business.

In consideration of the agreement of Company to provide Lease Assistance to you, the undersigned hereby fully releases, discharges, and acquits Kahala Franchising, 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, Brand Presidents and/or Vice President of Operations, 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, Brand Presidents and/or Vice President of Operations (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: _____

ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE

(FOR THE STATE OF CALIFORNIA)

This ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE (FOR THE STATE OF CALIFORNIA) ("Addendum") hereby amends the Lease Review and/or Negotiation Agreement and Release dated _____ ___, 20___ ("Lease Review Agreement") from the undersigned to Franchisor Parties. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Lease Review Agreement. The Lease Review Agreement is hereby amended by the addition of the following language, which shall be considered an integral part of the Lease Review Agreement:

1. A general release is incorporated in the Lease Review Agreement. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516).

2. Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

3. Except as set forth in this Addendum, the terms and provisions of the Lease Review Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, by and through its respective representative with full rights, power and authority to enter into and bind the undersigned without further consent or approval of any kind, has duly executed and delivered this Addendum on _____ ___, 20___.

_____, a(n) _____

By: _____
[Name, Title]

ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE

(FOR THE STATE OF HAWAII)

This ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE (FOR THE STATE OF HAWAII) ("Addendum") hereby amends the Lease Review and/or Negotiation Agreement and Release dated _____ ___, 20___ ("Lease Review Agreement") from the undersigned to Franchisor Parties. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Lease Review Agreement. The Lease Review Agreement is hereby amended by the addition of the following language, which shall be considered an integral part of the Lease Review Agreement:

1. A general release is incorporated in the Lease Review Agreement. If the Franchisee is required 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.

2. 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.

3. Except as set forth in this Addendum, the terms and provisions of the Lease Review Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, by and through its respective representative with full rights, power and authority to enter into and bind the undersigned without further consent or approval of any kind, have duly executed and delivered this Addendum on _____ ___, 20___.

_____, a(n) _____

By: _____

[Name, Title]

ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE

(FOR THE STATE OF ILLINOIS)

This ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE (FOR THE STATE OF ILLINOIS) ("Addendum") hereby amends the Lease Review and/or Negotiation Agreement and Release dated _____ ___, 20___ ("Lease Review Agreement") from the undersigned to Franchisor Parties. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Lease Review Agreement. The Lease Review Agreement is hereby amended by the addition of the following language, which shall be considered an integral part of the General Release:

1. A general release is incorporated in the Lease Review Agreement. If the Franchisee is required 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 Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/20, 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.

2. 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."

3. 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.

4. Except as set forth in this Addendum, the terms and provisions of the Lease Review Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, by and through its respective representative with full rights, power and authority to enter into and bind the undersigned without further consent or approval of any kind, has duly executed and delivered this Addendum on _____ ___, 20___.

_____, a(n) _____

By: _____

[Name, Title]

ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE

(FOR THE STATE OF INDIANA)

This ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE (FOR THE STATE OF INDIANA) ("Addendum") hereby amends the Lease Review and/or Negotiation Agreement and Release dated _____ ___, 20___ ("Lease Review Agreement") from the undersigned to Franchisor Parties. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Lease Review Agreement. The Lease Review Agreement is hereby amended by the addition of the following language, which shall be considered an integral part of the Lease Review Agreement:

1. A general release is incorporated in the Lease Review Agreement. If the Franchisee is required 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 Franchises Act, Ind. Code Ann. §§ 23-2-2.5 and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-2-2.7-1, and such acknowledgements shall be void with respect to claims under the Act.

2. 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.

3. Except as set forth in this Addendum, the terms and provisions of the Lease Review Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, by and through its respective representative with full rights, power and authority to enter into and bind the undersigned without further consent or approval of any kind, has duly executed and delivered this Addendum on _____ ___, 20___.

_____, a(n) _____

By: _____

[Name, Title]

ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE

(FOR THE STATE OF MARYLAND)

This ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE (FOR THE STATE OF MARYLAND) ("Addendum") hereby amends the Lease Review and/or Negotiation Agreement and Release dated _____ ___, 20___ ("Lease Review Agreement") from the undersigned to Franchisor Parties. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Lease Review Agreement. The Lease Review Agreement is hereby amended by the addition of the following language, which shall be considered an integral part of the Lease Review Agreement:

1. A general release is incorporated in the Lease Review Agreement The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. 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.

3. Except as set forth in this Addendum, the terms and provisions of the Lease Review Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, by and through its respective representative with full rights, power and authority to enter into and bind the undersigned without further consent or approval of any kind, has duly executed and delivered this Addendum on _____ ___, 20___.

_____, a(n) _____

By: _____

[Name, Title]

ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE

(FOR THE STATE OF MICHIGAN)

This ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE (FOR THE STATE OF MICHIGAN) ("Addendum") hereby amends the Lease Review and/or Negotiation Agreement and Release dated _____ ___, 20___ ("Lease Review Agreement") from the undersigned to Franchisor Parties. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Lease Review Agreement. The Lease Review Agreement is hereby amended by the addition of the following language, which shall be considered an integral part of the Lease Review Agreement:

1. A general release is incorporated in the Lease Review Agreement. The following provision is void and unenforceable under the Michigan Franchise Investment Law § 445.1527 if contained in any documents relating to a franchise: A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives franchisee of rights and protections provided in the Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

2. Except as set forth in this Addendum, the terms and provisions of the Lease Review Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, by and through its respective representative with full rights, power and authority to enter into and bind the undersigned without further consent or approval of any kind, has duly executed and delivered this Addendum on _____ ___, 20___.

_____, a(n) _____

By: _____
[Name, Title]

ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE

(FOR THE STATE OF MINNESOTA)

This ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE (FOR THE STATE OF MINNESOTA) ("Addendum") hereby amends the Lease Review and/or Negotiation Agreement and Release dated _____ ___, 20___ ("Lease Review Agreement") from the undersigned to Franchisor Parties. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Lease Review Agreement. The Lease Review Agreement is hereby amended by the addition of the following language, which shall be considered an integral part of the Lease Review Agreement:

1. A general release is incorporated in the Lease Review Agreement. Minnesota Rules 2860.4400.D prohibits a franchisor from requiring a franchisee to assent to a 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.

2. 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.

3. 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.

4. Except as set forth in this Addendum, the terms and provisions of the Lease Review Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, by and through its respective representative with full rights, power and authority to enter into and bind the undersigned without further consent or approval of any kind, has duly executed and delivered this Addendum on _____ ___, 20___.

_____, a(n) _____

By: _____

[Name, Title]

ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE

(FOR THE STATE OF NORTH DAKOTA)

This ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE (FOR THE STATE OF NORTH DAKOTA) ("Addendum") hereby amends the Lease Review and/or Negotiation Agreement and Release dated _____ ___, 20___ ("Lease Review Agreement") from the undersigned to Franchisor Parties. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Lease Review Agreement. The Lease Review Agreement is hereby amended by the addition of the following language, which shall be considered an integral part of the Lease Review Agreement:

1. A general release is incorporated in the Lease Review Agreement. Under North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19-16, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this chapter or any rule order hereunder is void.

2. THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (SECTION 51-19-09, N.D.C.C.):

a. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

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.

4. Except as set forth in this Addendum, the terms and provisions of the Lease Review Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, by and through its respective representative with full rights, power and authority to enter into and bind the undersigned without further consent or approval of any kind, has duly executed and delivered this Addendum on _____ ___, 20___.

_____, a(n) _____

By: _____
[Name, Title]

ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE

(FOR THE STATE OF NEW YORK)

This ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE (FOR THE STATE OF NEW YORK) ("Addendum") hereby amends the Lease Review and/or Negotiation Agreement and Release dated _____ ___, 20___ ("Lease Review Agreement") from the undersigned to Franchisor Parties. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Lease Review Agreement. The Lease Review Agreement is hereby amended by the addition of the following language, which shall be considered an integral part of the Lease Review Agreement:

1. A general release is incorporated in the Lease Review Agreement. Under New York General Business Law, Article 33, Section 687, it is unlawful to require a franchisee to assent to a release, assignment, novation, waiver or estoppel which would relieve a person from any duty or liability imposed by this Article.

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. Except as set forth in this Addendum, the terms and provisions of the Lease Review Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, by and through its respective representative with full rights, power and authority to enter into and bind the undersigned without further consent or approval of any kind, has duly executed and delivered this Addendum on _____ ___, 20___.

_____, a(n) _____

By: _____

[Name, Title]

ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE

(FOR THE STATE OF RHODE ISLAND)

This ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE (FOR THE STATE OF RHODE ISLAND) ("Addendum") hereby amends the Lease Review and/or Negotiation Agreement and Release dated _____ ___, 20___ ("Lease Review Agreement") from the undersigned to Franchisor Parties. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Lease Review Agreement. The Lease Review Agreement is hereby amended by the addition of the following language, which shall be considered an integral part of the Lease Review Agreement:

1. A general release is incorporated in the Lease Review Agreement. Under the Franchise Investment Act, R.I. Gen. Law. ch. 395 Sec. 19-28.1-15, a condition, stipulation or provision requiring a franchisee to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by this act or a rule or order under this act is void. An acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this act or a rule or order under this act. This section shall not affect the settlement of disputes, claims or civil lawsuits arising or brought under this act.

2. Each provision of this Addendum 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 Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

3. Except as set forth in this Addendum, the terms and provisions of the Lease Review Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, by and through its respective representative with full rights, power and authority to enter into and bind the undersigned without further consent or approval of any kind, has duly executed and delivered this Addendum on _____ ___, 20___.

_____, a(n) _____

By: _____

[Name, Title]

ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE

(FOR THE STATE OF SOUTH DAKOTA)

This ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE (FOR THE STATE OF SOUTH DAKOTA) ("Addendum") hereby amends the Lease Review and/or Negotiation Agreement and Release dated _____ ___, 20___ ("Lease Review Agreement") from the undersigned to Franchisor Parties. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Lease Review Agreement. The Lease Review Agreement is hereby amended by the addition of the following language, which shall be considered an integral part of the Lease Review Agreement:

1. A general release is incorporated in the Lease Review Agreement. Under the South Dakota Franchise Investment Law, South Dakota Codified Laws, Title 37, Chapter 37-5B, Sections 37-5B-26, No person may, directly or indirectly, in connection with the offer or sale of a franchise: (8) Disclaim or require a prospective franchisee to waive reliance on any representation made in the disclosure document or in its exhibits or amendments. However, this provision is not intended to prevent a prospective franchisee from voluntarily waiving specific contractual terms and conditions set forth in his or her disclosure document during the course of franchise sale negotiations.

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.

3. Except as set forth in this Addendum, the terms and provisions of the Lease Review Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, by and through its respective representative with full rights, power and authority to enter into and bind the undersigned without further consent or approval of any kind, has duly executed and delivered this Addendum on _____ ___, 20___.

_____, a(n) _____

By: _____

[Name, Title]

ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE

(FOR THE STATE OF VIRGINIA)

This ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE (FOR THE STATE OF VIRGINIA) ("Addendum") hereby amends the Lease Review and/or Negotiation Agreement and Release dated _____ ___, 20___ ("Lease Review Agreement") from the undersigned to Franchisor Parties. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Lease Review Agreement. The Lease Review Agreement is hereby amended by the addition of the following language, which shall be considered an integral part of the Lease Review Agreement:

1. A general release is incorporated in the Lease Review Agreement. Under the Virginia Retail Franchising Act, VA. Code Ann. §13.1-571(c), Any condition, stipulation or provision binding any person to waive compliance with any provision of this chapter or of any rule or order thereunder shall be void; provided, however, that nothing contained herein shall bar the right of a franchisor and franchisee to agree to binding arbitration of disputes consistent with the provisions of this chapter.

2. Except as set forth in this Addendum, the terms and provisions of the Lease Review Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, by and through its respective representative with full rights, power and authority to enter into and bind the undersigned without further consent or approval of any kind, has duly executed and delivered this Addendum on _____ ___, 20___.

_____, a(n) _____

By: _____

[Name, Title]

ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE

(FOR THE STATE OF WASHINGTON)

This ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE (FOR THE STATE OF WASHINGTON) ("Addendum") hereby amends the Lease Review and/or Negotiation Agreement and Release dated _____ ___, 20___ ("Lease Review and Agreement") from the undersigned to Franchisor Parties. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Lease Review Agreement. The Lease Review Agreement is hereby amended by the addition of the following language, which shall be considered an integral part of the Lease Review Agreement:

1. A general release is incorporated in the Lease Review Agreement. The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your Franchise.

2. 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.

3. Except as set forth in this Addendum, the terms and provisions of the Lease Review Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, by and through its respective representative with full rights, power and authority to enter into and bind the undersigned without further consent or approval of any kind, has duly executed and delivered this Addendum on _____ ___, 20___.

FRANCHISEE

_____, a(n) _____

By: _____

[Name, Title]

ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE

(FOR THE STATE OF WISCONSIN)

This ADDENDUM TO LEASE REVIEW AND/OR NEGOTIATION AGREEMENT AND RELEASE (FOR THE STATE OF WISCONSIN) ("Addendum") hereby amends the Lease Review and/or Negotiation Agreement and Release dated _____ ___, 20___ ("Lease Review Agreement") from the undersigned to Franchisor Parties. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Lease Review Agreement. The Lease Review Agreement is hereby amended by the addition of the following language, which shall be considered an integral part of the Lease Review Agreement:

1. A general release is incorporated in the Lease Review Agreement. Under the Wisconsin Franchise Investment Law, Wis. Stat. Ann. § 553.76, Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this chapter or any rule or order under this chapter is void. This section does not affect the settlement of disputes, claims or civil lawsuits arising or brought under this chapter.

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.

3. Except as set forth in this Addendum, the terms and provisions of the Lease Review Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, by and through its respective representative with full rights, power and authority to enter into and bind the undersigned without further consent or approval of any kind, have duly executed and delivered this Addendum on _____ ___, 20___.

_____, a(n) _____

By: _____

[Name, Title]

EXHIBIT O-1

TO THE FRANCHISE DISCLOSURE DOCUMENT

Sublease and Guaranty of Sublease

SUBLEASE

This SUBLEASE ("Sublease") is effective as of the date set forth in Exhibit A attached hereto and incorporated herein by reference~~,~~ ("Effective Date"), executed by ~~[LEASING ENTITY],~~ _____, a[n] _____ ("Sublessor"), and the sublessee identified in Exhibit A to this Sublease ("Sublessee").

WHEREAS, Sublessor, as tenant, previously entered into, or intends to enter into, that certain lease ("Lease") in the form of Exhibit B attached hereto and incorporated herein by reference, as may be amended from time to time, pursuant to which Sublessor leases certain premises ("Premises") as described in the Lease from the landlord under such Lease ("Landlord");

[WHEREAS, Sublessor and Sublessee are parties to a sublease dated _____, as amended (collectively the "Prior Sublease"). Sublessee agrees and acknowledges that it remains liable under the Prior Sublease up through the date immediately preceding the Effective Date ~~of this Sublease.~~. Sublessor and Sublessee further acknowledge and agree that the Prior Sublease is deemed terminated as of and after the Effective Date ~~of this Sublease.~~.]

WHEREAS, Sublessee has entered into that certain Franchise Agreement, as amended, for ~~Cold Stone Creamery~~a[n] Brand Store No. _____ (" with an authorized product offering of *Rocky Mountain Chocolate Factory* Store No. (collectively the "Franchise Agreement") with ~~Kahala Franchising, L.L.C.~~ _____, a[n] _____ ("Franchisor");

WHEREAS, pursuant to the Franchise Agreement, the parties and Franchisor intend that Sublessee will establish and operate a ~~Cold Stone Creamery~~[n] Brand restaurant at the location identified in the Franchise Agreement;

WHEREAS, Sublessee may only use and occupy the Premises as a ~~Cold Stone Creamery~~Brand restaurant selling ~~Cold Stone Creamery~~Brand and *Rocky Mountain Chocolate Factory*-authorized products pursuant to the terms of the Franchise Agreement, and for no other purpose. Sublessee may not sell any other items at the Premises unless first authorized in writing by the Sublessor;

WHEREAS, Sublessee has selected the Premises for the location of the ~~Cold Stone Creamery~~Brand restaurant to be established and operated by Sublessee;

WHEREAS, in accordance with the Franchise Agreement, Sublessor desires to sublease to Sublessee, and Sublessee desires to sublease from Sublessor, the Premises and Sublessor's rights in the Premises pursuant to the Lease, upon the terms and conditions contained herein;

NOW, THEREFORE, in consideration of the foregoing premises, and the terms, conditions and covenants set forth in this Sublease, the parties hereby agree as follows:

1. Agreement to Sublease. Sublessor hereby demises and sublets to Sublessee the Premises, and Sublessor grants Sublessee all of its respective rights, privileges and appurtenances related to the Premises, and Sublessee takes from Sublessor, the Premises and all of Sublessor's respective rights, privileges and appurtenances related to the Premises, for the Term (as defined in Section 2.1).

1.1. Assumption. As of the Effective Date ~~(as defined in Exhibit A and attached hereto),~~ Sublessee assumes, and agrees to abide by, all terms and conditions of the Lease with respect to the Premises, and will faithfully perform all obligations required thereunder to be performed by

Sublessor during the Term and any obligations to be performed by Sublessor under the Lease prior to, as of and after the Commencement Date of the Lease (as defined in Exhibit A attached hereto) to the extent the same have not been fully performed by Sublessor as of the Effective Date hereof (including without limitation, any initial construction obligations).

1.2. Compliance with Lease. Notwithstanding anything to the contrary contained herein, the terms of this Sublease and Sublessee's use, occupancy, maintenance, repair and restoration of the Premises are subject and subordinate to the terms, covenants, conditions, agreements and requirements of the Lease. Sublessee will not commit or permit to be committed on the Premises any act or omission which will violate any term or condition of the Lease. To enforce the rights of Sublessor hereunder, Sublessor may exercise any and all remedies available to Landlord under the Lease, in addition to any other remedies provided hereunder or available at law or in equity.

2. Term; Renewal Options.

2.1. Term. This Sublease will be effective as of the Effective Date and will continue for the full term of the Lease ("Term"), as the same may be amended, earlier terminated, or renewed or extended from time to time pursuant to Section 2.2 below, minus one day.

2.2. Renewal Options. If the Lease, as may be amended by Sublessor from time to time, contains renewal options, Sublessee may exercise such options in accordance with this Section 2.2, provided that as of the time of the giving of the Renewal Notice~~,~~ (as defined below), no event of default exists or would exist hereunder or under the Lease but for the passage of time or the giving of notice, or both. ***To exercise a renewal option, Sublessee must notify Sublessor in writing in accordance with Section 17 herein of Sublessee's intent to exercise such option ("Renewal Notice") not more than 90 days, or less than 60 days, before the date that Sublessor is required to notify Landlord pursuant to the Lease of its intention to exercise such option. Time is of the essence***. Notwithstanding the foregoing, Sublessee acknowledges and agrees that the decision to exercise any renewal option in connection with the Lease is solely at the discretion of Sublessor.

2.3. Failure to Timely Deliver Renewal Notice. If Sublessee does not deliver the Renewal Notice within the time period set forth above, Sublessee's right to exercise the renewal option pursuant to this Section 2 will automatically become null and void and of no further force or effect. Sublessee's exercise of a renewal option, as evidenced by the Renewal Notice, will be irrevocable in all events. Upon receipt of an effective Renewal Notice, Sublessor will undertake to renew the Lease for the applicable renewal term and Sublessee will indemnify, defend, and hold Sublessor and the Indemnified Parties (as defined in Section 11) harmless with respect to the exercise of the renewal ~~term~~option. Notwithstanding the foregoing, Sublessee acknowledges and agrees that the decision to exercise any renewal option in connection with the Lease is solely at the discretion of Sublessor.

3. Rent, Taxes~~,~~ and Insurance.

~~3.1. Payment of Rent. The first month's Rent (as such term is hereinafter defined) and the Sublease Security Deposit (as defined in Section 4.1 and set forth on Exhibit A) will be due and payable on the date hereof. Sublessee promises to timely pay to Landlord~~Payment of Rent. As of the Effective Date, and at Sublessor's sole and absolute discretion, Sublessor shall either have the right to: (a) directly debit from Sublessee the Rent (as defined in Section 3.1.1.1) due and owing under the Lease pursuant to Section 3.1.1 below; or (b) direct Sublessee to pay the Rent due and owing under the Lease directly to the Landlord pursuant to Section 3.1.2 below. Upon Sublessor's thirty (30) day prior written notice (email is sufficient), Sublessor shall have the absolute right to change the means of the payment of Rent and may either begin debiting Rent directly from Sublessee or require Sublessee to pay Rent directly to the Landlord, each to become applicable for the immediate

following month after such 30-day notice to Sublessee. Concurrently with Sublessee's execution hereof, or at any time thereafter if required by Sublessor, Sublessee shall sign a pre-authorization enabling Sublessor to draw against Sublessee's bank account for the partial or full amount of the Rent and any other amounts due hereunder as and when the same become due. To ensure all Rent and other payments are timely made to the Landlord, Sublessor has the absolute right to draw against Sublessee's bank account such amounts due and owing, or at Sublessor's election in its sole discretion, Sublessor shall direct Sublessee to pay such amounts to such address as Sublessor may specify from time to time by written notice delivered in accordance herewith and Sublessee shall comply with such direction.

3.1.1. Rent Payments paid directly to Sublessor.

3.1.1.1. The first month's Base Rent (as defined in this Section 3.1.1.1), the Sublease Security Deposit (as defined in Section 4.1 and set forth on Exhibit A) and the first monthly installment of estimated Operating Expenses (as defined in this Section 3.1.1.1) will be due and payable on the Effective Date. Sublessee promises to pay to Sublessor in advance, without demand, deduction or set-off, regular installments of: (a) all base, minimum or fixed rent payable under the Lease ("Base Rent~~"),~~"); (b) any percentage rent or other rent based upon sales in, at, or from the Premises ("Percentage Rent~~")~~"); and (c) any other payments payable under the Lease for operating expenses, common area expenses, utilities, marketing funds, merchants associations, sprinkler fees and any other costs and expenses, including any annual reconciliation(s) of the same, as applicable (collectively, "Operating Expenses"), together with all sales, rental and privilege taxes due thereon~~, as required under the Lease.~~. The foregoing ~~costs~~payments under (a), (b), and (c) are collectively referred to as "Rent."

3.1.1.2. From and after the Effective Date and through the Term hereof, Sublessee will pay to Sublessor on the earlier of: (i) the 25th day of the month; or (ii) the fourth (4th) Friday of the month; or (iii) on a day reasonably set by Sublessor to ensure timely payment of Rent under the Lease (as applicable, "Due Date"), an amount equal to 1/12th of the annual Base Rent and 1/12th of the estimated Operating Expenses and all applicable taxes thereon, as applicable, for the following month (i.e., Sublessee's first Base Rent and estimated Operating Expense payments payable under this Section 3.1.1 will be applied to the second month of the Term, so that Base Rent and Operating Expenses will always be paid one month in advance). To the extent Sublessee has paid Base Rent and estimated Operating Expenses in advance, Sublessee will not be obligated to pay the same on the Due Date of the last month of the Term. If any of Sublessee's Base Rent and Operating Expenses payments are returned for non-sufficient funds, Sublessor has the option, at its sole discretion, to collect the Base Rent and Operating Expenses payments on a weekly basis one month in advance without prior notice to Sublessee. If Sublessor exercises this option, Sublessee will pay to Sublessor on each Friday for the remainder of the Term an amount equal to 1/52nd of the annual Base Rent and 1/52nd of the estimated Operating Expenses and all applicable taxes thereon, at least four (4) weeks in advance of the first of the month for which it is paid by Sublessor to Landlord.

3.1.1.3. In addition to Base Rent and estimated Operating Expenses paid in accordance with Section 3.1.1.1 above, commencing on the Effective Date of this Sublease, Sublessee will pay Percentage Rent and any other amounts due hereunder or under the Lease in the amounts and the same number of installments due from Sublessor, as tenant, to Landlord under the Lease, which payment will be made by Sublessee to Sublessor at least ten (10) days

before the same is due to Landlord under the Lease; provided, however, at Sublessor's election in its sole discretion, Percentage Rent will be paid by Sublessee in arrears on a weekly basis, in which event Sublessee will also submit along with each payment of Percentage Rent, a sales report of Lease Gross Sales (as defined below) for the previous week in the form described in Section 3.3 below.

3.1.2. Rent Payments paid directly to Landlord.

3.1.2.1. The first month's Rent and the Sublease Security Deposit will be due and payable on the Effective Date. Sublessee promises to timely pay to Landlord, without demand, deduction or set-off, regular installments of all Rent, together with all sales, rental and privilege taxes due thereon, as required under the Lease.

3.2. Payment of Taxes and Insurance. Sublessee promises to timely pay any and all taxes and insurance covering or incurred during the Term of this Sublease and due as required under the Lease or in connection with the Premises, when billed or invoiced from the respective taxing authority or insurance company, whether addressed to Sublessor or its affiliate or Sublessee, without demand, deduction or set-off, including any annual reconciliation(s), as applicable. Sublessee agrees and acknowledges that taxes and insurance may be collected by Sublessor either pursuant to Section 3.1.1.1 above (or in such a manner reasonably determined by Sublessor to ensure timely payment of any and all taxes and insurance due under the Lease or in connection with the Premises to the requisite taxing authorities or insurance companies) or shall pay such amounts timely and directly to the Landlord.

3.3. Sales Reports. Not later than the tenth (10^{th}) day after the end of each calendar month in the Term and the fifteenth (15^{th}) day after the end of each calendar year in the Term (including the last year in the Term), or such sooner periods as may be set forth in the Lease, Sublessee will submit to Sublessor (and Landlord, if the Lease requires the delivery of sales reports) an itemized and accurate written statement signed by Sublessee or its duly authorized officer, setting forth in reasonable detail the full amount of Lease Gross Sales (as defined below) made during the preceding calendar month or year, as applicable, and certifying to Sublessor and Landlord that the same is true and correct. If the total amount of Percentage Rent paid by Sublessee for any week, month, or calendar year during the Term (including the last calendar year of the Term) shall be less than the actual amount due from Sublessee for such period, Sublessee will pay to Sublessor or Landlord, as applicable, the difference between the amount paid by Sublessee and the actual amount due upon demand, but, notwithstanding anything contrary in the Lease, in no event later than ~~what is required~~fifteen (15) days after the end of such calendar year; and if the total amount of Percentage Rent paid by Sublessee for any such week, month, or year shall exceed such actual amount due from Sublessee for such period, then, if Sublessor collected such amounts directly from Sublessee, such excess will be credited against the next installment(s) of Rent due from Sublessee to Sublessor under this Sublease, or promptly refunded to Sublessee if this Sublease has expired or otherwise terminated and Sublessee is not then in default hereunder; or, if paid by Sublessee directly to the Landlord, such excess will be credited to Sublessee by Landlord directly pursuant to the terms of the Lease. Upon three (3) days' notice to Sublessee, Sublessor or its representatives will have the right to conduct an audit of Sublessee's books and records relating to Lease Gross Sales at the Premises at any time during the Term. If such audit reveals that Sublessee understated Lease Gross Sales, then Sublessee will pay to Sublessor the costs and expenses of the audit, together with Interest (as defined in Section 3.5 below) from the date Percentage Rent should have been paid hereunder and any interest, late fees, or other penalties incurred by Sublessor under the Lease as a result of such underpayment. Sublessee will maintain all books and records relating to sales at the Premises for a minimum of three (3) years. The obligations under this Section 3.3 will survive the expiration or sooner termination of this Sublease.

3.4. Lease Gross Sales. As used herein, the term "Lease Gross Sales" will mean the total gross sales in, on, from, or originating within the Premises on which percentage rent, if any, is payable under the terms of the Lease or, if not defined therein, will mean Gross Sales (as defined in the Franchise Agreement).

3.5. Late Charge. ~~Sublessee acknowledges that any late payment by Sublessee to Landlord of any rent or other payment due to Landlord hereunder may result in the assessment of late charges as allowed under the Lease, if any, and that Sublessee shall be solely liable for the payment of such late charges.~~ Sublessee acknowledges that late payment by Sublessee to Sublessor or Landlord, as applicable, of any Rent or other payment ~~which may be~~ due to Sublessor or Landlord, as applicable, hereunder will cause Sublessor to incur costs not contemplated by this Sublease, the exact amount of such costs being extremely difficult and impractical to determine. Therefore, if Sublessee is delinquent in any installment of ~~such which may be~~Rent or other sums due and payable ~~to Sublessor~~ hereunder or the Lease for more than three (3) days, Sublessee will pay to Sublessor on demand a late charge equal to five percent (5%) of such delinquent sum, *plus* any late charges and interest incurred by Sublessor under the ~~Leaase~~Lease as a result of such late payment. The parties agree that such late charge represents a fair and reasonable estimate of the costs that Sublessor will incur by reason of such late payment by Sublessee. The provision for such late charge will be in addition to all of Sublessor's other rights and remedies hereunder or at law or equity and will not be construed as a penalty. In addition to the foregoing late charge, if Sublessee is delinquent ~~is~~in any installment of ~~any payment which may be~~Rent or other payments due ~~to Sublessor~~ hereunder for more than ten (10) days, then such delinquent sum will bear interest at the rate of eighteen percent (18%) per annum or the highest rate permitted by law, whichever is less ("Interest"), from the due date until paid in full.

4. Sublease Security Deposit.

4.1. Cash Deposit. Contemporaneously with Sublessee's execution hereof, Sublessee will deposit with Sublessor a sublease security deposit, which shall not be less than one month's ~~base rent~~gross Rent, in the amount set forth on Exhibit A ("Sublease Security Deposit"). The Sublease Security Deposit will be held by Sublessor as security for the performance of Sublessee's obligations under this Sublease, Sublessee's Franchise Agreement with Franchisor, and any other agreement between Sublessee or its affiliates and Sublessor, Franchisor, or their affiliates. The Sublease Security Deposit is not an advance rental deposit or a measure of Sublessor's damages in case of Sublessee's default. Upon each occurrence of an Event of Default hereunder (as defined in Section 15 below), or monies owed to Sublessor, Sublessor or Franchisor or their affiliates may use all or part of the Sublease Security Deposit to pay delinquent payments due under this Sublease, the Franchise Agreement, and/or any other agreement between Sublessee or its affiliates and Sublessor, Franchisor, or their affiliates, and the cost of any damage, injury, expense or liability caused by such default, without prejudice to any other remedy provided herein or provided by law. Sublessee will pay Sublessor on demand, or Sublessor may draw on Sublessee's bank account, the amount that will restore the Sublease Security Deposit to its original amount. Sublessor's obligation respecting the Sublease Security Deposit is that of a debtor, not a trustee; no interest will accrue thereon unless otherwise required by law. The Sublease Security Deposit will be the property of Sublessee, but will be refunded to Sublessee when Sublessee's obligations under this Sublease, the Franchise Agreement, and any other agreement between Sublessee or its affiliates and Sublessor, Franchisor, or their affiliates have been completely fulfilled. Sublessee agrees and acknowledges that the Sublease Security Deposit is separate and distinct from the security deposit held by the Landlord in the amount set forth on Exhibit A ("Lease Security Deposit"). In addition to the Sublease Security Deposit Sublessee ~~further agrees and acknowledges that it~~ will be required to deposit with Sublessor ~~the Sublease Security Deposit and~~, Sublessee may also be required to reimburse to, and deposit with, Sublessor for the Lease Security Deposit.

4.2. Security Agreement. Sublessee hereby grants Sublessor a security interest, and this Sublease constitutes a security agreement within the meaning of and pursuant to the Uniform Commercial Code of the state in which the Premises is located, in and to all of Sublessee's property situated in, or upon, or used in connection with the Premises (except merchandise sold in the ordinary course of business) (collectively, "Collateral") as security for all of Sublessee's obligations hereunder, including, without limitation, the obligation to pay Rent and other monetary amounts hereunder. Such property thus encumbered includes specifically all trade fixtures and any other fixtures removable by Sublessor, as tenant, pursuant to the Lease, inventory, equipment, signage, small wares, furniture, contract rights, accounts receivable and the proceeds thereof. Sublessee hereby irrevocably authorizes Sublessor to file such financing statements and other Uniform Commercial Code filings as Sublessor deems appropriate in order to perfect such security interest. Sublessee further agrees to execute such other financing statements as reasonably requested by Sublessor to further secure Sublessor's interest under this Section 4.2 as often as Sublessor in its discretion shall require.

5. Utilities. Sublessee will arrange for and pay for, prior to delinquency, the cost of any and all electricity, water, gas, sewer, telephone and other utilities consumed in the Premises commencing on the date Sublessee is permitted to access the Premises and continuing during the Term hereof (collectively, "Utilities"), unless Landlord expressly pays for the same pursuant to the Lease or the cost thereof is paid by Sublessee as Operating Expenses. Such payments will be made directly to the utility provider unless the Lease provides otherwise. Notwithstanding the foregoing, Sublessor may elect to arrange for and/or pay the cost of such Utilities directly to the utility provider. If Sublessor so elects, then Sublessee will pay to Sublessor any and all amounts due for such Utilities upon demand. As may be applicable, Sublessor may draw against Sublessee's bank account from time to time for the full amount of the cost of such Utilities or Sublessee's reasonable estimate of the costs thereof. Any failure to pay the cost of Utilities to Sublessor or any utility provider, as applicable, when due will be deemed a failure to pay Rent hereunder and will entitle Sublessor to exercise its remedies hereunder.

6. Use. Sublessee will use the Premises solely for the operation of a ~~Cold Stone Creamery~~[n] Brand restaurant with an authorized product offering of *Rocky Mountain Chocolate Factory* in accordance with the terms and conditions of the Lease, this Sublease, and all applicable federal, state, and local laws, and for no other purpose whatsoever.

7. Sublessor's Obligations. Subject to the terms of this Sublease, Sublessor is conveying to Sublessee only those rights to the Premises that it has acquired by virtue of the Lease respectively. Sublessee acknowledges that the Lease sets forth certain Landlord obligations, which, as between Sublessor and Sublessee, Sublessor is not obligated to perform. Sublessee waives and releases Sublessor from any and all claims Sublessee may now or hereafter have against Sublessor with respect to any and all such obligations and/or the contents of the Lease or any provision thereof, all of which have been read and approved by Sublessee. If Landlord fails to perform its obligations under the Lease, Sublessee will promptly send Sublessor written notice specifically describing the default in detail. Upon receipt of such notice, Sublessor will promptly notify Landlord of the alleged default. Sublessor will not be obligated to bring or defend any claim or action against Landlord and, if it declines to do so, Sublessee, at Sublessee's sole expense, will have the right to do so, in which event Sublessee will indemnify, defend, and hold harmless the Indemnified Parties (as defined in Section 11 below) against the same.

8. Maintenance, Repair, and Alterations. Without limiting the generality of Section 1.1 herein, Sublessee will maintain the Premises in good condition and repair and will perform all of "Tenant's" (as defined in Exhibit A) maintenance, repair, and replacement obligations under the Lease. Sublessee acknowledges that Sublessor will have no repair or maintenance obligations with respect to the Premises or the shopping center/development ("Project") in which the Premises is located. Sublessee will not perform any construction or make any alterations, additions, or changes to the Premises without Sublessor's prior written consent and, if required

by the Lease, Landlord's written approval. Upon the expiration of the Term or the sooner termination of this Sublease, Sublessee will surrender the Premises in good condition and repair, in as good a condition or better than required at the time of Sublessor's surrender under the Lease.

9. Assignment and Subletting. Without the prior written consent of Sublessor, which consent may be withheld in Sublessor's sole and absolute discretion, (a) Sublessee will not assign, transfer, convey, pledge, or mortgage this Sublease or any interest therein, whether by operation of law or otherwise; (b) no interest in Sublessee may be assigned, transferred, conveyed, pledged, or mortgaged, whether by operation of law or otherwise, including without limitation, a merger or consolidation of Sublessee with another entity or the dissolution of Sublessee; and (c) Sublessee will not sublet all or any part of the Premises. NoSublessor's consent to the assignment of this Sublease or subletting of the Premises consented to will not in any way relieve Sublessee of its obligations under this Sublease. Any assignment, transfer, conveyance, pledge, mortgage, or subletting in violation of this Section 9 will be voidable at the sole option of Sublessor. Sublessee acknowledges that any assignment or subletting to which Sublessor may consent will be conditioned upon Landlord's consent thereto, if Landlord's consent is required under the Lease. Any assignment of this Lease or subleasesubletting of the Premises by Sublessee will be subject to the provisions of Section 6 above.

10. Risk of Loss. Except to the extent caused by the intentional misconduct of Sublessor and to the fullest extent permitted by law, (a) Sublessee assumes all risk of loss of or damage to Sublessee's property located within the Premises or the Project, including any loss or damage caused by water leakage, fire, windstorm, explosion, theft, vandalism, earthquake, act of God or act of any other tenant or third party; and (b) Sublessee waives any claim, demand, and/or action against Sublessor for injury, death, or property damage occurring in or around the Premises or Project during the Term.

11. Indemnification. To the fullest extent permitted by law, Sublessee hereby indemnifies, defendsagrees to indemnify, defend (with counsel acceptable to Sublessor), releasesrelease, and holdshold harmless Sublessor and Sublessor's affiliates, and each of itstheir respective officers, directors, affiliates, contractors, agents, attorneys, and employees (collectively, "Indemnified Parties"), against all claims, demands, damages, losses, causes of action, and actions of any kind or nature whatsoever, and all related costs and expenses (including reasonable attorneys' fees)): (a) for injury, death, disability, or illness of any person, or damage to property, occurring in or around the Premises or Project or arising out of Sublessee's use of the Premises or Project; (b) in connection with or arising from the terms, conditions, requirements, and/or provisions of the Lease (or Sublessor's negotiation or documentation thereof) and this Sublease; and (c) in connection with or arising from any mechanics' or materialmens' lien or claim filed against the Premises for work performed or materials furnished by or on behalf of Sublessee, except to the extent caused by the intentional misconduct of Sublessor. It is expressly agreed that Sublessee's obligations under this Section 11 will survive the expiration or earlier termination of this Sublease for any reason.

12. Insurance. Sublessee will provide such commercial general liability, property, and other insurance coverages as Sublessor may reasonably request with respect to the operation of Sublessee's business in the Premises, but in no event less than the insurance coverage required to be carried by "Tenant" pursuant to the Lease (including, but not limited to, loss of rent insurance, etc.).). The insurance will be with companies reasonably acceptable to Sublessor, written on an occurrence basis, provide primary coverage, and name Sublessor (and Sublessor's area representative, if any)), and Landlord as additional insureds or loss payees as their interests may appear, as applicable and as otherwise required of the "Tenant" under the Lease. The liability policy will contain a contractual liability endorsement. Sublessee will deliver certificates evidencing the insurance required by this Section 12, which provide that the insurance may not

be cancelled or materially changed in the scope or amount of coverage unless thirty (30) days advance written notice is given to Sublessor and Landlord.

13. Right to Inspect. Sublessor, and its agents, employees ~~or~~, and representatives, will have the right to inspect the Premises at any time during business hours to determine Sublessee's compliance with the terms of this Sublease and the Lease.

14. Acceptance of Premises; Sublessee's Representations. Upon the date that Landlord delivers possession of the Premises to Sublessor and Sublessor delivers possession of the Premises to Sublessee (which may occur simultaneously), Sublessee agrees to accept the Premises in an "AS IS" condition, without ~~representation~~any representations or ~~warranty~~warranties. Sublessee represents and confirms to Sublessor that Sublessee has selected the Premises for the location of ~~the Cold Stone Creamery~~a[n] Brand restaurant to be established and operated by Sublessee and that: (a) no representative, agent, attorney or employee of Sublessor made any representations, inducements, or promises about the Premises, the Lease or the entry into this Sublease; (b) no representative, agent, attorney or employee of Sublessor made any representations, inducements or promises about the characteristics or conditions regarding or pertaining to the Premises or the shopping center/development in which the Premises is situated; (c) Sublessee has independently investigated the potential for the success of its operations in the Premises and has not relied upon any representations, inducements or promises by Sublessor's representatives, agents, attorney or employees, or any area representative; (d) Sublessee has concluded that the Premises has a reasonable opportunity for success as a ~~Cold Stone Creamery~~[n] Brand restaurant; (e) Sublessee has inspected the Premises and finds the same in acceptable condition; (f) Sublessor has made no representation or warranty as to the suitability of the Premises for the conduct of Sublessor's business; (g) Sublessee waives any implied warranty that the Premises are suitable for Sublessee's intended purposes; (h) Sublessee accepts full responsibility for the consequences of Sublessee's decision to operate a ~~Cold Stone Creamery~~[n] Brand restaurant at the Premises in accordance with the terms of this Sublease, the Lease, and the Franchise Agreement; and (i) Sublessee has thoroughly reviewed the Lease and this Sublease and has been advised by its legal counsel regarding the Lease and this Sublease, or Sublessee has made a reasoned and fully informed decision not to be so represented by counsel and understands and acknowledges the significance and consequences of such decision, and Sublessee is fully knowledgeable about and is fully satisfied with the terms and provisions of the Lease and this Sublease, and assumes all of its obligations as tenant under, the Lease and this Sublease. Sublessee acknowledges that the foregoing representations by Sublessee are a material inducement to Sublessor's execution of this Sublease.

15. Default.

15.1. An "Event of Default" will occur if at any time during the Term: (a) Sublessee defaults in the payment of Rent or other payment due hereunder and the same is not cured within three (3) days after written notice thereof; provided, however, Sublessor will be obligated to give only two (2) such notices in any calendar year, with any subsequent payment default to be an Event of Default if such failure to pay continues for a period of three (3) days or more from the date such payment is due (even without any notice given by Sublessor); (b) Sublessee defaults in any other obligation under this Sublease, including, but not limited to, causing or permitting the occurrence of any event which, but for the passage of time or the giving of notice, or both, would constitute a default under the Lease, and the same is not cured within ten (10) days after written notice thereof or such shorter cure period as may be set forth in the Lease; (c) Sublessee defaults in any obligation under the Franchise Agreement or any other agreement between Sublessor (or its affiliates) and Sublessee (or its affiliates), and the same is not cured within ten (10) days after written notice thereof; (d) any proceeding is begun by or against Sublessee to subject the assets of Sublessee to any bankruptcy or insolvency law or for an appointment of a receiver of Sublessee or for any of Sublessee's ~~asset;,~~assets; or (e) Sublessee makes a general assignment of Sublessee's assets for the benefit of its creditors.

15.2. Upon an Event of Default, Sublessor may at any time thereafter at its election: (a) terminate this Sublease; (b) terminate Sublessee's right of possession in the Premises; (c) cure any such default and receive from Sublessee, as additional rent, all costs incurred in doing so, plus interest at the lesser of fifteen percent (15%) per annum or the highest rate permitted by law; (d) exercise any remedy available to Landlord under the Lease; and/or (e) pursue any other remedies available at law or in equity. All Sublessor remedies provided herein will be cumulative and non-exclusive. Upon the termination of this Sublease or termination of Sublessee's right of possession, it will be lawful for Sublessor, without formal demand or notice of any kind, to re-enter the Premises, by summary dispossession proceedings or otherwise, and to remove Sublessee and all persons and property therefrom. If Sublessor re-enters the Premises following an Event of Default, Sublessor will have the right to keep in place and use, or remove and store, all of the furniture, fixtures, equipment, signage, inventory, and other items covered by Sublessor's lien pursuant to Section 4.2 hereof. No action taken by Sublessor pursuant to this Section 15 will relieve Sublessee of its obligations under this Sublease or will be deemed an act terminating this Sublease or declaring the Term hereof ended unless notice is served upon Sublessee by Sublessor expressly setting forth therein that Sublessor elects to terminate this Sublease or declare the Term ended.

15.3. If, following an Event of Default, Sublessor terminates this Sublease, Sublessor may recover from Sublessee the sum of: (a) all Rent and all other amounts accrued hereunder to the date of such termination; (b) the cost of reletting the whole or any part of the Premises, including without limitation brokerage fees and/or leasing commissions incurred by Sublessor, and costs of removing, and storing Sublessee's or any other occupant's property, and repairing, altering, remodeling, or otherwise putting the Premises into a condition acceptable to a new tenant or tenants and the Landlord; (c) all reasonable expenses incurred by Sublessor in pursuing its remedies, including, but not limited to, reasonable attorneys' fees and court costs; and (d) an amount in cash equal to the then present value of the Rent and other amounts payable by Sublessee under this Sublease as would otherwise have been required to be paid by Sublessee to Sublessor during the period following the termination of this Sublease measured from the date of such termination to the expiration date stated in this Sublease. Such present value will be calculated at a discount rate equal to the 90-day U.S. Treasury ~~bill rate~~Bill Rate at the date of such termination.

15.4. If, following an Event of Default, Sublessor terminates Sublessee's right of possession of the Premises (but not this Sublease), Sublessor may, but will be under no obligation to, relet the Premises for the account of Sublessee for such rent and upon such terms as shall be satisfactory to Sublessor without thereby releasing Sublessee from any liability hereunder and without demand or notice of any kind to Sublessee. If the Premises are not relet, then Sublessee will pay to Sublessor as damages a sum equal to the ~~amount of the rental reserved in this Sublease for such period or periods, plus the~~ cost of recovering possession of the Premises (including attorneys' fees and costs of ~~suit~~legal action), the unpaid Rent (resulting from any prior default and those amounts due and owing through the end of the Term), and other amounts accrued hereunder at the time of repossession, and the costs incurred in any attempt by Sublessor to relet the Premises. If the Premises are relet and a sufficient sum shall not be realized from such reletting (after first deducting therefrom, for retention by Sublessor, the unpaid Rent and other amounts accrued hereunder at the time of reletting, the cost of recovering possession ~~(~~, including attorneys' fees and costs of suit~~),~~, all of the costs and expense of repairs, changes, alterations, and additions, the expense of such reletting ~~(~~, including without limitation brokerage fees and leasing commissions~~),~~ and the cost of collection of the rent accruing therefrom) to satisfy the rent provided for in this Sublease to be paid, then Sublessee will immediately satisfy and pay any such deficiency. Any such payments due to Sublessor will be made upon demand therefor from time to time and Sublessee agrees that Sublessor may file ~~suit~~legal action to recover any and all sums ~~falling~~ due ~~from time to time~~and owing under the Sublease and through the Term thereof. Notwithstanding any such reletting without termination, Sublessor may at any time thereafter elect in writing to terminate this Sublease for such previous breach.

16. Brokerage. Sublessee represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction and that no broker, agent or other person brought about this transaction. Without limiting the foregoing, Sublessee will pay to any broker, agent or other person all commissions and other compensation that may be due as a result of Sublessee's dealings with such broker, agent or other person in connection with this leasing transaction and will indemnify**,** defend, and hold Sublessor harmless from and against any claims by any such broker, agent or other person claiming a commission or other form of compensation by virtue of actually or allegedly having dealt with Sublessee with regard to this leasing transaction.

17. Notices. All communications or notices required or permitted to be given or served under this Sublease must be in writing and ~~will~~must be ~~deemed to have been duly given or made if~~: (a) delivered in person or by courier (including by Federal Express or other courier); or (b) deposited in the United States mail, postage prepaid, for mailing by certified or registered mail, return receipt requested~~; or (c) faxed with confirmed transmission, followed by a hard copy in the mail on the next business day,~~; and addressed as follows:

If to Sublessor:	[LEASING ENTITY] Attention: Real Estate Department 9311 E. Via de Ventura Scottsdale, Arizona 85258 ~~Facsimile: (480) 362-4792~~
with a mandatory copy to:	~~[~~~~FRANCHISING~~FRANCHISOR ENTITY~~]~~ Attention: Legal Department 9311 E. Via de Ventura Scottsdale Arizona 85258 ~~Facsimile: (480) 362-4819~~
If to Sublessee:	At the Premises or as designated in the notice provision(s) of the Franchise Agreement

All communications and notices will be effective upon delivery in person or by courier ~~to the address set forth in this Sublease, upon being deposited in the United States mail~~(with proof of delivery) in the manner set forth above~~ or upon being faxed in the manner set forth above.~~. Any party may change his, her, or its address ~~or fax number~~ by giving notice in writing, stating his, her, or its new address ~~or fax number~~, to the other party to this Sublease as provided in the foregoing manner.

18. Personal Property Taxes. Sublessee will comply with all legal requirements for filing a personal property tax return for, and paying all taxes assessed against, all personal property, equipment, and fixtures located within the Premises during the Term hereof, with such payment to be made by Sublessee directly to the taxing authority on or before the due date thereof.

19. Quiet Enjoyment. So long as Sublessee pays all amounts due hereunder and performs all other covenants and agreements herein set forth, and so long as no Event of Default exists, Sublessee will peaceably and quietly have, hold, and enjoy the Premises for the ~~term hereof~~Term without hindrance from Sublessor subject to the terms and provisions of this Sublease. As this is a Sublease, Sublessee agrees to take the Premises subject to the terms of the Lease and all matters of record.

20. Governing Law. This Sublease and all questions relating to its validity, interpretation, performance, and enforcement will be governed by and construed, interpreted and enforced in accordance with the laws of the State of Arizona, notwithstanding any Arizona or other state's conflict of laws provisions to the contrary.

21. Attorneys' Fees. If either party should prevail in any litigation or other legal proceeding instituted by or against the other related to this Sublease, the final prevailing party, as determined by the court or the like, will receive from the non-prevailing party all costs and reasonable attorneys' fees (payable at standard hourly rates) incurred in such litigation or other legal proceeding, including costs on appeal, as determined by the court or the like. Sublessee will also pay to Sublessor, as additional rent, Sublessor's reasonable attorneys' fees incurred as a result of any breach or default by Sublessee under this Sublease.

22. Successors and Assigns. Subject to Section 9 ~~hereof~~of this Sublease, which restricts Sublessee's rights to assign this Sublease and its rights hereunder, this Sublease will be binding upon and inure to the benefit of the parties and their respective assigns, legal representatives, executors, heirs, and successors. Any attempt by Sublessee to assign this Sublease, or any of its rights hereunder, or to delegate its obligations hereunder, without strict compliance with the terms of Section 9 will be void. Notwithstanding anything contained in this Sublease to the contrary, Sublessor may assign this Sublease, or any of its rights hereunder, or delegate any of its obligations hereunder, without the consent of Sublessee or any other person.

23. Joint and Several Liability. If Sublessee consists of more than one person or entity, the obligations hereunder will be joint and several.

24. Entire Agreement. This Sublease, including the exhibits hereto ~~and the other agreements contained as exhibits to Franchisor's operations manual,~~ contains the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes, replaces, and extinguishes all prior agreements and understandings between the parties with respect to that subject matter. Each of the exhibits hereto and such other agreements (whether between the current parties or a former sublessee) ~~is~~are hereby incorporated in this Sublease by this reference and constitute a part of this Sublease. This Sublease supersedes all ~~Subleases~~prior and ~~Agreements~~/or contemporaneous subleases and agreements of ~~Intent~~intent to ~~Sublet~~sublet between the parties (or their respective affiliates) with respect to the Premises.

25. Counterparts. This Sublease may be executed (including by electronic signature) in two or more counterparts, each of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

26. Time is of the Essence. Time is of the essence as to the performance of the parties' obligations under this Sublease.

27. Waiver of Right to Jury Trial, Class Action and Certain Damages. IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, BETWEEN SUBLESSOR AND SUBLESSEE ARISING OUT OF THIS SUBLEASE OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED HERETO, SUBLESSEE HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW~~,~~: (A) THE RIGHT TO A JURY TRIAL OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE~~,~~; (B) THE RIGHT TO INITIATE OR PARTICIPATE IN A CLASS ACTION IN ANY FORUM, INCLUDING ARBITRATION~~,~~; AND (C) THE RIGHT TO SEEK OR COLLECT PUNITIVE, CONSEQUENTIAL AND/OR SPECIAL DAMAGES IN ANY FORUM, INCLUDING ARBITRATION.

28. Personal Guaranty**.** If Sublessee is an individual and married, the obligations and liabilities of Sublessee under this Sublease shall be personally guaranteed by the Sublessee's spouse, in the form of guaranty attached hereto as Exhibit D and incorporated herein by reference. If the Sublessee is a corporation, limited liability company, or other business entity, the obligations and liabilities of Sublessee shall be personally guaranteed by each of the Sublessee's shareholders, members, or other owners, direct or indirect (and their respective spouses, if married) in the form of a guaranty attached hereto as Exhibit D and incorporated herein by reference. In the event any person who has not previously signed said guaranty becomes Sublessee's spouse or Sublessee's shareholder, member, or other owner, direct or indirect, or a spouse of such owner, at any time after the execution of this Sublease, Sublessee must cause such person(s) to immediately execute and deliver said guaranty of the Sublease to Sublessor.

29. Plurals, Possessives and Captions. Words in the singular number include the plural when the context requires (and vice-versa), and defined terms include the possessive when the context requires (and vice-versa).

[SIGNATURE PAGE FOLLOWS]

Store No. _____

~~SUBLESSEE'S SIGNATURE PAGE~~

IN WITNESS WHEREOF, Sublessee and Sublessor have entered into this Sublease as of the Effective Date.

SUBLESSEE: _____, a(n) _____

~~EXECUTED BY:~~ _____
~~{~~By: _____
___Name, Title~~}~~

~~EXECUTED BY:~~ _____
~~{~~By: _____
___Name, Title~~}~~

~~STATE OF _____)~~
~~_____) SS:~~
~~COUNTY OF _____)~~

~~On _____, 20___, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument. WITNESS my hand and official seal.~~

~~_____ (Seal)~~
~~_____ Notary Public~~
~~My Commission Expires~~

~~_____~~

SUBLESSOR: LEASING ENTITY, a/an _____

By: _____
Kimberly A. Lane, Authorized Representative

Store No. _____

SUBLESSOR'S SIGNATURE PAGE

SUBLESSOR: [LEASING ENTITY], an Arizona _____

By: _____
[Name, Title]

STATE OF ARIZONA)
_____) SS:
COUNTY OF MARICOPA)

The foregoing Sublease was acknowledged before me this _____ day of _____, 20____, by _____, the _____ of [LEASING ENTITY], an Arizona _____, on behalf of said entity.

_____ (Seal)
Notary Public

My Commission Expires

_____

~~Store No. _____~~

Exhibit A
to
Sublease

Effective Date of Sublease:	_____
Name of Sublessee:	_____, a(n) _____
Lease:	By and between ~~[~~LEASING ENTITY~~]~~ ("Tenant") and ~~[~~LANDLORD~~]~~ ("Landlord")
Premises:	[mall / shopping center name] Address City, State Zip~~]~~
Commencement Date ~~of~~Of Lease:	_____ ___, ~~20__~~[date]
Expiration Date of Lease:	_____ ___, ~~20__~~[date]
How many option(s) to extend the Lease are remaining and Option Terms:	___ (_) ____ (_)-year option(s) remaining [or N/A]
Lease Security Deposit currently held by Landlord:	$X,XXX.XX - Amount set forth in Lease [verified by] [but not verified~~]~~ by] Landlord [or N/A] **OR** Any security deposit held by the Landlord remains the sole property of Sublessor/Tenant and Sublessee shall have no right or interest in or to such security deposit.
Sublease Security Deposit:	$X,XXX.XX [or N/A]
Exercise Renewal Option(s) Notice Date to Landlord:	[*IF RENEWAL OPTIONS REMAIN]* No earlier than _____ ___, 20~~__~~__ **[note: for leases with no remaining renewal options, use 365 days before lease expiration date]** no later than _____ ___, 20__] OR [*IF NO RENEWAL OPTIONS REMAIN*] As of the Effective Date, no renewal options remain under the Lease. If Sublessee is interested in exploring extending the subtenancy after the Lease expiration date, Sublessee is required to notify Sublessor of its desire to extend the tenancy no earlier than _____, 20__, no later than _____, 20__. *IF SUBLESSEE NEEDS TO GET OWN LEASE AFTER CURRENT TERM*] As of the Effective Date, no renewal options remain

	under the Lease. If Sublessee is interested in remaining at the Premises after the expiration of the Term, Sublessee shall be required to secure its own new lease directly with the Landlord with such term to commence on or before _____.

Brand store#
[doc #]
#

Exhibit B
to
Sublease

LEASE AGREEMENT

Exhibit C
to
Sublease

Lease Verification Checklist

By initialing below, Sublessee hereby acknowledges reviewing and understanding the attached Lease for the Premises, including all amendments and addendums ~~(~~thereto, (attached as Exhibit B), and accepts to be bound by all the terms contained therein:

Sublessee acknowledges and agrees to be bound by all of the terms of the Lease, including, but not limited to, the following:

	INITIALS:	
Current monthly rental payment amounts (Sublessee acknowledges are subject to periodic increases as detailed in the Lease), including CAM, NNN, taxes, and related fees	_____	_____
	_____	_____
Lease term, including any renewal options	_____	_____
	_____	_____

Brand store #
[doc #]

Exhibit D
to
Sublease

GUARANTY OF SUBLEASE

GUARANTY OF SUBLEASE

In order to induce ~~Kahala Franchising, L.L.C.~~ _____, a[n] _____ ("Franchisor") to enter into that certain Franchise Agreement dated _____ (" _____, as amended (collectively the "Franchise Agreement") with _____ ("Franchisee"), and to induce [LEASING ENTITY], an affiliate company of Franchisor ("Sublessor") to enter into that certain sublease ("Sublease") dated ~~_____, 20__~~ _____ with Franchisee, as "Sublessee", covering the ~~Cold Stone Creamery store~~Brand store with an authorized product offering of *Rocky Mountain Chocolate Factory* located at: _____, the undersigned ([individually and collectively,]~~"~~"Guarantor"), hereby personally guarantees the payment and performance of, and agrees to pay and perform as a primary obligor, all liabilities, obligations, and duties (including, but not limited to, payment of rent) imposed upon Franchisee as Sublessee under the terms of the Sublease, as if Guarantor had executed the Sublease as Sublessee thereunder.

Recitals

A. Guarantor is a shareholder, partner, member, or other person or entity interested in effecting the ~~grant~~execution of the Sublease and the grant of rights thereunder.

B. Without this Guaranty of Sublease ("Guaranty"), Sublessor cannot be assured that there are sufficient assets to operate the ~~Cold Stone Creamery~~Brand store or to protect Sublessor in the event of a default by Sublessee.

C. Sublessor is willing to enter into the Sublease only if Guarantor personally guarantees faithful performance of all the terms of the Sublease.

D. Guarantor acknowledges Guarantor received and read the Sublease, and all exhibits thereto, and agrees to be bound to the obligations in this Guaranty with regard to the Sublease.

Agreement

1. In consideration of the above recitals, Guarantor personally guarantees, for the benefit of Sublessor, its parent, subsidiaries, affiliates, and successors and assigns, the prompt and complete performance of all the covenants and conditions contained in the ~~foregoing~~ Sublease.

2. This Guaranty is effective until all terms of the Sublease have been fully and completely performed by Sublessee and shall continue through the entire term of the Sublease as the same may be renewed or extended. No release of Sublessee or discharge of Sublessee under bankruptcy law, or any other law, shall impair or effect the obligations of Guarantor to Sublessor hereunder.

3. Sublessor is not required to proceed first against the Sublessee, but may proceed first against ~~the~~ Guarantor alone or concurrent with proceeding against Sublessee. The obligations of Guarantor hereunder are absolute and unconditional.

4. Sublessee and Sublessor may from time to time alter or modify the Sublease between themselves, possibly changing or increasing the extent of Guarantor's obligation under this Guaranty. Guarantor consents to any and all modifications or amendments of the Sublease and related documents, without requiring notice to Guarantor or Guarantor's consent.

5. Guarantor agrees specifically to be bound by any confidentiality requirements in the Sublease.

6. Guarantor waives any requirement that Sublessor may have, if any, to provide notice of acceptance of this Guaranty and/or notice of non-performance or non-payment by Sublessee of any of its obligations or liabilities under the Sublease.

7. Guarantor agrees to pay all attorneys' fees, costs, and expenses incurred by Sublessor in enforcing this Guaranty, whether or not suit or action is filed, and if suit or action is filed, then through trial and all appeals, and also in any proceedings or matter in Bankruptcy Court. Guarantor assumes all liability for all losses, costs, attorney's fees, and expenses that Sublessor incurs as a result of a default by Sublessee, including those fees and expenses incurred in a bankruptcy proceeding involving Sublessee.

8. Guarantor hereby agrees that upon notice of default or upon an uncured default of the Sublease or any other agreement between Guarantor (or a legal entity thereof) and Sublessor or its affiliates, and with no prior notice, Guarantor consents to Sublessor's (or its affiliates' or third-party contractors') acquisition and use of non-business consumer credit reports on Guarantor in order to evaluate as necessary the financial condition of Guarantor as principal, member, manager, franchisee, and/or guarantor in connection with the collection of monetary obligations as contemplated by the Franchise Agreement, the Sublease, this Guaranty, a promissory note, or any other agreements between Guarantor (or a legal entity thereof) and Sublessor or its affiliates. Guarantor hereby knowingly consents to the use of such credit reports consistent with the Federal Fair Credit Reporting Act as contained in 15 U.S.C. § 1681 et seq.

9. This Guaranty is personal to Guarantor and the obligations and duties imposed herein may not be delegated or assigned; provided, however, that this Guaranty shall be binding upon the successors, assigns, and personal representatives of Guarantor. This Guaranty shall inure to the benefit of Sublessor, its affiliates, successors, and assigns.

10. [The undersigned [include name(s) here of each of the undersigned who is not married] each represents that he/ or she is not married as of the first date set forth above.]

11. In the event that any one or more provisions contained herein shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Guaranty shall be construed to bind Guarantor to the maximum extent permitted by law that is subsumed within the terms of such provision as though it were separately articulated herein.

12. This Guaranty shall be interpreted and construed under the laws of the State of Arizona, which laws shall prevail in the event of any conflict of law. Any appropriate state or federal court located in Maricopa County, Phoenix, Arizona has exclusive jurisdiction over any case or controversy arising under or in connection with this AgreementGuaranty and is the proper forum in which to adjudicate the case or controversy, and the parties hereto irrevocably submit to the jurisdiction of any such court. THE PARTIES AGREE THAT ALL DISPUTES ADMITTED TO THE COURT PURSUANT TO THIS SECTION 12 SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

13. If Guarantor consists of two (2) or more persons, then each person will be jointly and severally liable under the provisions of this Guaranty.

14. Guarantor acknowledges (i) that it is a condition to the granting of the Sublease to Sublessee that Guarantor shall execute and deliver this Guaranty to Sublessor, (ii) that Sublessor has entered into the Sublease in reliance upon the agreement of Guarantor to do so, and (iii) that, as owners of the Sublessee, if applicable, Guarantor has received adequate consideration to support its execution of this Guaranty. This Guaranty does not grant or create in ~~Guarantor~~the undersigned any interests, rights or privileges in any franchise or the Franchise Agreement.

GUARANTOR:

_____

~~[~~Name~~],~~ an individual

_____

~~[~~Name~~],~~ an individual

EXHIBIT P

TO THE FRANCHISE DISCLOSURE DOCUMENT

Pre-Authorized Electronic Funds Transfer Form

ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION

FRANCHISEE INFORMATION

Franchisee Name	Store No.	Franchisee Phone No.
Franchisee Mailing Address (street, city, state, zip)		
Contact Name, Address and Phone number (if different than above)		
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

Franchisee hereby authorizes Kahala Franchising, L.L.C., its affiliates 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 Kahala Franchising, L.L.C., its affiliates 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 or agents for any services Payee, its affiliates 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 or agents. Payee may change its designated affiliates or agents at Payee's discretion.

Signature:	Date:

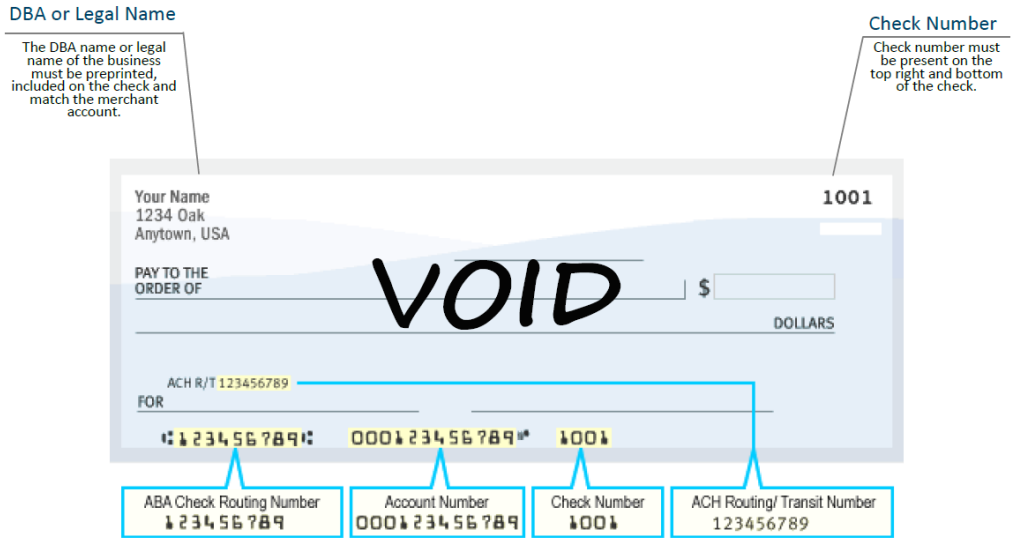
NOTE: FRANCHISEE MUST ATTACH A VOIDED OR COMPLETED CHECK RELATING TO THE BANK ACCOUNT.

ATTACH VOIDED OR COMPLETED CHECK HERE

ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION

Voided Check Requirements

Starter checks may not be used.



Bank Letter Requirements

Bank Letter Requirements

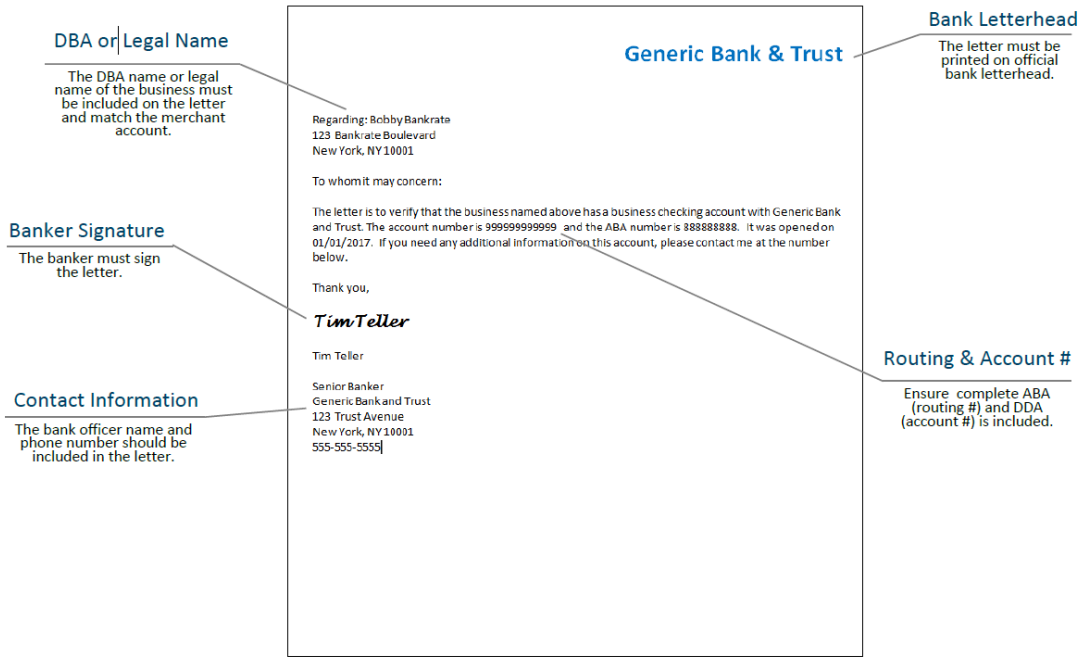


EXHIBIT P-1

TO THE FRANCHISE DISCLOSURE DOCUMENT

Participation Agreement

GIFT CARD PROGRAM

Table of Contents

Please use the overview and instructions on the following pages as a reference in completing the Cold Stone Creamery® Gift Card enrollment packet. If you have any questions in completing these forms, please contact your Area Developer.

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SECTION C: FORMS	3
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Cold Stone Creamery Gift Card Questions?

Contact the Gift Card Team at gifts@kahalamgmt.com with any general questions.

**** RETURN TO KAHALA FOR PROCESSING ****

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SECTION A: PROGRAM OVERVIEW

Program Structure

A stored value card, also known as a "gift card," is a prepaid card that allows spending up to the value loaded onto the card. A stored value card provides endless choices as the cardholder can decide which items they want.

The Cold Stone Creamery® Gift Card Program is a national, system-wide initiative that provides customers a convenient and consistent experience. The primary goals of the national gift card program are to help:

- Increase brand awareness,
- Expand customer loyalty,
- Improve store sales,
- Increase card gifting (i.e., employer gifts, family members, friends, community groups, etc.), and
- Build community participation through our gift card fundraising program.

Benefits to Franchisees

Why offer customers the option to purchase gift cards? Because more and more consumers prefer the convenience of gift cards and expect the brands they frequent to have them. In a 2019 survey by Blackhawk Network, 67% of those surveyed purchased a gift card in the past year.[1] Additionally, 61% of respondents spend more than the value of the gift card.[2] Even better, 76% of customers spend all of a gift card within one month of receiving it, with 60% spending the entire value in one purchase.[3]

Gift cards aren't just about giving gifts anymore – a study shows that 58% of people buy gift cards for self-use.[4] Also, gift-card related studies and Company marketing analyses show trends like:

- 65% of gift card recipients spend around 38% more than the face value of their cards.[5]
- Stored value/gift cards put the Cold Stone Creamery® brand into consumer's wallets.
- Gift cards create loyalty through convenience and speed of transactions.

Benefits to the Consumer

- Allows the consumer to determine what value to load onto the card (minimum load amount is $10; maximum is $100; minimum reload $3).
- Gift cards do not require consumers to have a bank account or a credit card.
- The amount on the card can be loaded either by cash or by credit while in-store.
- It can be re-loaded and reused, and can be given as a gift.

Program Costs

- 11% Blended Redemption Fee (see Section 7, "Program Fees," of the Gift Card Participation Agreement in Section C for more details).

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[1] *Blackhawk Network Consumer Gift Card State of the Union, March 2019*
[2] *Blackhawk Network Consumer Gift Card State of the Union, March 2019*
[3] *Blackhawk Network Consumer Gift Card State of the Union, March 2019*
[4] *BHN Rewards Blog Post: Trends Research Spotlight: Gift Cards are More Popular Than Ever; May 5, 2023*
[5] *Givex Gift Card Marketing Guide*

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SECTION B: ENROLLMENT INSTRUCTIONS

How Do I Complete the Enrollment Packet?

1. Provide the information needed to set up a Fiserv (previously First Data) Gift Card Merchant Account
2. Complete and sign the (2) documents attached:
    a. Gift Card Participation Agreement
    b. Franchisee EFT Authorization
        i. Include a voided check
3. Mail the completed and signed documents and voided check to:
    Kahala Management, L.L.C.
    Kahala Gift Card Program Manager
    9311 E. Via de Ventura
    Scottsdale, AZ 85258
4. We will help coordinate the initial information sharing between Fiserv and your store
5. Once you receive your new Gift Card Merchant ID, contact your POS Technical Support to configure your POS. Activation typically requires 48 hours.

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GIFT CARD PARTICIPATION AGREEMENT

This Gift Card Participation Agreement ("Agreement") is entered into on _____ ("Effective Date") between Kahala Management, L.L.C., an Arizona limited liability company ("KML"), and _____("Participating Franchisee").

1. Participation in Gift Card Program. KML ("Company") provides closed-loop proprietary gift card services (and/or such services are subcontracted to third-party data processors) to Company-owned and managed branded franchise systems. Participating Franchisee agrees to participate in the gift card program ("Program") according to the procedures established by or for Company ("Program Procedures") at all of the particular brand's franchise locations owned or operated by Participating Franchisee ("Franchisee Location(s)"), as more particularly described below. Company may amend or modify the Program or the Program Procedures at any time in its sole discretion, and such amendments or modifications shall be binding on Participating Franchisee. Participating Franchisee agrees to follow the Program Procedures in connection with the sale, redemption, merchandise refunds and returns, and dispute resolution relating to the gift cards.

2. Gift Card Distribution and Terms. Participating Franchisee will actively promote the sale of proprietary gift cards ("Card(s)") and ensure that it maintains a sufficient supply of Cards at its Franchisee Locations to meet customer demand. Company will design and produce the Cards and distribute them to the Franchisee Locations. Company shall also be solely responsible for setting the terms and conditions of the Cards ("Gift Card Terms") to be issued under the Program, which may change from time-to-time, and which the Participating Franchisee agrees to abide by. Participating Franchisee shall not alter Cards produced by or for Company or modify, waive or amend the Gift Card Terms. Participating Franchisee acknowledges and agrees that Cards may only be used to purchase products and services approved under Participating Franchisee's requisite franchise agreement in connection with the applicable Franchisee Location ("Franchise Agreement"), and that Cards shall not be exchangeable or redeemed for cash except where required by law.

3. Gift Card Authorization Equipment. Participating Franchisee will provide and maintain all point-of-sale equipment, telecommunications facilities and other equipment necessary to electronically activate Cards with loaded values, and transmit Card transaction data from the Franchisee Locations to the third-party gift card data processing entity retained by Company to process the Card transactions ("Data Processor"). The Data Processor may change at any time during the term of this Agreement, in Company's sole discretion. The initial Data Processor is expected to be First Data Resources, LLC dba Fiserv.

4. Transactions Involving Gift Cards. Participating Franchisee agrees that all Card transactions will be processed by Data Processor. Participating Franchisee agrees to follow the procedures and policies of Data Processor with respect to such processes. For Card sales, Card activations, and Card reload transactions, Participating Franchisee will be responsible for collecting funds from the customer in the amount for which activation is requested, and agrees to immediately turn over to Company or Data Processor via ACH Settlement Transactions all such funds collected. For cardholder purchases, Card refunds, and redemption transactions, Participating Franchisee acknowledges that it will be reimbursed for each transaction purchase amount including any applicable sales tax ("Purchase Price"), or the available Card balance, whichever is less (the "Amount Authorized"), on a daily, weekly or monthly basis as determined by Company or Data Processor. Participating Franchisee acknowledges that it is solely responsible for collecting from the cardholder any deficiency between the Amount Authorized and the actual purchase price of the items being purchased. Participating Franchisee will ensure that all authorizations are properly authorized and not fraudulent. Participating Franchisee agrees to honor all properly authorized Cards for

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redemption even if such Cards were not purchased at a Franchisee Location.

5. Franchisee Account. Participating Franchisee shall establish and maintain a deposit account ("Franchisee Account") at the banking institution identified by Participating Franchisee in materials accompanying this Agreement for settlement of Card transactions authorized under the Program. Participating Franchisee agrees to maintain a sufficient balance of available funds in the Franchisee Account to cover all settlement obligations and any applicable Program Fees (as defined in Section 7 below) under this Agreement. Participating Franchisee agrees to notify Company or Data Processor not less than three (3) banking days in advance of any change in such Franchisee Account. If Participating Franchisee does not have sufficient funds in the Franchisee Account to cover all settlement obligations at the time a debit transaction is conducted pursuant to this Agreement, Participating Franchisee shall owe to Company all fees charged by Data Processor and any financial institutions and shall also pay to Company or Data Processor any NSF/overdraft fees. The fees described in this Section 5 shall be paid via an ACH/EFT transaction initiated by Company and/or Data Processor.

6. Settlement. Participating Franchisee authorizes Company and Data Processor to perform settlement services between Participating Franchisee and Company and/or Data Processor through debits and credits to Company's or Data Processor's designated account and Franchisee Account for the net value of card transactions ("ACH Settlement Transactions"). ACH Settlement Transactions may be real time, daily, weekly, monthly, or at any other time prescribed by the Program Procedures. To facilitate such settlement services, Participating Franchisee will execute all ACH authorization forms provided by Company or Data Processor, and by executing this Agreement, hereby confirms its authorization of Company and/or Data Processor to initiate debit and credit entries to the Franchisee Account as necessary or appropriate to effect any ACH Settlement Transactions and all adjustments and corrections thereto, and as necessary or appropriate to effect any other transfer contemplated by this Agreement. Participating Franchisee agrees to keep all such ACH authorization forms current with valid accounts at banks to which it has authorized ACH debit and credit transactions at all times during the term of this Agreement.

7. Program Fees. The "Program Fees" charged to Participating Franchisee shall include a fee for each redemption of a Card authorized by Participating Franchisee under the Program ("Redemption Fee") and may include other non-recurring fees, including software or hardware fees required by Data Processor or Company, as applicable. The current Redemption Fee shall be eleven percent (11%) of the amount being redeemed for the purchase of products from any Franchisee Location. Under this Agreement, a "redemption" is any purchase(s) made with Cards and/or any other amounts related to the settlement of funds hereunder. Company may, in its sole discretion, modify the Program Fees as required by Company or Data Processor to cover the costs associated with the Program. Participating Franchisee agrees to pay the Program Fees together with all taxes, excluding taxes based on Company's net income, and other charges arising out of this Agreement. The Program Fees herein do not include any state or local sale or use taxes, however designated, which may be levied on services and/or on the sale and activation of Cards. The foregoing includes an agreement from Participating Franchisee to pay all fees, taxes and other charges arising out of this Agreement as a result of Participating Franchisee's activity.

8. Indemnification. Participating Franchisee will defend, indemnify and hold harmless Company and Data Processor, and their respective parents, affiliates and subsidiary companies and each of their respective officers, directors, agents and employees from any claims, losses, liabilities, lawsuits and expenses (including reasonable attorney's fees) arising out of Participating Franchisee's: (i) failure to comply with the Program Procedures; (ii) failure to meet its Card obligations; (iii) failure to maintain sufficient funds in its Franchisee Account; or (iv) any other breach of this Agreement.

9. Compliance with Laws. Participating Franchisee shall be responsible for ensuring that its promotion, sale, redemption and other activities relating to Cards complies with all applicable laws, rules

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and regulations in the state(s) where Franchisee Locations are located.

10. Prompt Review of Settlement and Reconciliation Statements. Participating Franchisee shall promptly review all daily, weekly or monthly reports provided to Participating Franchisee by Company, Data Processor and/or any other third-party involved in the Program. Participating Franchisee shall be responsible for promptly (no more than thirty (30) days from the date of such report) notifying Company, Data Processor or other preparer of any report of any inaccuracy, discrepancy or necessary adjustment in such report. Neither Company, Data Processor nor any third-party processor involved in the Program shall have any liability to Participating Franchisee for any errors that are made in accordance with Participating Franchisee's instructions (written or otherwise) or errors that are not timely reported to the appropriate entity.

11. Default. If Participating Franchisee fails to comply with any term or condition of this Agreement or fails to pay any amounts owed to Company, Data Processor, or other third party pursuant to the Program, Company may, upon three (3) days' written notice to Participating Franchisee: (i) suspend Participating Franchisee's rights to conduct Card transactions; (ii) terminate Participating Franchisee's rights to conduct Card transactions; or (iii) terminate this Agreement. Any action taken by Company pursuant to this Section 11 shall not waive any rights available to Company pursuant to other agreements between Participating Franchisee and Company or Company's ability to seek damages, whether in law or equity, against Participating Franchisee for Participating Franchisee's default of this Agreement.

12. Term. This Agreement shall commence on the Effective Date and continue thereafter until terminated by KML upon thirty (30) days' written notice. This Agreement shall automatically terminate if the Program is terminated or if the Franchise Agreement is terminated. Participating Franchisee shall immediately cease any further sale of the Cards upon such termination. All provisions of this Agreement, including Sections 7 (as to fees accrued through the date of termination), 8, 9 and 15, which by their nature should survive termination of this Agreement, will survive termination of this Agreement.

13. Notices. Notices will be effective upon receipt if they are received in writing, by registered or certified mail, postage prepaid, return receipt requested or by overnight delivery to (in the case of Participating Franchisee) Participating Franchisee at its address set forth below or to (in the case of KML) the following address:

Kahala Management, L.L.C.
9311 East Via de Ventura
Scottsdale, Arizona 85258
ATTN: Legal

14. Independent Contractor. The parties are independent contractors. Neither party shall have any authority to bind the other.

15. Governing Law. This Agreement shall be governed by the laws of the State of Arizona without regard to its choice of law principles.

16. Miscellaneous. The Participating Franchisee acknowledges that the Cards provided for herein will not be sold or redeemed outside the United States. This Agreement is the complete and exclusive understanding of the parties with respect to its subject matter. No modification to the form of this Agreement at the time of execution will be valid unless accepted in writing by KML. No modification following execution or waiver of this Agreement will be valid unless in writing signed by each party. A party's waiver of a breach of any term will not be a waiver of any subsequent breach of the same or another term. Every provision of this Agreement is severable. If any provision is determined to be illegal or invalid for any reason, the illegality or invalidity will not affect the validity of the remainder of this Agreement. Section

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headings are for convenience only and will not affect Agreement meaning. Notwithstanding anything contained in this Agreement to the contrary, this Agreement shall be executed by Participating Franchisee contemporaneously with the Franchise Agreement whereby such execution of this Agreement shall not become effective unless and until the Franchise Agreement is fully executed by all parties thereto.

IN WITNESS THEREOF, a duly authorized representative of Participating Franchisee has executed this Agreement as of the Effective Date.

Participating Franchisee

By: _____

Name: _____

Title: _____

Participating Franchisee Contact Information:

Company Name_____

Company Taxpayer ID _____

Address: _____

Email Address _____

Phone _____

Store Number(s)_____

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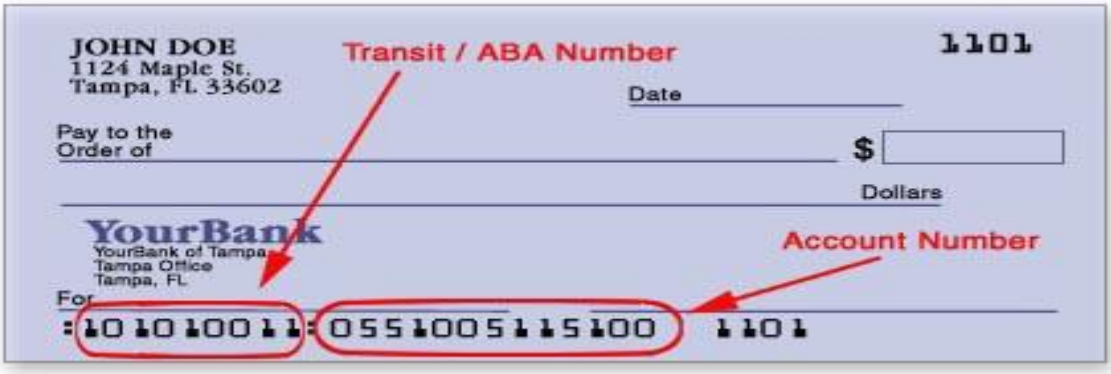
EFT Authorization Form – Instructions for Completion

Step 1: Please fill out all requested information on the EFT Authorization form. Include Store #(s), address, phone, and bank information (see image below).

Step 2: Sign and date.

Step 3: Attach a voided check to the bottom of the form with the word "**Void**" written across the middle of the check.



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SECTION C: FORMS EFT Authorization Form

FRANCHISEE INFORMATION		
Franchisee Name	Store No.	Franchisee Phone No.
Franchisee Mailing Address (street, city, state, zip)		
Contact Name, Address and Phone number (if different than above)		
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

Franchisee hereby authorizes Kahala Management, LLC, its affiliates 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 Kahala Management, LLC, its affiliates 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 or agents for any services Payee, its affiliates 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 or agents. Payee may change its designated affiliates or agents at Payee's discretion.

Signature:	**Date:**

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK OR SUBMIT A BANK LETTER, WHICH IS ALSO AN ACCEPTABLE FORM OF DOCUMENTATION, RELATING TO THE BANK ACCOUNT.

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SECTION D: FREQUENTLY ASKED QUESTIONS

1. What is the Gift Card Participation Agreement?
The Gift Card Participation Agreement is an agreement signed between each Franchisee and Kahala for all services related to the Gift Card program.

2. What is an Electronic Funds Transfer (EFT) authorization form?
This is a banking form that authorizes Franchisor/Data Processor to debit or credit your bank account for the net value of daily card transactions and program fees. It allows for funds to be moved between your bank account and the master gift card bank account.

3. Why is it necessary to send in a voided check?
Sending a voided check helps to ensure that there are no errors when your bank account information is communicated to Franchisor/Data Processor for use in the Gift Card transaction settlement.

4. Can the required forms be faxed?
No, these are legal agreements and original signatures are required.

5. Why do consumers purchase Gift Cards?
Plastic and virtual gift cards have many uses. They can be given as gifts for holidays, special occasions or as rewards to family, friends or business associates. They are the foundation of future loyalty programs and business-to-business opportunities.

6. Will I pay royalties on all Gift Cards that are sold, or only on the cards as they are redeemed?
The gift card activation is not considered gross sales, and you do not pay royalties or sales tax on these sales. You will only pay royalties when the gift cards are redeemed.

7. How does the transfer of funds work when a Gift Card is sold or redeemed?
When a customer enters your restaurant and purchases a gift card, you will activate the inactive gift card for the value requested by the customer. The customer pays for the card purchase, just as with any other sale in your restaurant.

Later, the gift card recipient will return to a Cold Stone Creamery restaurant and present the activated gift card as payment for a regular product purchase. The restaurant will accept the gift card just like any other bank card as full or partial payment for the sale transaction. Each event is considered a card redemption transaction. One hundred percent (100%) of the value of these card redemption transactions is ACH credited to your bank on a weekly basis by the third-party gift card processor.

8. How will I receive the first cards and how do I re-order?
A kit that includes the first set of gift cards will be shipped to your restaurant. Cards will be replenished automatically; inventory levels will be tracked in the system and cards will be auto shipped to your restaurant when low levels are reached. If you need assistance with replenishment, please contact gifts@kahalamgmt.com.

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EXHIBIT Q

TO THE FRANCHISE DISCLOSURE DOCUMENT

General Release for Renewal of Franchise Agreement

store #
doc#

GENERAL RELEASE
FOR RENEWAL OF FRANCHISE AGREEMENT

("General Release")

In exchange for Kahala Franchising, L.L.C., an Arizona limited liability company ("Franchisor") agreeing to renew the franchise agreement dated _____ by and between _____, a(n) _____ ("Franchisee") and Franchisor (including any amendments or modifications thereto) for *Cold Stone Creamery* Store No. ____ ("Franchise Agreement"), Franchisee and each of its current, past and future predecessors, successors and assigns, and each of its and the foregoing entities' respective parents, subsidiaries, shareholders, members, managers, owners, partners, directors, officers, employees, representatives, agents, successors, assigns, guarantors, insurers, spouses, heirs, executors, trustees and estates, if any, of any and all such entities (collectively with Franchisee, "Franchisee Releasors~~Parties~~"), hereby irrevocably and unconditionally release, remise and forever discharge Franchisor ~~Kahala Franchising, L.L.C., an Arizona limited liability company ("Franchisor")~~ and each of its current, past and future predecessors, successors and assigns, and of its and the foregoing entities respective parents, subsidiaries, shareholders, members, managers, owners, partners, directors, officers, employees, representatives, agents, successors, assigns, guarantors, insurers, spouses, heirs, executors, trustees, and estates, if any, of any and all such entities (collectively with Franchisor "Franchisor Releasees~~Parties~~"), from any and all claims, demands, causes of action suits, debts, duties, accounts, covenants, contracts, agreements, promises, damages, judgments, taxes, liabilities and obligations, both contingent and fixed, known and unknown, now existing or hereafter, of every kind and nature whatsoever, in law or equity, or otherwise, under local state, or federal law including, without limitation the Americans with Disabilities Act ("ADA"), or the law, rule, or ordinance of any other applicable jurisdiction, that any of the Franchisee Releasors~~Parties~~ have against any of the Franchisor Releasees ~~Parties~~, including, without limitation, those arising from, in connection with or relating to: (i) the Franchise Agreement ~~dated _____ ___, 20___ (including any amendments or modifications thereto) for *Cold Stone Creamery* Store No. _____, located at _____~~ ("Store"); (ii) the development, operation, leasing or subleasing of the Store; and (iii) the offering and sale of the franchise for the Store; arising from an act, omission, conduct or activity occurring before and including the signature date(s) below ~~hereof~~ (collectively, the "Released Claims").

If the store is located in California or if a Franchisee Releasing Party is a resident of California, then the following shall apply:

It is expressly acknowledged by each of the undersigned that any and all rights or benefits granted under Section 1542 of the California Civil Code are hereby expressly waived.

Such statute reads as follows:

"Section 1542.

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."

The Franchisee Releasors acknowledge and represent that they have consulted with legal counsel, or had the opportunity to consult with legal counsel, before executing this General Release, and that they understand its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consent that this General Release shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the General Release of unknown and unsuspected claims, demands, and causes of action.

If any of the provisions of this General Release are held invalid for any reasons, the remainder of this General Release will not be affected and will remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

~~Dated: _____~~

FRANCHISEE RELEASORS:

FRANCHISEE ENTITY,
a/an _____

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

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

~~STATE OF _____)~~
~~_____) ss.~~
~~COUNTY OF _____)~~

~~On the _____ day of _____, 20_____, before me, the undersigned, a notary public in and for said state, personally appeared _____, personally known to me or who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.~~

~~I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.~~

~~WITNESS my hand and official seal.~~

_____
~~Notary Public Signature~~

~~Print Name: _____~~

~~My commission expires: _____ Notary Public Seal~~

EXHIBIT R-1

TO THE FRANCHISE DISCLOSURE DOCUMENT

Consent to Transfer and Release Agreement without Sublease

store #
doc #

CONSENT TO TRANSFER AND RELEASE AGREEMENT
(Store #; City, State)

This CONSENT TO TRANSFER AND RELEASE AGREEMENT ("Agreement") is entered into on _____ ("Effective Date") by and between _____, a(n) _____ ("Assignor"), and _____, a(n) _____ ("Assignee"), and KAHALA FRANCHISING, L.L.C., an Arizona limited liability company [, as ultimate assignee of _____] ("Franchisor"). All capitalized terms not defined expressly in this Agreement shall have the meaning assigned to such terms in the Franchise Agreement (as defined in Recital A. below).

Recitals

A. Franchisor and Assignor are parties to a Franchise Agreement dated _____ ___, 20___[, as amended], ("[collectively the]Franchise Agreement") for the *Cold Stone Creamery* restaurant located at _____ ("~~Store~~"). ~~The Brand franchise located at the address listed in the foregoing sentence will hereinafter be referred to as the "~~Franchised Business~~."~~).

B. Assignor desires to assign the Franchised Business to Assignee, and Assignee desires to accept the assignment. [Assignor and Assignee hereby represent and warrant to Franchisor that the assignment of the Franchised Business is supported by a purchase agreement entered into by Assignor and Assignee and hereby agree that, consistent with their indemnification obligations provided for below, they have sole responsibility for any disputes related to the accuracy and content of such purchase agreement].

C. [FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER] Assignor hereby agrees that Assignor is the responsible franchisee under the Franchise Agreement from _____ ___, 20___ until the date immediately preceding the Effective Date. Assignee hereby agrees that Assignee is the responsible franchisee under the Franchise Agreement as of and after the Effective Date and continuing through the Term of the Franchise Agreement[, as amended by the [First] Amendment to Franchise Agreement].

D. [*FOR FULL TRANSFER AND ASSIGNEE ENTERS INTO A NEW FA*] Assignee and Assignor each acknowledges that upon assignment, Assignee must execute Franchisor's current form of franchise agreement, which includes its current royalty fees and advertising contributions that may be greater than the amount of such corresponding fees in Assignor's Franchise Agreement. The Franchise Agreement shall be deemed expired as of and after the effective date of Assignee's current form of franchise agreement executed concurrently with this Agreement.

[OR *FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER*] Assignee acknowledges receipt of a copy of the Franchise Agreement from Assignor.

E. Franchisor agrees to consent to the assignment of the Franchised Business from Assignor to Assignee, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants, conditions and terms contained in this Agreement, the parties agree as follows:

Agreement

1. The foregoing Recitals are hereby incorporated in and made a part of this Agreement.

2. Pursuant to the terms and conditions of the Franchise Agreement, Assignor requested Franchisor's prior written consent to assign the Franchised Business [*FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER*: and Franchise Agreement] from Assignor to Assignee. Franchisor hereby consents to the transfer of the Franchised Business [*FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER*: and Franchise Agreement] to Assignee subject to the terms and conditions of this Agreement being fully met by both Assignor and Assignee.

3. Assignor agrees to transfer the Franchised Business [*FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER*: and Franchise Agreement] to Assignee pursuant to the transfer provisions in Assignor's Franchise Agreement, and Assignee accepts the transfer of the Franchised Business pursuant to the transfer provisions in Assignor's Franchise Agreement, including, but not limited to, the payment of the applicable transfer fees.

4. [*FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER*] Assignor and Assignee agree that, pursuant to the terms of the Franchise Agreement, Assignee is required to execute Franchisor's then-current form of franchise agreement and all exhibits attached thereto prior to the closing of the transfer of the Franchised Business. Franchisor hereby waives Assignee's obligation to execute Franchisor's then-current form of franchise agreement and all exhibits attached thereto as required by the terms of the Franchise Agreement for this transfer only. Assignor hereby acknowledges and agrees that Franchisor's waiver of Assignor's obligations under the terms of the Franchise Agreement is not a permanent waiver and that Franchisor, its assigns and their respective affiliates hereby reserve the right to require Assignor, Assignee or their respective affiliates, authorized assignees or principals to sign Franchisor's then-current form of franchise agreement and all exhibits attached thereto in connection with other transfers that may be requested by and between the parties.

5. Subject to Section 13 below, Assignor hereby agrees to continue to be bound by the terms and conditions set forth in the Franchise Agreement until the date immediately preceding the Effective Date.

6. [*FOR FULL TRANSFER AND ASSIGNEE ENTERS INTO A NEW FA*] Assignee hereby agrees to execute Franchisor's current form of franchise agreement with Franchisor, and to be bound by the terms and conditions set forth in the current form of franchise agreement.

[OR FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER] Assignee hereby agrees to be bound by the terms and conditions set forth in the Franchise Agreement.

7. [*USE WHEN **BUYER** IS PAYING THE TRANSFER [FRANCHISE] FEE*] Pursuant to the terms of the Franchise Agreement, Franchisor is owed a Transfer [Franchise] Fee in the amount of _____ Thousand _____ Hundred and 00/100 Dollars ($XX,X00.00). Assignor, Assignee and Franchisor hereby agree that the Transfer [Franchise] Fee will be paid by Assignee to Franchisor, contemporaneous with the execution of this Agreement, on behalf of Assignor. Assignor shall be liable to Franchisor for the Transfer [Franchise] Fee if Assignee fails to pay the Transfer [Franchise] Fee in full.

[OR *USE WHEN **SELLER** IS PAYING THE TRANSFER [FRANCHISE] FEE*] Pursuant to the terms of the Franchise Agreement, Franchisor is owed, contemporaneous with the execution of this Agreement, a Transfer [Franchise] Fee in the amount of _____ Thousand _____ Hundred and 00/100 Dollars ($XX,X00.00).

8. [*USE IF **BUYER** IS PAYING THE [TRANSFER] TRAINING FEE*] Pursuant to the terms of the Franchise Agreement, Franchisor is owed a [Transfer] Training Fee in the amount of _____ Thousand _____ Hundred and 00/100 Dollars ($X,X00.00). Assignor, Assignee and Franchisor

hereby agree that the [Transfer] Training Fee will be paid by Assignee to Franchisor, contemporaneous with the execution of this Agreement, on behalf of Assignor. Assignor shall be liable to Franchisor for the [Transfer] Training Fee if Assignee fails to pay the [Transfer] Training Fee in full.

[OR *USE IF **SELLER** IS PAYING THE [TRANSFER] TRAINING FEE*] Pursuant to the terms of the Franchise Agreement, Franchisor is owed, contemporaneous with the execution of this Agreement, a [Transfer] Training Fee in the amount of _____ Thousand _____ Hundred and 00/100 Dollars ($X,X00.00).

9. Assignor agrees to shall cure any and all monetary defaults due and payable under their Assignor's phone service agreement, complete and sign a letter of agency, letter of authorization or equivalent form, and provide the form to Assignee at least one week prior to the transfer of the Franchised Business to allow Assignee to retain the telephone number of the Franchised Business.

10. Assignee agrees to will provide the letter of agency, letter of authorization or equivalent form to their Assignee's phone service provider in an effort to retain the telephone number of the Franchised Business.

11. Assignor agrees to shall cure any and all defaults, and/or debts, and/or charges of any monetary consideration due and payable to Franchisor (or its affiliates) prior to the execution of this Agreement, including, without limitation, any and all past due fees under the Franchise Agreement, including, without limitation, and current royalty fees, ies and advertising contributions, under the Franchise Agreement through the date immediately preceding the Effective Date, along with any accruing interest, late fees or other penalties as allowed under the Franchise Agreement and/or applicable law. Notwithstanding the foregoing, in the event Assignor fails to cure and any and all defaults, fully satisfy any such debts and/or pay any charges/expenses as required herein, Franchisor has the sole and absolute discretion to move forward with the transfer as contemplated by this Agreement but without waiving any amounts due and owing to Franchisor and/or its their respective affiliates and with reservation ofes any and all rights and remedies to pursue such defaults, debts and charges against Assignor at a later time.

12. Assignor represents and warrants that it has not failed to fully disclosed to Franchisor all terms of the transfer along with any information, which, if known by Franchisor, might provide grounds for Franchisor to reasonably withhold its consent to this Agreement, and that Assignor has disclosed all of the terms of the transfer to Franchisor.

13. Assignor ratifies and reaffirms any and all provisions and/or agreements with Franchisor intended to survive the assignment and/or termination of the Franchise Agreement and agrees to remain bound by them, including but not limited to any provisions pertaining to confidential information and covenant against competition.

14. Assignor agrees that it has no rights in any of the Franchisor's trademarks, trade names, or service marks, and/or the like (collectively, the "Trademarks") of Franchisor, except in connection with other *Cold Stone Creamery* franchises owned by Assignor, if any. Assignor also further stipulates agrees and acknowledges that such Tt rademarks , trade names, service marks and the like are the sole property of Franchisor and that Assignor has no rights in them, except as authorized by Franchisor in connection with other *Cold Stone Creamery* franchises owned by Assignor, if any. Assignor quitclaims to Franchisor any and all rights in Franchisor's any tTrademarks, trade names, and service marks of Franchisor, in the event Assignor has any such rights, except those rights acquired through other *Cold Stone Creamery* franchises authorized by Franchisor and owned by Assignor, if any.

15. Assignee acknowledges that Franchisor has not made any express or implied verbal or written representations or promises whatsoever that:

a. future assignments will be approved;

b. Assignee will have financial success operating the Franchised Business;

c. the consideration, if any, paid for the Franchised Business represents the true value of the Franchised Business; or

d. Assignor is not in default under the terms of the Franchise Agreement.

16. Assignee acknowledges that Franchisor has made no representations whatsoever concerning the value of the Franchised Business.

17. All notices required or permitted under this Agreement shall be in writing and shall be delivered by personal delivery, courier, such as FedEx® or UPS®, or by U.S. Mail~~,~~ sent via certified or registered mail, return receipt requested, to the address set forth below, which address may be amended from time to time pursuant to the terms of this Section. ~~Notices provided under this Section shall be deemed received upon personal delivery or delivery by courier and within three (3) days after deposit in the U.S. Mail.~~ You have an obligation to promptly notify us pursuant to this Section whenever your mailing address, and/or phone number ~~or facsimile number~~ change. Notices shall be provided to the parties at the address specified below:

If to Assignee:	[Name] [Attn:] [Address] [City, State, Zip] Telephone Number: ~~Facsimile Number:~~
If to Assignor:	[Name] [Attn:] [Address] [City, State, Zip] Telephone Number: ~~Facsimile Number:~~
If to Franchisor:	KAHALA FRANCHISING, L.L.C. Attn: Legal Department 9311 E Via de Ventura Scottsdale, Arizona 85258 Telephone Number: (480) 362-4800 ~~Facsimile Number: (480) 362-4819~~

18. Franchisor hereby consents to the transfer of the Franchised Business to Assignee subject to the terms and conditions of this Agreement being fully met by both Assignor and Assignee.

19. Assignor and Assignee understand the Effective Date is the closing date indicated on the escrow statement/closing statement.

20. IN CONSIDERATION OF FRANCHISOR'S AGREEMENTS SET FORTH IN THIS AGREEMENT, ASSIGNOR REPRESENTS THAT FRANCHISOR HAS NOT FAILED TO PERFORM, AND IS NOT IN ANY RESPECT IN DEFAULT IN THE PERFORMANCE OF, ANY OF ITS OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, AND ASSIGNOR AND EACH OF ITS CURRENT, PAST AND FUTURE PREDECESSORS, SUCCESSORS AND ASSIGNS, AND EACH OF ITS AND THE FOREGOING ENTITIES RESPECTIVE PARENTS, SUBSIDIARIES, SHAREHOLDERS, MEMBERS, MANAGERS, OWNERS, PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNS, GUARANTORS, INSURERS, SPOUSES, HEIRS, EXECUTORS, TRUSTEES, AND ESTATES, IF ANY, OF ANY AND ALL SUCH ENTITIES (COLLECTIVELY WITH ASSIGNOR, "ASSIGNOR AFFILIATES") HEREBY IRREVOCABLY AND UNCONDITIONALLY RELEASE, REMISE AND FOREVER DISCHARGE FRANCHISOR AND EACH OF ITS CURRENT, PAST AND FUTURE PREDECESSORS, SUCCESSORS AND ASSIGNS, AND EACH OF ITS AND THE FOREGOING ENTITIES RESPECTIVE PARENTS, SUBSIDIARIES, SHAREHOLDERS, MEMBERS, MANAGERS, OWNERS, PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNS, GUARANTORS, INSURERS, SPOUSES, HEIRS, EXECUTORS, TRUSTEES, AND ESTATES, IF ANY, OF ANY AND ALL SUCH ENTITIES (COLLECTIVELY WITH FRANCHISOR, "FRANCHISOR AFFILIATES"), FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, SUITS, DEBTS, DUTIES, ACCOUNTS, COVENANTS, CONTRACTS, AGREEMENTS, PROMISES, DAMAGES, JUDGMENTS, TAXES, LIABILITIES AND OBLIGATIONS, BOTH CONTINGENT AND FIXED, KNOWN AND UNKNOWN, NOW EXISTING OR HEREAFTER, OF EVERY KIND AND NATURE WHATSOEVER, IN LAW OR EQUITY, OR OTHERWISE, UNDER LOCAL STATE, OR FEDERAL LAW OR THE LAW OF ANY OTHER APPLICABLE JURISDICTION, THAT ANY OF THE ASSIGNOR AFFILIATES HAVE AGAINST ANY OF THE FRANCHISOR AFFILIATES, INCLUDING, WITHOUT LIMITATION, THOSE ARISING FROM, IN CONNECTION WITH OR RELATING TO: (I) THE FRANCHISEE AGREEMENT (INCLUDING ANY AMENDMENTS OR MODIFICATIONS THERETO); (II) THE OPERATION OF THE FRANCHISED BUSINESS, INCLUDING ANY LEASING OR SUBLEASING RELATED THERETO; AND (III) THE OFFERING AND SALE OF THE FRANCHISED BUSINESS; ARISING FROM AN ACT, OMISSION, CONDUCT OR ACTIVITY OCCURRING BEFORE AND INCLUDING THE EFFECTIVE DATE.

IT IS UNDERSTOOD BY ASSIGNOR THAT IF THE FACTS OR LAW WITH RESPECT TO THE FOREGOING RELEASE HEREAFTER TURN OUT TO BE DIFFERENT FROM THE FACTS OR LAW KNOWN TO BE OR BELIEVED BY ASSIGNOR TO BE TRUE ~~AT THE TIME OF~~ AS OF THE EFFECTIVE DATE HEREOF, THEN ASSIGNOR EXPRESSLY ASSUMES THE RISK OF THE FACTS OR LAW TURNING OUT TO BE SO DIFFERENT, AND AGREES THAT THE FOREGOING RELEASE SHALL BE IN ALL RESPECTS EFFECTIVE AND NOT SUBJECT TO TERMINATION OR RESCISSION IN WHOLE OR IN PART BASED UPON SUCH DIFFERENCES. WHERE THE FRANCHISED BUSINESS IS LOCATED IN THE STATE OF CALIFORNIA OR ASSIGNOR IS A RESIDENT OF THE STATE OF CALIFORNIA, ASSIGNOR KNOWINGLY WAIVES ALL RIGHTS AND PROTECTIONS, IF ANY, UNDER SECTION 1542 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA, OR ANY SIMILAR LAW OF ANY STATE OR TERRITORY OF THE UNITED STATES OF AMERICA. SECTION 1542 PROVIDES AS FOLLOWS:

> 1542 GENERAL RELEASE; EXTENT. 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.

ASSIGNOR ACKNOWLEDGES AND WARRANTS THAT ASSIGNOR EITHER CONSULTED WITH LEGAL COUNSEL, OR HAD THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL,

BEFORE EXECUTING THIS AGREEMENT. ASSIGNOR UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENTS THAT THIS AGREEMENT SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND EVERY EXPRESS TERM AND PROVISION, INCLUDING, WITHOUT LIMITATION, TERMS RELATING TO THE AGREEMENT OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

IF ANY OF THE PROVISIONS OF THIS AGREEMENT ARE HELD INVALID FOR ANY REASONS, THE REMAINDER OF THIS AGREEMENT WILL NOT BE AFFECTED AND WILL REMAIN IN FULL FORCE AND EFFECT.

21. Assignor and Assignee hereby agree to protect, defend and indemnify each of the Franchisor Affiliates and hold them harmless from and against any and all costs and expenses actually incurred by them or for which they are liable, including, without limitation, attorney's fees, court costs, expert witness fees and costs, losses, liabilities, damages, claims and demands of every kind or nature, and including those incurred pursuant to a settlement entered into in good faith, arising out of or in connection with the Franchised Business, including specifically without limitation any claim or controversy arising out of (i) this Agreement, (ii) the Franchise Agreement, (iii) any transfer of the Franchised Business by Assignee or Assignor, (iv) acts or omissions of Assignee and/or Assignor which are not in strict compliance with this Agreement, the Franchise Agreement, and/or the Operations Manual in respect of use or display of the Proprietary Marks, or (v) acts or omissions of Assignee and/or Assignor which tend to create an impression that the relationship between the parties hereto is other than one of Franchisor and Franchisee. Franchisor Affiliates, at their sole discretion, may hire legal counsel to defend any actions brought against any Franchisor Affiliates which arise out of Assignor's obligations under all agreements entered into between Assignor and any of the Franchisor Affiliates, including, without limitation, this Agreement, and Assignee's obligations herein. Assignor and Assignee hereby agree to pay any and all attorneys' fees, expert costs, and any other fees and costs incurred by Franchisor Affiliates to said selected counsel upon the request of Franchisor Affiliates. Assignor and Assignee will, if requested by any Franchisor Affiliates, defend any suits at the sole cost and expense of Assignor and Assignee through the use of attorneys determined by Franchisor Affiliates. ~~Assignor and Assignee hereby agree to defend said suits with the use of attorneys requested by any Franchisor Affiliates.~~ For purposes of this provision, requests shall be made pursuant to the notice provisions set forth in this Agreement. Notwithstanding the other provisions of this Section to the contrary, if any, except as otherwise specified in this Agreement, Assignor shall not be responsible for any of the acts or omissions of Assignee after the Effective Date.

22. Assignor agrees for itself and its successors and assigns that it will not disparage, denigrate or defame the Franchisor Affiliates, or any of their business dealings, financial condition, pending litigation and arbitrations, officers, directors, employees, agents, representatives or attorneys, either publicly or privately, by any means whatsoever (including electronic means) (collectively, "Non Disparagement Provision"). In the event such a communication is made to anyone, including, but not limited to, third party legal counsel adverse to Franchisor Affiliates in any fashion, former employees of Franchisor Affiliates, former shareholders of Franchisor Affiliates, current or former vendors, franchisees, licensees, or area representatives of Franchisor Affiliates' quick service restaurant brands, media government agencies, public interest groups, and publishing companies, it will be considered a material breach of the terms of this Agreement and Franchisor Affiliates shall be entitled to bring a legal action for appropriate equitable relief as well as damages. In addition to any other rights or remedies available at law, in equity, or by statute, Assignor consents to the specific enforcement of this Non Disparagement Provision through an injunction or restraining order issued by an appropriate court, without the requirement of posting a bond. Notwithstanding the above, nothing in this provision shall prevent or prohibit Assignor from testifying in any legal proceeding, including a deposition, hearing or trial, from cooperating in good faith in any governmental investigation or action, or from making any report required by law.

23. Each individual executing this Agreement on behalf of a partnership, limited liability company or corporation represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of the partnership, limited liability company, or corporation, and agrees to deliver evidence of his or her authority to Franchisor upon request by Franchisor.

24. The provisions of this Agreement are severable, and if any one or more provisions may be determined to be unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable. If the provision found to be unenforceable was material to this Agreement, the parties agree to promptly negotiate the terms of a substitute provision to replace the severed provision consistent with the then-current law and the parties' original intent.

25. This Agreement shall be construed under and according to the laws of the State of Arizona, without regard to conflict of laws principles.

26. ANY AND ALL COURT PROCEEDINGS ARISING FROM THIS AGREEMENT SHALL BE BROUGHT IN, AND ONLY IN, A COURT OF COMPETENT JURISDICTION LOCATED IN MARICOPA COUNTY, ARIZONA. THE PARTIES CONSENT TO THE EXERCISE OF SUBJECT MATTER AND PERSONAL JURISDICTION BY SUCH COURTS AND HEREBY WAIVE ANY OBJECTIONS OR DEFENSE THERETO.

27. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signatures required for execution may be transmitted to the other party via facsimile or a scanned .pdf file sent via email and such signature shall be deemed a duplicate original, shall be effective upon receipt by the other party, may be admitted in evidence and shall fully bind the party and person making such signature

28. No amendment, addendum, modification, supplement or waiver of this Agreement or any of its provisions shall be binding on the parties unless made in writing and duly executed by an authorized representative of Franchisor and Assignor and Assignee. A failure of any party to enforce at any time any of the provisions of this Agreement or to require at any time performance by another party or any provision of this Agreement, shall in no way be construed as a continuing waiver of those provisions or of any other rights under this Agreement.

29. Except as otherwise specified in this Agreement, this Agreement shall not be construed in any way as modifying, waiving, or affecting any of the terms, covenants, conditions, or agreements contained in the Franchise Agreement executed by Assignor, or the current form of franchise agreement to be executed by Assignee.

30. This Agreement shall inure to the benefit of and shall be binding upon each of the parties hereto and their respective successors and assigns.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, each party, ~~hereto has executed this Agreement~~ by and through its duly authorized representative with full rights, power and authority, execute this Agreement to enter into and bind his, ~~or~~ her, or its respective party, without further consent or approval of any kind, as of the Effective Date of this Agreement.

ASSIGNOR:

_____
_

By: _____
[Name, Title]

By: _____
[Name, Title]

ASSIGNEE:

_____
_

By: _____
[Name, Title]

By: _____
[Name, Title]

FRANCHISOR:

KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By: _____
[Name, Title]

store #
doc #

EXHIBIT R-2

TO THE FRANCHISE DISCLOSURE DOCUMENT

Consent to Transfer and Release Agreement with Sublease

store #
doc #

CONSENT TO TRANSFER AND RELEASE AGREEMENT
(Store #; City, State)

This CONSENT TO TRANSFER AND RELEASE AGREEMENT ("Agreement") is entered into on _____ ("Effective Date") by and between _____, a(n) _____ ("Assignor"), and _____, a(n) _____ ("Assignee"), and KAHALA FRANCHISING, L.L.C., an Arizona limited liability company[, as ultimate assignee of _____] ("Franchisor") and _____, a(n) _____ ("Sublessor") (Franchisor and Sublessor may collectively be referred to in this Agreement as "Company"). All capitalized terms not defined expressly in this Agreement shall have the meaning assigned to such terms in the Franchise Agreement (as defined in Recital A. below) or the Sublease (as defined in Recital B. below).

Recitals

A. Franchisor and Assignor are parties to a Franchise Agreement dated _____ ___, _____[, as amended], (collectively the "Franchise Agreement") for the *Cold Stone Creamery* restaurant located at _____ ("~~Store~~"). ~~The Brand franchise located at the address listed in the foregoing sentence will hereinafter be referred to as the "~~Franchised Business~~."~~).

B. Sublessor and Assignor are parties to a Sublease Agreement dated _____ ___, _____ [, as amended], (collectively the "Sublease") for the Franchised Business.

C. Assignor desires to assign the Franchised Business to Assignee, and Assignee desires to accept the assignment. [Assignor and Assignee hereby represent and warrant to Company that the assignment of the Franchised Business is supported by a purchase agreement entered into by Assignor and Assignee and hereby agree that, consistent with their indemnification obligations provided for below, they have sole responsibility for any disputes related to the accuracy and content of such purchase agreement.

D. [*FOR FULL TRANSFER AND ASSIGNEE ENTERS INTO A NEW FA*] Assignee acknowledges that upon assignment, Assignee must execute Franchisor's current form of franchise agreement, which includes its current royalty fees and advertising contributions that may be greater than the amount of such corresponding fees in Assignor's Franchise Agreement. The Franchise Agreement shall be deemed expired as of and after the effective date of Assignee's current form of franchise agreement executed concurrently with this Agreement.

[OR *FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER*] Assignee acknowledges receipt of a copy of the Franchise Agreement from Assignor.

E. [*FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER*] Assignor hereby agrees that Assignor is the responsible franchisee under the Franchise Agreement from _____ ___, _____ until the date immediately preceding the Effective Date. Assignee hereby agrees that Assignee is the responsible franchisee under the Franchise Agreement as of and after the Effective Date and continuing through the Term of the Franchise Agreement[, as amended by the [First] Amendment to Franchise Agreement].

F. [FOR FULL TRANSFER AND ASSIGNEE ENTERS INTO A NEW SUBLEASE] Assignee acknowledges that upon assignment, Assignee must execute Sublessor's current form of sublease. The Sublease shall be deemed expired as of and after the effective date of Assignee's current form of sublease executed concurrently with this Agreement.

[OR FOR *CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER*] Assignee acknowledges receipt of a copy of the Sublease from Assignor, together with all amendments, supplements, riders, exhibits, and revisions, including a copy of the underlying Master Lease, and fully understands and acknowledges the obligations under the Sublease.

G. [*FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER*] Assignor hereby agrees that Assignor is the responsible sublessee under the Sublease from _____ ___, _____ until the date immediately preceding the Effective Date. Assignee hereby agrees that Assignee is the responsible sublessee under the Sublease as of and after the Effective Date and continuing through the Term of the Sublease [, as amended by the [First] Amendment to Franchise Sublease].

H. Franchisor agrees to consent to the assignment of the Franchised Business from Assignor to Assignee, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants, conditions and terms contained in this Agreement, the parties agree as follows:

Agreement

1. The foregoing Recitals are hereby incorporated in and made a part of this Agreement.

2. Pursuant to the terms and conditions of the Franchise Agreement, Assignor requested Franchisor's prior written consent to assign the Franchised Business [*FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER*: and Franchise Agreement] from Assignor to Assignee. Franchisor hereby consents to the transfer of the Franchised Business [*FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER*: and Franchise Agreement] to Assignee subject to the terms and conditions of this Agreement being fully met by both Assignor and Assignee.

3. [*FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER*] Pursuant to the terms and conditions of the Sublease, Assignor has requested Sublessor's prior written consent to assign the Sublease from Assignor to Assignee. Sublessor hereby consents to the ~~transfer~~ assignment of the Sublease to Assignee, subject to the terms and conditions of this Agreement being fully met by both Assignor and Assignee.

4. Assignor agrees to transfer the Franchised Business [*FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER*: and Franchise Agreement and Sublease] to Assignee pursuant to the transfer provisions in Assignor's Franchise Agreement, and Assignee accepts the transfer of the Franchised Business [*FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER*: and Franchise Agreement and Sublease], pursuant to the transfer provisions in Assignor's Franchise Agreement, including, but not limited to, the payment of the applicable transfer fees.

5. [*FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER*] Assignor and Assignee agree that, pursuant to the terms of the Franchise Agreement, Assignee is required to execute Franchisor's then-current form of franchise agreement and all exhibits attached thereto prior to the closing of the transfer of the Franchised Business. Franchisor hereby waives Assignee's obligation to execute Franchisor's then-current form of franchise agreement and all exhibits attached thereto as required by the terms of the Franchise Agreement for this transfer only. Assignor hereby acknowledges and agrees that Franchisor's waiver of Assignor's obligations under

the terms of the Franchise Agreement is not a permanent waiver and that Franchisor, its assigns and their respective affiliates hereby reserve the right to require Assignor, Assignee or their respective affiliates, authorized assignees or principals to sign Franchisor's then-current form of franchise agreement and all exhibits attached thereto in connection with other transfers that may be requested by and between the parties.

6. Subject to Section __ below, Assignor hereby agrees to continue to be bound by the terms and conditions set forth in the Franchise Agreement until the date immediately preceding the Effective Date.

7. [*FOR FULL TRANSFER AND ASSIGNEE ENTERS INTO A NEW FA*] Assignee hereby agrees to execute Franchisor's current form of franchise agreement with Franchisor, and to be bound by the terms and conditions set forth in the current form of franchise agreement.

[OR *FOR CHANGE IN OWNERSHIP INTEREST THAT IS NOT A TRANSFER*] Assignee hereby agrees to be bound by the terms and conditions set forth in the Franchise Agreement.

8. [USE WHEN **BUYER** IS PAYING THE TRANSFER [FRANCHISE] FEE] Pursuant to the terms of the Franchise Agreement, Franchisor is owed a Transfer [Franchise] Fee in the amount of _____ Thousand _____ Hundred and 00/100 Dollars ($XX,X00.00). Assignor, Assignee and Franchisor hereby agree that the Transfer [Franchise] Fee will be paid by Assignee to Franchisor, contemporaneous with the execution of this Agreement, on behalf of Assignor. Assignor shall be liable to Franchisor for the Transfer [Franchise] Fee if Assignee fails to pay the Transfer [Franchise] Fee in full.

[OR USE WHEN **SELLER** IS PAYING THE TRANSFER [FRANCHISE] FEE] Pursuant to the terms of the Franchise Agreement, Franchisor is owed, contemporaneous with execution of this Agreement, a Transfer [Franchise] Fee in the amount of _____ Thousand _____ Hundred and 00/100 Dollars ($XX,X00.00).

9. [USE IF **BUYER** IS PAYING THE [TRANSFER] TRAINING FEE] Pursuant to the terms of the Franchise Agreement, Franchisor is owed a [Transfer] Training Fee in the amount of _____ Thousand _____ Hundred and 00/100 Dollars ($X,X00.00). Assignor, Assignee and Franchisor hereby agree that the [Transfer] Training Fee will be paid by Assignee to Franchisor, contemporaneous with the execution of this Agreement, on behalf of Assignor. Assignor shall be liable to Franchisor for the [Transfer] Training Fee if Assignee fails to pay the [Transfer] Training Fee in full.

[OR USE IF **SELLER** IS PAYING THE [TRANSFER] TRAINING FEE] Pursuant to the terms of the Franchise Agreement, Franchisor is owed, contemporaneous with the execution of this Agreement, a [Transfer] Training Fee in the amount of _____ Thousand _____ Hundred and 00/100 Dollars ($X,X00.00).

10. Assignor agrees to the assignment of Assignor's interest in and to the lease security deposit, if any, currently held by the Landlord to the Assignee.

11. Subject to Section 18 below, Assignor hereby agrees to continue to be bound by the terms and conditions set forth in the Sublease through the date immediately preceding the Effective Date.

12. [IF ASSIGNEE IS SIGNING A NEW SUBLEASE] Assignee hereby agrees to execute Sublessor's current form of sublease, and to be bound by the terms and conditions set forth in the current form of sublease.

[OR IF ASSIGNEE IS NOT SIGNING A NEW SUBLEASE] Assignee hereby agrees to be bound by the terms and conditions set forth in the Sublease.

13. Assignor ~~agrees to~~ shall cure any and all monetary defaults due and payable under ~~their~~ Assignor's phone service agreement, complete and sign a letter of agency, letter of authorization or equivalent form, and provide the form to Assignee at least one week prior to the transfer of the Franchised Business to allow Assignee to retain the telephone number of the Franchised Business.

14. Assignee ~~agrees to~~ will provide the letter of agency, letter of authorization or equivalent form to ~~their~~ Assignee's phone service provider in an effort to retain the telephone number of the Franchised Business.

15. Assignor ~~agrees to~~ shall cure any and all defaults, ~~and/or~~ debts, and/or charges of any monetary consideration due and payable to Franchisor (or its affiliates) prior to the execution of this Agreement, including, without limitation, any and all past due fees under the Franchise Agreement and Sublease, as applicable, including, without limitation, ~~and~~ current royalty fees, ~~ies and~~ advertising contributions, and rental and other occupancy expenses/charges ~~under the Franchise Agreement~~ through the date immediately preceding the Effective Date ~~and any rental and other occupancy charges under the Sublease through the date immediately preceding the Effective Date~~, along with any accruing interest, late fees or other penalties as allowed under the Franchise Agreement, Sublease and/or applicable law. Notwithstanding the foregoing, in the event Assignor fails to cure and ~~any and all defaults,~~ fully satisfy ~~any~~ such debts and/or ~~pay any~~ charges/expenses as required herein, Franchisor has the sole and absolute discretion to move forward with the transfer as contemplated by this Agreement but without waiving any amounts due and owing to ~~Franchisor~~ Company and/or ~~its~~ their respective affiliates ~~and~~ with reservation of~~es~~ any and all rights and remedies to pursue such defaults, debts and charges against Assignor at a later time.

16. Assignor and Assignee hereby understand and agree that there may be additional charges and/or credits under the Lease and/or Sublease for rent including, without limitation, common area and maintenance charges/reconciliations, insurance, and/or taxes, related to the Franchised Business. Assignor and Assignee further hereby agree that Assignee shall be entitled to receive the credits and/or pay the actual charges incurred to the Landlord or Sublessor, as directed by Sublessor, within ten (10) days from receipt of Sublessor's notice of such charges and/or credits to Assignee. Assignor and Assignee hereby represent and warrant to Sublessor that Assignor and Assignee have taken such actions as necessary to account for such charges and/or credits in the purchase price for the Franchised Business.

17. Assignor represents and warrants that it ~~has not failed to~~ fully disclose~~d~~ to Company all terms of the transfer along with any information, which, if known by Company, might provide grounds for Company to reasonably withhold its consent to this Agreement~~, and that Assignor has disclosed all of the terms of the transfer to Company~~.

18. Assignor ratifies and reaffirms any and all provisions and/or agreements with Company intended to survive the assignment and/or termination of the Franchise Agreement and Sublease and agrees to remain bound by them, including but not limited to any provisions pertaining to confidential information and covenant against competition.

19. Assignor agrees that it has no rights in any of ~~the~~ Franchisor's trademarks, trade names, ~~or~~ service marks, and/or the like (collectively, the "Trademarks") ~~of Franchisor~~, except in

connection with other *Cold Stone Creamery* franchises owned by Assignor, if any. Assignor ~~also~~ further ~~stipulates~~ agrees and acknowledges that such Tt~~t~~rademarks ~~, trade names, service marks and the like~~ are the sole property of Franchisor and that Assignor has no rights in them, except as authorized by Franchisor in connection with other *Cold Stone Creamery* franchises owned by Assignor, if any. Assignor quitclaims to Franchisor any and all rights in Franchisor's ~~any t~~Trademarks~~, trade names, and service marks of Franchisor,~~ in the event Assignor has any such rights, except those rights acquired through other *Cold Stone Creamery* franchises authorized by Franchisor and owned by Assignor, if any.

20. Assignee acknowledges that Company has not made any express or implied verbal or written representations or promises whatsoever that:

a. future assignments will be approved;

b. Assignee will have financial success operating the Franchised Business;

c. the landlord will grant an extension of the Master Lease where the Franchised Business is located and operates;

d. the consideration, if any, paid for the Franchised Business represents the true value of the Franchised Business; or

e. Assignor is not in default under the terms of the Franchise Agreement and/or the Sublease.

21. Assignee acknowledges that Company has made no representations whatsoever concerning the value of the Franchised Business.

22. All notices required or permitted under this Agreement shall be in writing and shall be delivered by personal delivery, courier, such as FedEx® or UPS®, or by U.S. Mail~~,~~ sent via certified or registered mail, return receipt requested, to the address set forth below, which address may be amended from time to time pursuant to the terms of this Section. ~~Notices provided under this Section shall be deemed received upon personal delivery or delivery by courier and within three (3) days after deposit in the U.S. Mail.~~ You have an obligation to promptly notify us pursuant to this Section whenever your mailing address, and/or phone number ~~or facsimile number~~ change. Notices shall be provided to the parties at the address specified below:

If to Assignee:
[Name]
[Attn:]
[Address]
[City, State, Zip]
Telephone Number:
~~Facsimile Number:~~

If to Assignor:
[Name]
[Attn:]
[Address]
[City, State, Zip]
Telephone Number:
~~Facsimile Number:~~

If to Franchisor: KAHALA FRANCHISING, L.L.C.
Attn: Legal Department
9311 E Via de Ventura
Scottsdale, Arizona 85258
Telephone Number: (480) 362-4800
~~Facsimile Number: (480) 362-4819~~

If to Sublessor: [NAME OF SUBLESSOR]
Attn: Real Estate Department
9311 E Via de Ventura
Scottsdale, Arizona 85258
Telephone Number: (480) 362-4800
~~Facsimile Number: (480) 362-4792~~

23. Franchisor hereby consents to the transfer of the Franchised Business to Assignee subject to the terms and conditions of this Agreement being fully met by both Assignor and Assignee.

24. Assignor and Assignee understand the Effective Date is the closing date indicated on the escrow statement/closing statement.

25. IN CONSIDERATION OF COMPANY'S AGREEMENTS SET FORTH IN THIS AGREEMENT, ASSIGNOR REPRESENTS THAT COMPANY HAS NOT FAILED TO PERFORM, AND IS NOT IN ANY RESPECT IN DEFAULT IN THE PERFORMANCE OF, ANY OF ITS OBLIGATIONS UNDER THE SUBLEASE AND/OR THE FRANCHISE AGREEMENT, AND ASSIGNOR AND EACH OF ITS CURRENT, PAST AND FUTURE PREDECESSORS, SUCCESSORS AND ASSIGNS, AND EACH OF ITS AND THE FOREGOING ENTITIES RESPECTIVE PARENTS, SUBSIDIARIES, SHAREHOLDERS, MEMBERS, MANAGERS, OWNERS, PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNS, GUARANTORS, INSURERS, SPOUSES, HEIRS, EXECUTORS, TRUSTEES, AND ESTATES, IF ANY, OF ANY AND ALL SUCH ENTITIES (COLLECTIVELY WITH ASSIGNOR, "ASSIGNOR AFFILIATES") HEREBY IRREVOCABLY AND UNCONDITIONALLY RELEASE, REMISE AND FOREVER DISCHARGE COMPANY AND EACH ITS CURRENT, PAST AND FUTURE PREDECESSORS, SUCCESSORS AND ASSIGNS, AND EACH OF ITS AND THE FOREGOING ENTITIES RESPECTIVE PARENTS, SUBSIDIARIES, SHAREHOLDERS, MEMBERS, MANAGERS, OWNERS, PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNS, GUARANTORS, INSURERS, SPOUSES, HEIRS, EXECUTORS, TRUSTEES, AND ESTATES, IF ANY, OF ANY AND ALL SUCH ENTITIES (COLLECTIVELY WITH COMPANY "FRANCHISOR AFFILIATES"), FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, SUITS, DEBTS, DUTIES, ACCOUNTS, COVENANTS, CONTRACTS, AGREEMENTS, PROMISES, DAMAGES, JUDGMENTS, TAXES, LIABILITIES AND OBLIGATIONS, BOTH CONTINGENT AND FIXED, KNOWN AND UNKNOWN, NOW EXISTING OR HEREAFTER, OF EVERY KIND AND NATURE WHATSOEVER, IN LAW OR EQUITY, OR OTHERWISE, UNDER LOCAL STATE, OR FEDERAL LAW OR THE LAW OF ANY OTHER APPLICABLE JURISDICTION, THAT ANY OF THE ASSIGNOR AFFILIATES HAVE AGAINST ANY OF THE FRANCHISOR AFFILIATES, INCLUDING, WITHOUT LIMITATION, THOSE ARISING FROM, IN CONNECTION WITH OR RELATING TO: (I) THE SUBLEASE AND/OR FRANCHISE AGREEMENT (INCLUDING ANY AMENDMENTS OR MODIFICATIONS THERETO); (II) THE OPERATION OF THE FRANCHISED BUSINESS, INCLUDING ANY LEASING OR SUBLEASING RELATED THERETO; AND (III) THE OFFERING AND SALE OF THE FRANCHISED BUSINESS; ARISING FROM AN ACT, OMISSION, CONDUCT OR ACTIVITY OCCURRING BEFORE AND INCLUDING THE EFFECTIVE DATE.

IT IS UNDERSTOOD BY ASSIGNOR THAT IF THE FACTS OR LAW WITH RESPECT TO THE FOREGOING RELEASE HEREAFTER TURN OUT TO BE DIFFERENT FROM THE FACTS OR LAW KNOWN TO BE OR BELIEVED BY ASSIGNOR TO BE TRUE ~~AT THE TIME OF~~ AS OF THE EFFECTIVE DATE HEREOF, THEN ASSIGNOR EXPRESSLY ASSUMES THE RISK OF THE FACTS OR LAW TURNING OUT TO BE SO DIFFERENT, AND AGREES THAT THE FOREGOING RELEASE SHALL BE IN ALL RESPECTS EFFECTIVE AND NOT SUBJECT TO TERMINATION OR RESCISSION IN WHOLE OR IN PART BASED UPON SUCH DIFFERENCES. WHERE THE FRANCHISED BUSINESS IS LOCATED IN THE STATE OF CALIFORNIA OR ASSIGNOR IS A RESIDENT OF THE STATE OF CALIFORNIA, ASSIGNOR KNOWINGLY WAIVES ALL RIGHTS AND PROTECTIONS, IF ANY, UNDER SECTION 1542 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA, OR ANY SIMILAR LAW OF ANY STATE OR TERRITORY OF THE UNITED STATES OF AMERICA. SECTION 1542 PROVIDES AS FOLLOWS:

> 1542 GENERAL RELEASE; EXTENT. 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.

ASSIGNOR ACKNOWLEDGES AND WARRANTS THAT ASSIGNOR EITHER CONSULTED WITH LEGAL COUNSEL, OR HAD THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, BEFORE EXECUTING THIS AGREEMENT. ASSIGNOR UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENTS THAT THIS AGREEMENT SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND EVERY EXPRESS TERM AND PROVISION, INCLUDING, WITHOUT LIMITATION, TERMS RELATING TO THE AGREEMENT OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

IF ANY OF THE PROVISIONS OF THIS AGREEMENT ARE HELD INVALID FOR ANY REASONS, THE REMAINDER OF THIS AGREEMENT WILL NOT BE AFFECTED AND WILL REMAIN IN FULL FORCE AND EFFECT.

26. Assignor and Assignee hereby agree to protect, defend and indemnify each of the Franchisor Affiliates and hold them harmless from and against any and all costs and expenses actually incurred by them or for which they are liable, including, without limitation, attorney's fees, court costs, expert witness fees and costs, losses, liabilities, damages, claims and demands of every kind or nature, and including those incurred pursuant to a settlement entered into in good faith, arising out of or in connection with the Franchised Business, including specifically without limitation any claim or controversy arising out of (i) this Agreement, (ii) the Franchise Agreement, (iii) Sublease and/or Master Lease, (iv) any transfer of the Franchised Business by Assignee or Assignor, (v) acts or omissions of Assignee and/or Assignor which are not in strict compliance with this Agreement, the Franchise Agreement, Sublease and/or the Operations Manual in respect of use or display of the Proprietary Marks, or (vi) acts or omissions of Assignee and/or Assignor which tend to create an impression that the relationship between the parties hereto is other than one of Franchisor and Franchisee. Franchisor Affiliates, at their sole discretion, may hire legal counsel to defend any actions brought against any Franchisor Affiliates which arise out of Assignor's obligations under all agreements entered into between Assignor and any of the Franchisor Affiliates, including, without limitation, this Agreement, and Assignee's obligations herein. Assignor and Assignee hereby agree to pay any and all attorneys' fees, expert costs, and any other fees and costs incurred by any Franchisor Affiliates to said selected counsel upon the request of any Franchisor Affiliates. Assignor and Assignee will, if requested by any Franchisor Affiliates, defend

any suits at the sole cost and expense of Assignor and Assignee through the use of attorneys determined by Franchisor Affiliates. ~~Assignor and Assignee hereby agree to defend said suits with the use of attorneys requested by any Franchisor Affiliates.~~ For purposes of this provision, requests shall be made pursuant to the notice provisions set forth in this Agreement. Notwithstanding the other provisions of this Section to the contrary, if any, except as otherwise specified in this Agreement, Assignor shall not be responsible for any of the acts or omissions of Assignee after the Effective Date.

27. Assignor agrees for itself and its successors and assigns that it will not disparage, denigrate or defame the Franchisor Affiliates, or any of their business dealings, financial condition, pending litigation and arbitrations, officers, directors, employees, agents, representatives or attorneys, either publicly or privately, by any means whatsoever (including electronic means) (collectively, "Non Disparagement Provision"). In the event such a communication is made to anyone, including, but not limited to, third party legal counsel adverse to Franchisor Affiliates in any fashion, former employees of Franchisor Affiliates, former shareholders of Franchisor Affiliates, current or former vendors, franchisees, licensees, or area representatives of Franchisor Affiliates' quick service restaurant brands, media government agencies, public interest groups, and publishing companies, it will be considered a material breach of the terms of this Agreement and Franchisor Affiliates shall be entitled to bring a legal action for appropriate equitable relief as well as damages. In addition to any other rights or remedies available at law, in equity, or by statute, Assignor consents to the specific enforcement of this Non Disparagement Provision through an injunction or restraining order issued by an appropriate court, without the requirement of posting a bond. Notwithstanding the above, nothing in this provision shall prevent or prohibit Assignor from testifying in any legal proceeding, including a deposition, hearing or trial, from cooperating in good faith in any governmental investigation or action, or from making any report required by law.

28. Each individual executing this Agreement on behalf of a partnership, limited liability company or corporation represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of the partnership, limited liability company, or corporation, and agrees to deliver evidence of his or her authority to Company upon request by Company.

29. The provisions of this Agreement are severable, and if any one or more provisions may be determined to be unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable. If the provision found to be unenforceable was material to this Agreement, the parties agree to promptly negotiate the terms of a substitute provision to replace the severed provision consistent with the then-current law and the parties' original intent.

30. This Agreement shall be construed under and according to the laws of the State of Arizona, without regard to conflict of laws principles.

31. ANY AND ALL COURT PROCEEDINGS ARISING FROM THIS AGREEMENT SHALL BE BROUGHT IN, AND ONLY IN, A COURT OF COMPETENT JURISDICTION LOCATED IN MARICOPA COUNTY, ARIZONA. THE PARTIES CONSENT TO THE EXERCISE OF SUBJECT MATTER AND PERSONAL JURISDICTION BY SUCH COURTS AND HEREBY WAIVE ANY OBJECTIONS OR DEFENSE THERETO.

32. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signatures required for execution may be transmitted to the other party via facsimile or a scanned .pdf file sent via email and such signature shall be deemed a duplicate original, shall be effective upon receipt by the other party, may be admitted in evidence and shall fully bind the party and person making such signature.

33. No amendment, addendum, modification, supplement or waiver of this Agreement or any of its provisions shall be binding on the parties unless made in writing and duly executed by an authorized representative of Company and Assignor and Assignee. A failure of any party to enforce at any time any of the provisions of this Agreement or to require at any time performance by another party or any provision of this Agreement, shall in no way be construed as a continuing waiver of those provisions or of any other rights under this Agreement.

34. Except as otherwise specified in this Agreement, this Agreement shall not be construed in any way as modifying, waiving, or affecting any of the terms, covenants, conditions, or agreements contained in the Franchise Agreement and Sublease executed by Assignor, or the current form of franchise agreement or sublease to be executed by Assignee.

35. This Agreement shall inure to the benefit of and shall be binding upon each of the parties hereto and their respective successors and assigns.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, each party, ~~hereto has executed this Agreement~~ by and through its duly authorized representative with full rights, power and authority, execute this Agreement to enter into and bind his, ~~or~~ her, or its respective party, without further consent or approval of any kind, as of the Effective Date of this Agreement.

ASSIGNOR:

_____

By: _____
[Name, Title]

By: _____
[Name, Title]

ASSIGNEE:

_____

By: _____
[Name, Title]

By: _____
[Name, Title]

FRANCHISOR:

KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By: _____
[Name, Title]

SUBLESSOR:

_____

By: _____
[Name, Title]

EXHIBIT S

TO THE FRANCHISE DISCLOSURE DOCUMENT

State Addenda to Franchise Documents

store #
doc#

ADDENDUM TO FRANCHISE DOCUMENTS

(FOR THE STATE OF CALIFORNIA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF CALIFORNIA) ("Addendum") dated _____ ("Addendum Effective Date") to the [Franchise Agreement[, as amended], [Consent to Transfer and Release Agreement,] [General Release,] [Promissory Note and Security Agreement] [Sublease] [each] dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between _____ ("Franchisee") and KAHALA FRANCHISING, L.L.C., an Arizona limited liability company ("Franchisor") [and LEASING ENTITY, a[n] _____ "Sublessor"] hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Agreement. 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 Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law. (11 U.S.C.A. Sec. 101 et seq.).

C. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California Law.

D. The Franchise Documents may require application of the laws of the State of Arizona. ~~This~~ Any provision that does 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).

G. The Franchise Agreement requires binding arbitration. The arbitration will occur at the American Arbitration Association office in Maricopa County, Arizona, or, if our

headquarters are no longer located in Maricopa County, Arizona, then the arbitration shall take place in the county in which our headquarters are located at the time the arbitration is commenced, with *all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorney's fees of the prevailing party* to be paid by the party that did not prevail. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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 Agreement contains 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 franchise 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.

K. **OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.**

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.

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:	**FRANCHISEE**:
KAHALA FRANCHISING, L.L.C., an Arizona limited liability company	_____, _____

By:_____
[Name, Title]

By:_____
[Name, Title]

By:_____
[Name, Title]

[**SUBLESSOR**:

_____,
_____

By:_____
[Name, Title]

ADDENDUM TO FRANCHISE DOCUMENTS

(FOR THE STATE OF HAWAII)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF HAWAII) ("Addendum") dated _____ ("Addendum Effective Date") to the [Franchise Agreement[, as amended], [Consent to Transfer and Release Agreement,] [General Release,] [Promissory Note and Security Agreement] [Sublease] [each] dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between _____ ("Franchisee") and KAHALA FRANCHISING, L.L.C., an Arizona limited liability company ("Franchisor") [and LEASING ENTITY, a[n] _____ "Sublessor"] hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Agreement. 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 Agreement contains 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 Agreement. If the Franchise Agreement contains 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 Agreement. If the Franchise Agreement does 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 Agreement.

3. The Franchise Documents permits us to terminate the Agreement 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 Agreement shall remain in full force and effect.

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: KAHALA FRANCHISING, L.L.C., an Arizona limited liability company	**FRANCHISEE**: _____, _____
By:_____ [Name, Title]	By:_____ [Name, Title]
	By:_____

[Name, Title]

[**SUBLESSOR**:
_____,
_____
By:_____
[Name, Title]]

ADDENDUM TO FRANCHISE DOCUMENTS

(FOR THE STATE OF ILLINOIS)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF ILLINOIS) ("Addendum") dated _____ ("Addendum Effective Date") to the [Franchise Agreement[, as amended], [Consent to Transfer and Release Agreement,] [General Release,] [Promissory Note and Security Agreement] [Sublease] [each] dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between _____ ("Franchisee") and KAHALA FRANCHISING, L.L.C., an Arizona limited liability company ("Franchisor") [and LEASING ENTITY, a[n] _____ "Sublessor"] hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Agreement. 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 Agreement. If the Franchise Agreement contains 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 requires that it 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.

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:

KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

[**SUBLESSOR**:

_____,
_____

By:_____
[Name, Title]]

FRANCHISEE:

_____
_____

By:_____
[Name, Title]

By:_____
[*Name, Title*]

ADDENDUM TO FRANCHISE DOCUMENTS

(FOR THE STATE OF INDIANA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF INDIANA) ("Addendum") dated _____ ("Addendum Effective Date") to the [Franchise Agreement[, as amended], [Consent to Transfer and Release Agreement,] [General Release,] [Promissory Note and Security Agreement] [Sublease] [each] dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between _____ ("Franchisee") and KAHALA FRANCHISING, L.L.C., an Arizona limited liability company ("Franchisor") [and LEASING ENTITY, a[n] _____ "Sublessor"] hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Agreement. 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 Agreement contains 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 Agreement. To the extent the Franchise Agreement contains 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 Agreement contains covenants not to compete upon expiration or termination of the Franchise Agreement 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 Agreement by Franchisor requires written consent of the Franchisee. If the Agreement contains 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 requires that it 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 Agreement contains 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 Agreement contains a provision that is inconsistent with the Act, the Act will control.

j. The 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 Agreement contains a provision that is inconsistent with the Act, the Act will control.

k. If the Franchise Agreement requires 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.

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.

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) 10 days prior to signing the Agreement; or (ii) 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.

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, has duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR:

KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

[**SUBLESSOR**:

_____,
_____

By:_____
[Name, Title]]

FRANCHISEE:

_____
_____

By:_____
[Name, Title]

By:_____
[Name, Title]

ADDENDUM TO FRANCHISE DOCUMENTS

(FOR THE STATE OF MARYLAND)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF MARYLAND) ("Addendum") dated _____ ("Addendum Effective Date") to the [New, Renewal or Transfer Franchise Agreement[, as amended], [Consent to Transfer and Release Agreement,] [General Release,] [Promissory Note and Security Agreement] [Sublease] [each] dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between _____ ("Franchisee") and KAHALA FRANCHISING, L.L.C., an Arizona limited liability company ("Franchisor") [and LEASING ENTITY, a[n] _____ "Sublessor"] hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Agreement. 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. Article 17 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 Agreement contains 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 requires litigation to be conducted in the State of Arizona.~~ 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 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.

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:

KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

[**SUBLESSOR**:
_____,
_____
By:_____
[Name, Title]

FRANCHISEE:

_____
_____

By:_____
[Name, Title]

By:_____
[Name, Title]

ADDENDUM TO FRANCHISE DOCUMENTS

(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) 10 business days prior to signing the Franchise Agreement; or (ii) 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 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:

(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

ADDENDUM TO FRANCHISE DOCUMENTS

(FOR THE STATE OF MINNESOTA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF MINNESOTA) ("Addendum") dated _____ ("Addendum Effective Date") to the [Franchise Agreement[, as amended], [Consent to Transfer and Release Agreement,] [General Release,] [Promissory Note and Security Agreement] [Sublease] [each] dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between _____ ("Franchisee") and KAHALA FRANCHISING, L.L.C., an Arizona limited liability company ("Franchisor") [and LEASING ENTITY, a[n] _____ "Sublessor"] hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Agreement. 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 90 days' notice of termination (with 60 days to cure) and 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 Statues, 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 $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.

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:
KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

[**SUBLESSOR**:
_____,
_____

By:_____
[Name, Title]

FRANCHISEE:
_____
_____

By:_____
[Name, Title]

By:_____
[Name, Title]

ADDENDUM TO FRANCHISE DOCUMENTS

(FOR THE STATE OF NORTH DAKOTA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF NORTH DAKOTA) ("Addendum") dated _____ ("Addendum Effective Date") to the [Franchise Agreement[, as amended], [Consent to Transfer and Release Agreement,] [General Release,] [Promissory Note and Security Agreement] [Sublease] [each] dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between _____ ("Franchisee") and KAHALA FRANCHISING, L.L.C., an Arizona limited liability company ("Franchisor") [and LEASING ENTITY, a[n] _____ "Sublessor"] hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Agreement. 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 Agreement contains 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 Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains 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 Agreement requires 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 days prior to signing the Franchise Agreement; or (ii) seven 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.

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:

KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

[**SUBLESSOR**:

_____,
_____

By:_____
[Name, Title]]

FRANCHISEE:

_____
_____

By:_____
[Name, Title]

By:_____
[Name, Title]

ADDENDUM TO FRANCHISE DOCUMENTS

(FOR THE STATE OF NEW YORK)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF NEW YORK) ("Addendum") dated _____ ("Addendum Effective Date") to the [Franchise Agreement[, as amended], [Consent to Transfer and Release Agreement,] [General Release,] [Promissory Note and Security Agreement] [Sublease] [each] dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between _____ ("Franchisee") and KAHALA FRANCHISING, L.L.C., an Arizona limited liability company ("Franchisor") [and LEASING ENTITY, a[n] _____ "Sublessor"] hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Agreement. 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 Agreement contains 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 requires that it 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.

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:

KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

[**SUBLESSOR**:

_____,
_____

By:_____
[Name, Title]]

FRANCHISEE:

_____,
_____

By:_____
[Name, Title]

By:_____
[Name, Title]

ADDENDUM TO FRANCHISE DOCUMENTS

(FOR THE STATE OF RHODE ISLAND)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF RHODE ISLAND) ("Addendum") dated _____ ("Addendum Effective Date") to the [Franchise Agreement[, as amended], [Consent to Transfer and Release Agreement,] [General Release,] [Promissory Note and Security Agreement] [Sublease] [each] dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between _____ ("Franchisee") and KAHALA FRANCHISING, L.L.C., an Arizona limited liability company ("Franchisor") [and LEASING ENTITY, a[n] _____ "Sublessor"] hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Agreement. 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 Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchise Documents 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 Documents 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 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, 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.

3. 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.

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:

KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

FRANCHISEE:

_____,
_____

By:_____
[Name, Title]

By:_____
[Name, Title]

[SUBLESSOR:

_____,
a[n]
_____

By:_____]
[Name, Title]]

ADDENDUM TO FRANCHISE DOCUMENTS

(FOR THE STATE OF SOUTH DAKOTA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF SOUTH DAKOTA) ("Addendum") dated _____ ("Addendum Effective Date") to the [Franchise Agreement[, as amended], [Consent to Transfer and Release Agreement,] [General Release,] [Promissory Note and Security Agreement] [Sublease] [each] dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between _____ ("Franchisee") and KAHALA FRANCHISING, L.L.C., an Arizona limited liability company ("Franchisor") [and LEASING ENTITY, a[n] _____ "Sublessor"] hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Agreement. 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 Agreement contains 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 Agreement are generally unenforceable in the state of South Dakota, except in certain limited instances as provided by law. If the 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 Franchise Agreement concerning termination, if Franchisee fails to meet performance and quality standards or fails to make any royalty payments under the Franchise Agreement, 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 Agreement 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 Agreement.

g. If the Franchise Documents require 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 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.

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: **FRANCHISEE**:

KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

_____,
_____

By:_____
[Name, Title]

By:_____
[Name, Title]

[SUBLESSOR:

_____,
a[n]
_____

By:_____]
[Name, Title]]

ADDENDUM TO FRANCHISE DOCUMENTS

(FOR THE STATE OF VIRGINIA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF VIRGINIA ("Addendum") dated _____ ("Addendum Effective Date") to the [Franchise Agreement[, as amended], [Consent to Transfer and Release Agreement,] [General Release,] [Promissory Note and Security Agreement] [Sublease] [each] dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between _____ ("Franchisee") and KAHALA FRANCHISING, L.L.C., an Arizona limited liability company ("Franchisor") [and LEASING ENTITY, a[n] _____ "Sublessor"] hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Agreement. 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 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.

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.

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:

KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

FRANCHISEE:

_____,
_____

By:_____
[Name, Title]

By:_____
[Name, Title]

[SUBLESSOR:

_____,
a[n]
_____

By:_____]
[Name, Title]]

ADDENDUM TO THE FRANCHISE DOCUMENTS

(REQUIRED BY 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, or 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 days, to cure such default, or if such default cannot reasonably be cured within thirty days, the failure of the franchisee to initiate within thirty days substantial and continuing action to cure such default: PROVIDED, that after three willful and material breaches of the same term of the Franchise Agreement occurring within a twelve 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."

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.

6. 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.

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.

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 _____.

FRANCHISOR:

KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

FRANCHISEE:

_____,
_____

By:_____
[Name, Title]

By:_____
[Name, Title]

[SUBLESSOR:

_____,
a[n]
_____

By:_____]
[Name, Title]]

ADDENDUM TO FRANCHISE DOCUMENTS

(FOR THE STATE OF WISCONSIN)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF WISCONSIN) ("Addendum") dated _____ ("Addendum Effective Date") to the [Franchise Agreement[, as amended], [Consent to Transfer and Release Agreement,] [General Release,] [Promissory Note and Security Agreement] [Sublease] [each] dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between _____ ("Franchisee") and KAHALA FRANCHISING, L.L.C., an Arizona limited liability company ("Franchisor") [and LEASING ENTITY, a[n] _____ "Sublessor"] hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Agreement. 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 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 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 Agreement 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.

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:

KAHALA FRANCHISING, L.L.C., an Arizona limited liability company

By:_____
[Name, Title]

FRANCHISEE:

_____,
_____

By:_____
[Name, Title]

By:_____
[Name, Title]

SUBLESSOR:

_____,
a[n]
_____

By:_____]
[Name, Title]]

EXHIBIT T

TO THE FRANCHISE DISCLOSURE DOCUMENT

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CONFIDENTIAL

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TO THE FRANCHISE DISCLOSURE DOCUMENT

List of Franchise Owners

Cold Stone Creamery Franchise List as of November 30, 2024

The name of the franchisee, store address and telephone numbers of the stores are listed below:

Franchise Company	Owners	Address	City	State	Zip	Phone
KVAC Creamery LLC	Kaden James Vacendak	1830 E Parks Hwy	Wasilla	AK	99654	9073572653
KVAC Creamery LLC	Kaden James Vacendak	11432 Business Blvd	Eagle River	AK	99577	9076963441
KH2 Corporation	Kim Hwang,Kevin Hwang	12350 Industry Way	Anchorage	AK	99515	9078681030
	Kim Hwang,Kevin Hwang	7731 E Northern Lights Blvd	Anchorage	AK	99504	9073372044
KVAC Creamery LLC	Kaden James Vacendak	930 Old Steese Hwy	Fairbanks	AK	99701	9074561624
KH2 Corporation	Kevin Hwang,Kim Hwang	1300 W Northern Lights Blvd	Anchorage	AK	99503	9078658630
Manner, Inc	Bushra Elsayed,Hisham Zeinelabdin	2750 Carl T Jones Dr SE	Huntsville	AL	35802	2568836868
Four Star Creamery, LLC	Dana DePew	1430 Gadsden Hwy	Trussville	AL	35235	2056553776
MPM Company, L.L.C.	Marsha Kitchens,Phillip Kitchens	4871 Montgomery Hwy	Dothan	AL	36303	3346710041
Scoops of Heaven LLC	Stacey.Durand.Bearden,Jessica.Bearden	128 ALA Hwy 75	Albertville	AL	35950	2568782733
Sweet Dreams, Inc.	Mauricio Aguilar	12800 Chenal Pkwy	Little Rock	AR	72211	5012257000
AR Hearts Ice Cream, LLC	Melody Meersman,Michael Meersman	3301 S Market St	Rogers	AR	72758	4792718530
AR Hearts Ice Cream, LLC	Melody Meersman,Michael Meersman	160 E Joyce Blvd	Fayetteville	AR	72703	4795829050
Sweet Dreams, Inc.	Mauricio Aguilar	1120 E Oak St, Suite 101	Conway	AR	72032	5013586800
The Dougherty Company, LLC	Patrick.Dougherty,Spencer.Dougherty,Erika.Dougherty	6205 Rogers Ave	Fort Smith	AR	72903	4795512574
Glenmar Scoops LLC	Bobby.Byram	2810 E Highland Drive	Jonesboro	AR	72401	8705760435
POSITIVE PLUS LLC	Rupesh Patel,Chandravadan Patel,Shailja Patel	3330 S McClintock Dr	Tempe	AZ	85282	4804911331
Nice Creams, Inc.	Yolanda Castro	1927 E Speedway Blvd	Tucson	AZ	85719	5207957576
Anya LLC	Jigar Saraiya,Rina Saraiya	8215 W Bell Rd	Peoria	AZ	85382	6233345016

Kavish Investments LLC	Jinal Parikh,Palak Parikh	1949 E Camelback Rd	Phoenix	AZ	85016	6022489250
Willis & Wolf LLC	Andreas Wolf	12625 N Tatum Blvd	Phoenix	AZ	85032	6027650591
Ice Realms, LLC	Rick Miller,Scarlett Miller	7131 W Ray Rd	Chandler	AZ	85226	4809618099
VG Enterprises LLC	Somasekhara (Soma) Yarrapureddy,Indravathi Nallapareddy	2501 W Happy Valley Rd	Phoenix	AZ	85085	6238699469
Chaudhry L.L.C.	Sameera Chaudhry,Humayun Chaudhry	440 E Bell Rd	Phoenix	AZ	85022	6024049202
Lowers AZ Creameries, LLC	Douglas Lowers,Kimberly Lowers,Jon Lowers	1959 S Power Rd	Mesa	AZ	85206	4803257422
Tasty Treats LLC	Nayan Patel,Rupesh Patel	2915 S Alma School Rd	Chandler	AZ	85286	4807868506
Chaudhry L.L.C.	Humayun Chaudhry,Sameera Chaudhry	3301 N Litchfield Rd	Goodyear	AZ	85338	6239357878
Nice Creams, Inc.	Yolanda Castro	9565 E 22nd St	Tucson	AZ	85748	5207218488
Rare Cone Creamery, L.L.C.	Somasekhara (Soma) Yarrapureddy,Indravathi Nallapareddy	1649 S Stapley Dr	Mesa	AZ	85204	4805076424
Willis & Willis Investments, Inc.	Fred Willis,Donna Willis	21001 N Tatum Blvd	Phoenix	AZ	85050	4805857952
Willis & Willis Investments, Inc.	Fred Willis,Donna Willis	10210 W McDowell Rd	Avondale	AZ	85392	6239329205
CS Core L.L.C.	Angela Kyung Sook Kang,Chung Keun Kang	455 N 3rd St	Phoenix	AZ	85004	6022525572
VE Enterprises LLC	Somasekhara (Soma) Yarrapureddy,Indravathi Nallapareddy,Alekhya Reddy,Suma Yarrapureddy,Somasekhara (Soma) Yarrapureddy,Indravathi Nallapareddy,Alekhya Reddy,Suma Yarrapureddy	2815 W Peoria Ave	Phoenix	AZ	85029	6023710144
V.W. Enterprises L.L.C.	Somasekhara (Soma) Yarrapureddy,Indravathi Nallapareddy	14858 N Frank Lloyd Wright Blvd	Scottsdale	AZ	85260	4804515996
Radha Krishna LLC	Harsh Patel,Trushna Patel	2170 E Baseline Rd	Phoenix	AZ	85042	6022437837
B5 DISTRIBUTING, INC.	Brett Schoenhardt,Patricia Schoenhardt	1829 N Power Rd	Mesa	AZ	85205	4803967544
CSCR - Corp	Rochan Goswami,Rochan Goswami	2080 S Milton Rd	Flagstaff	AZ	86001	9287792856

Tasty Treats LLC	Rupesh Patel,Nayan Patel	2970 E Germann Rd	Chandler	AZ	85286	4808211570
Kolnick, Laura	Laura Kolnick	7507 S Power Rd	Queen Creek	AZ	85142	4808403300
WOAH ARCADIA LLC	Robert Headley,Caitlin Headley	20022 N 67th Ave	Glendale	AZ	85308	6235669400
Arizona Ice Cream Company, Inc.	Rodney Lands	1317 S Yuma Palms Pkwy	Yuma	AZ	85365	9287837202
Osborne Ventures LLC	Jeff Osborne,Pamela Osborne	101 N State Route 89A	Sedona	AZ	86336	9282037700
Nice Creams, Inc.	Yolanda Castro	7113 E Tanque Verde Rd	Tucson	AZ	85715	5202900229
Canyon Son LLC	Bill Egler,Gwen McCourt Egler,Bill Egler,Gwen McCourt Egler	9380 W Westgate Blvd	Glendale	AZ	85305	6238771580
Osborne Ventures LLC	Jeff Osborne,Pamela Osborne	9918 W Happy Valley Rd	Peoria	AZ	85383	6235661400
Arizona Ice Cream Company, Inc.	Rodney Lands	480 North AZ 90, Suite #A-4	Sierra Vista	AZ	85635	5204591854
Arizona Ice Cream Company, Inc.	Rodney Lands	5435 S Calle Santa Cruz	Tucson	AZ	85706	5208894770
Arizona Ice Cream Company, Inc.	Rodney Lands	475 W Wetmore Rd	Tucson	AZ	85705	5208873131
Finest Creamery LLC	Angel Carlo,Timothy Guerra	1752 S Signal Butte Rd	Mesa	AZ	85209	4809844063
Willis & Willis Investments, Inc.	Donna Willis,Fred Willis	2000 E Rio Salado Pkwy	Tempe	AZ	85281	4809681255
Megha Group LLC	Jay Megha,Purvi Megha	3699 Highway 95	Bullhead City	AZ	86442	9284505712
Lowers AZ Creameries, LLC	Douglas Lowers,Kimberly Lowers,Jon Lowers	1940 S Val Vista Drive	Mesa	AZ	85204	4806325517
Nice Creams, Inc.	Yolanda Castro	5870 E Broadway Blvd	Tucson	AZ	85711	5207901017
Willis & Willis Investments, Inc.	Fred Willis,Donna Willis	13681 N Litchfield Rd	Surprise	AZ	85379	6235848180
S&J Foods LLC	Jennifer Leon	1877 East Williams Field Rd., Suite 105	Gilbert	AZ	85295	4803076990
Wild Spirit Ice Cream LLC	Dawn.Daniel,John.Daniel	9210 S Houghton Rd	Tucson	AZ	85747	5208495902
CPS ENTERPRISE LLC	Sunil.Annapureddy,Praveen.Pati,Chandan.Samireddy	1949 W Ray Rd	Chandler	AZ	85224	4804861909
Chaudhry L.L.C.	Humayun Chaudhry,Sameera Chaudhry	430 S Watson Rd	Buckeye	AZ	85326	6233207768
Frozen Treats LLC	Mark.Ross,Miloni Patel	844 N Promenade Pkwy	Casa Grande	AZ	85194	5203168033

Leon Creamery LLC	Luis.Leon,Adriana.Leon	17430 N Porter Rd	Maricopa	AZ	85138	5202171609
Willis & Willis Investments, Inc.	Fred Willis,Donna Willis	9210 E Via De Ventura	Scottsdale	AZ	85258	4804346071
Sweet Cream of Sherman Oaks, Inc.	Faramarz Talehakimi,Haleh Roshan-Kashani	14622 Ventura Blvd	Sherman Oaks	CA	91403	8189072702
R&J GLOBAL, INC.	Curtis Chang,Margaret Chang	2950 Johnson Dr	Ventura	CA	93003	8056581129
Moon River Pacific, Inc	Edward Park,Young Park,Sun Park	5718 Calle Real	Goleta	CA	93117	8056921598
118, LLC	Stacy Gierczak,Rick Gierczak	6145 El Cajon Blvd	San Diego	CA	92115	6195833361
Crazy Cone Company LLC	Khalid Yarash,Mariyam Ahmadi,Omedullah Hamedullah	4705 Clairemont Dr	San Diego	CA	92117	8582705552
Smita Parida, Inc.	Smita Parida	14797 Pomerado Rd	Poway	CA	92064	8587489340
A & R Creamery, Inc.	Alan Arabo,Renae Arabo	2963 Jamacha Rd	El Cajon	CA	92019	6196605151
YMS Enterprise Inc	Yooseok Kim	2967 Carlsbad Blvd	Carlsbad	CA	92008	7607202974
Reyes International Enterprises, Inc.	Alberto Reyes Hernandez	374 E H St	Chula Vista	CA	91910	6194202064
Tang, Kia	Kia Tang	757 E El Camino Real	Sunnyvale	CA	94087	4087394420
RAYN DRZR Corporation	Dilawar Khan,Rabia Khan	2686 Dublin Blvd	Dublin	CA	94568	9258751333
Sajj Enterprises Inc.	Stephen Johnson,Xiao Hua (Aisha) Johnson	412 Sycamore Valley Rd W	Danville	CA	94526	9258374080
Jera Investments, Inc.	Esther Wong,Joe Lin	409 Mission Ave	Oceanside	CA	92054	7607220880
Mesa Creations LLC	Gaurav Sharma,Roohi Sharma	5500 Grossmont Center Dr	La Mesa	CA	91942	6196976521
Jera Investments, Inc.	Esther Wong,Joe Lin	1158 W San Marcos Blvd	San Marcos	CA	92078	7605109347
Alvarez International Inc	Luis Alvarez,Elizabeth Perez	101 W Main St	Alhambra	CA	91801	6262828886
Gill Stone Inc	Navdip Kaur,Jaskaran Singh	60 Crescent Dr	Pleasant Hill	CA	94523	9252880388
Artisan Kool Inc	John Kaczmarski,Maureen Kaczmarski	40688 Winchester Rd	Temecula	CA	92591-5504	9517193151
Ice Star Foods, LLC	Gulizar Yildiz	416 Olive Avenue	Huntington Beach	CA	92648	7143746744
ICWON, CORP.	John Chung,Teresa Chung	14370 Culver Dr	Irvine	CA	92604	9498570430
Smita Parida, Inc.	Smita Parida	10716 Westview Pkwy	San Diego	CA	92126	8586959771

Benevedes, Inc.	Annette Benevedes	5076 N Palm Ave	Fresno	CA	93704	5592250437
Northridge Food Services Corp.	Ahmed Elbarbary	19500 Plummer St	Northridge	CA	91324	8187001443
CHENGLI CORPORATION	Cathryn Cheng,Guowei Zhang,Kevin Lei,Wendy Li	426 Great Mall Drive	Milpitas	CA	95035	4086493699
Maestro Choco LLC	Yassine Harbaoui,Wafa Rebaaoui	22342 El Paseo	Rancho Santa Margarita	CA	92688	9498889160
Humphrey & Reanesey Enterprises, Inc.	Reangsey Kok,Mom Kok,Franklin Hok	1940 W Whittier Blvd	La Habra	CA	90631	5626904922
Aujla Ventures, LLC	Kevin Aujla	1901 Junipero Serra Blvd	Daly City	CA	94014	6509923889
Business House of Moeens Inc.	Moeen Ul Haq,Ayesha Moeen	131 E Palm Ave	Burbank	CA	91502	8182389931
SSR Enterprises	Sandeep Randhawa,Navneet Randhawa	1228 Galleria Blvd	Roseville	CA	95678	9167804700
Sood Delights LLC	Manish Sood,Kavita Sood	2791 E Bidwell St	Folsom	CA	95630	9168172776
MJV Investments, Inc.	Jodi Vettese,Mark Vettese	72840 Highway 111	Palm Desert	CA	92260	7608370071
KHUSMEHR INC.	Prabhdeep Mann,Ramneek Singh	4001 Woodcreek Oaks Blvd	Roseville	CA	95747	9167897508
Gonzalez, Leo	Leo Gonzalez	2448 San Diego Ave	San Diego	CA	92110	6195439057
Hephaistos Investments, Inc.	Chi Chen,Cindy Lu,Joseph Xie,Junfang Sun	39085 Fremont Hub	Fremont	CA	94538	5105050556
Mix & Joy, Inc.	Jung Hyun Lee,Tae Soon Lee	627 Spectrum Center Drive	Irvine	CA	92618	9494539738
Cream Capital Corp	Nishant Jhaveri,Dinesh Virani,Jay Virani	2169 Fenton Pkwy	San Diego	CA	92108	6195216794
Team Mohsin Ice Creams, Inc.	Siddiqa Mohsin,Muhammad Mohsin Shafi	27071 McBean Pkwy	Santa Clarita	CA	91355	6612534123
Scoop This! LLC	Charlene Stueve,Jerry Stueve, Jr.	9160 Rosedale Hwy	Bakersfield	CA	93312	6615885707
Simjas Creamery Corner LLC	Jaspreet Kaur,Sharanjit Sandhu	3801 Pelandale Ave	Modesto	CA	95356	2095431751
Spectra Hospitality Group	Daniel Ortiz,Carolina Leticia Barba-Ortiz	9514 Culver Blvd	Culver City	CA	90232	3102800100
KHUSMEHR INC.	Prabhdeep Mann,Ramneek Singh	874 W Benjamin Holt Dr	Stockton	CA	95207	2094751191
DBGK LLC	Gulce Kabakci,Zerrin Baran	7071 Warner Ave	Huntington Beach	CA	92647	7143750859
Dugum, Ramzi	Ramzi Dugum	18740-A Soledad Canyon Road	Santa Clarita	CA	91351	6612521300

Benevedes, Inc.	Annette Benevedes	7971 N Blackstone Ave	Fresno	CA	93720	5594498155
Benevedes, Inc.	Annette Benevedes	1845 Herndon Ave	Clovis	CA	93611	5592989301
NK786	Kashif Mirza	431 W Main St	Merced	CA	95340	2097259350
Benevedes, Inc.	Annette Benevedes	4128 S Mooney Blvd	Visalia	CA	93277	5597130710
R Brothers Enterprises, LLC	Ramneek Singh,Prabhdeep Mann	115 W Elm St	Lodi	CA	95240	2093691233
Platinum Enterprises, Inc.	Duane Costa	2866 W Monte Vista Ave	Turlock	CA	95380	2096683737
1ST INFINITY ENTERPRISE	Sandeep Hans	3501 McHenry Ave	Modesto	CA	95356	2095214273
Cooler West Enterprise	Karen Petrosyan,Raymond Zargaryan	101 Main St	Seal Beach	CA	90740	5626268151
PKD Raj & Associates, Inc.	Ajay Shah,Punita Shah	1201 1st St	Coronado	CA	92118	6194376919
Reyes International Enterprises, Inc.	Alberto Reyes Hernandez	2295 Otay Lakes Rd	Chula Vista	CA	91915	6194217172
LKC Enterprises Inc	Lawrence Cassel,Krista Cassel	26711 Aliso Creek Rd	Aliso Viejo	CA	92656	9498311145
King Kone & Herx, Inc.	Jorge Nava,Angelica Hernandez	4869 S Bradley Rd	Orcutt	CA	93455	8059349545
RDL Capital, Inc.	Lori Lee,Ron D. Lee	25 Aquarium Way	Long Beach	CA	90802	5626282343
Shahalemi, Karima & Zakialla Rahimi	Zakialla Rahimi,Karima Shahalemi	33215 Temecula Pkwy	Temecula	CA	92592	9513020634
Roogee LLC	Gaurav Sharma,Roohi Sharma	30 Main St	Vista	CA	92083	7607588805
KAMIZAK INC.	Maureen Kaczmarski,John Kaczmarski	25395 Madison Ave	Murrieta	CA	92562	9513049777
KB ZAK, INC	Rick Gierczak,Stacy Gierczak	9868 Mission Gorge Rd	Santee	CA	92071	6192582510
M&L Enterprises (270448) Inc.	Rajwinder Singh	1010 Court Street	San Rafael	CA	94901	4152580105
Sugar Bears, LLC	Li Yang Xiao,Nathan Liu	11407 South St	Cerritos	CA	90703	5628650088
SGQ Inc.	Shan Qadeer,Syed Qadeer	43440 10th St W	Lancaster	CA	93534	6617264661
Sidiqi, Khoja & Botelho, Patricia	Khoja Sidiqi,Patricia Botelho	301 S McDowell Blvd	Petaluma	CA	94954	7077621824
CSC Del Monte LLC	Charles Lin,Eun Chan "Jacob" Park	1470 Del Monte Ctr	Monterey	CA	93940	8316491346
Venkatesan, Shyamsundar & Thotta, Srivani	Shyamsundar Venkatesan,Srivani Thotta	1584 Northridge Mall	Salinas	CA	93906	8314492870

SRA Venture Corporation	Syed Rizwan,Saira Rizwan	600 Market Pl	San Ramon	CA	94583	9253281014
Scoop This! LLC	Jerry Stueve, Jr.,Charlene Stueve	9000 Ming Ave	Bakersfield	CA	93311	6616644950
JNK Investments, Inc.	Karen Mitchell,James P Mitchell	913 Dana Dr	Redding	CA	96003	5307221070
SSR Enterprises	Sandeep Randhawa,Navneet Randhawa	9170 W Stockton Blvd	Elk Grove	CA	95758	9166893446
Coldscoop Carson LLC	Hamdi Harbaoui	210 E Sepulveda Blvd	Carson	CA	90745	4243640454
Gill Stone Inc	Jaskaran Singh,Navdip Kaur	1859 West 11th St	Tracy	CA	95376	2098327461
Ahluwalia, Ranjit	Ranjit Ahluwalia	3401 Dale Rd	Modesto	CA	95356	2095775500
L&L National Investment LLC.	Lan Vo,Lap Nguyen	4957 Katella Ave	Los Alamitos	CA	90720	7142291860
Chino Hills Creations LLC	Gaurav Sharma,Mandeep "Mike" Takhar	13065 Peyton Dr	Chino Hills	CA	91709	9099020015
CSI America Corp	Jeongmo Koo	28154 S Western Ave	San Pedro	CA	90732	3105193614
Rafiu, Inc.	Figen Incesu,Bora Incesu	5107 Candlewood Street	Lakewood	CA	90712	5629251500
MEGHA INVESTMENTS, LLC	Jay Megha,Purvi Megha	215 Orangefair Mall	Fullerton	CA	92832	7144499054
MEGHA INVESTMENTS, LLC	Jay Megha	5626 E La Palma Ave	Anaheim Hills	CA	92807	7147227376
MB's Ice Cream Inc	Sachin Mayer	1515 N Mountain Ave	Ontario	CA	91762	9099881881
Scooper Trouper, Inc.	Syed Malik	1201 West Rancho Vista Blvd	Palmdale	CA	93551	6612742650
Rishtaa Inc.	Neha Patel,Niraj Patel	2085 Vine St	El Dorado Hills	CA	95762	9169336377
All Profit Enterprises LLC	Wesley Kim	12451 N Mainstreet	Rancho Cucamonga	CA	91739	9093412420
Ghumman, Umar	Umar Ghumman	9385 Elk Grove Blvd	Elk Grove	CA	95624	9167148720
Chabi, Inc	Farhan Choudhery,Uzma Choudhery	2252 Las Positas Rd	Livermore	CA	94551	9253718290
S.J. Dhillon Corporation	Sonu Dhillon,Jasvinder Kaur	1449 E F St	Oakdale	CA	95361	2098452459
CSC Riverbank Enterprise	Sandeep Hans	2213 Claribel Rd	Riverbank	CA	95367	2098630176
Shree Balaji Foods Inc	Mukesh Kumar,Rishabh Singh	3934 Rivermark Plz	Santa Clara	CA	95054	4086549137
Ghayoor786, Inc.	Aisha Imtiaz,Ghayoor Ghumman	1473 Fitzgerald Dr	Pinole	CA	94564	5102233700

Ghayoor786, Inc.	Aisha Imtiaz,Ghayoor Ghumman	173 Plaza Dr	Vallejo	CA	94591	7075532642
AFK Ventures, Inc.	Muhammad Haque,Muhammad Wadood,Asad Jalil	215A N Moorpark Rd	Thousand Oaks	CA	91360	8055570600
Latino Ventures 3 LLC	Luis.Cortez,Jennifer.McQueary,Melissa Martinez,Christofer Rivas,Blanca Sanchez	1009 W Arrow Hwy	San Dimas	CA	91773	9093059368
Ahmedina LLC	Ahmed Elgamil,Dina Elgamil	9867 Magnolia Ave	Riverside	CA	92503	9516370920
C M Roth, Inc.	Steven Weightman,Cynthia M. Roth	4247 Atlantic Avenue	Long Beach	CA	90807	5629971945
CC&J Ventures LLC	John Evans	1001 Heavenly Village Way	South Lake Tahoe	CA	96150	5305412040
Coldscoop Garden Grove LLC	Hamdi Harbaoui	9971 Chapman Ave	Garden Grove	CA	92841	7145902188
CSCDN Corp	Terry Kim,Minyoung Lee	12024 Lakewood Blvd	Downey	CA	90242	5628037848
M&L Enterprises (270448) Inc.	Rajwinder Singh	1586 Gateway Blvd	Fairfield	CA	94533	7077594228
Kido Investments, Inc.	Ara Kizirian	130 E Grand Ave	El Segundo	CA	90245	3106406149
First Marshall Enterprises LLC	Robert Marshall,Marjorie Marshall	2916 Tapo Canyon Rd	Simi Valley	CA	93063	8053061184
CSC SC LLC	Charles Lin,Eun Chan "Jacob" Park	1129 Pacific Avenue	Santa Cruz	CA	95060	8314237015
SKR Investment, Inc	Balwinder Singh	22503 Mission Blvd	Hayward	CA	94541	5107271203
Gill, Devinder and Brar, Ramanjit	Ramanjit Brar,Devinder Gill	25960 Iris Ave	Moreno Valley	CA	92551	9512475036
D&R Lim, Inc.	Rona Lim,Dennis Lim	2091 Harbison Dr	Vacaville	CA	95688	7079995855
S3A Oswal Enterprises, LLC	Sapna Oswal,Arvind Oswal	8974 Trautwein Rd	Riverside	CA	92506	9514131060
Coldscoop West Hills LLC	Hamdi Harbaoui,Meriam Harbaoui	22820 Vanowen St	West Hills	CA	91307	8188870524
Yimin LLC	Christine Feng,Xue Yi Feng	441 Rohnert Park Expy W	Rohnert Park	CA	94928	7075841877
AAG Enterprises, LLC	Ahsan Qazi,Nawazish Qazi,Ahsan Qazi Jr.	1404 N Azusa Ave	Covina	CA	91722	6263314449
Alchehayed, Mansour Andy & Anderiana	Mansour Alchehayed,Anderiana Alchehayed,Andy Alchehayed	5244 University Pkwy	San Bernardino	CA	92407	9098806465
Zulki Corporation	Zulqarnain (Isaac) Muhammad	1065 Brea Mall	Brea	CA	92821	7145291499
DBGK LLC	Gulce Kabakci,Zerrin Baran	43562 Christy Street	Fremont	CA	94538	5106513500

Nassers Group Inc.	Nader Nasser,Samira Koro,Omar Nasser	3540 Riverside Plaza Dr	Riverside	CA	92506	9517799595
Jera Investments, Inc.	Esther Wong,Joe Lin	4635 Frazee Rd	Oceanside	CA	92057	7604338658
Mahmoud & Zahra, Inc.	Mustafa Ali,Idris Ali	8536 Whittier Blvd	Pico Rivera	CA	90660	5624631103
RCJM Teamworks, INC.	Yaquelinda Martin,Juliana Martin	7000 Eastern Ave	Bell Gardens	CA	90201	3235622888
RAJ & Associates	Ajay Shah,Punita Shah	2401 Truxtun Rd	San Diego	CA	92106	6192218291
Chaudhry SM & AZ Corp.	Mobeela Chaudhry,Sharjeel Chaudhry	2465 E Palm Canyon Dr	Palm Springs	CA	92264	7603254444
Humphrey & Reanesey Enterprises, Inc.	Franklin Hok,Reangsey Kok,Mom Kok	2169 Pacific Coast Hwy	Lomita	CA	90717	3105392284
Cold Scoop Torrance LLC	Hamdi Harbaoui	17362 Hawthorne Blvd	Torrance	CA	90504	3102141123
Walnut Creations LLC	Gaurav Sharma,Mandeep "Mike" Takhar	505 N Grand Ave	Walnut	CA	91789	9095951432
MJ Global, Inc.	Myoung Jong O,Sung Eun Shin	12569 Limonite Ave	Mira Loma	CA	91752	9513600333
Rabeh Associates, Inc	Atef Ben Rabeh	2630 Tuscany St	Corona	CA	92881	9515498444
Good ARZ, LLC	Aazam Abtahi,Fatemeh Abtahi,Nouri Abtahi Motameni,Nosrat Abtahi	27512 W Lugonia Ave	Redlands	CA	92374	9097921556
Delgado Cheng & Associates	Jose Delgado,Brandon Delgado	832 11th St	Paso Robles	CA	93446	8052269330
M&O Alexandria LLC	Moustafa Elsayed,Omnia Elzeny	15282 Rosecrans Ave	La Mirada	CA	90638	7149949646
Hamdi Harbaoui	Hamdi Harbaoui	17270 Saticoy Street	Van Nuys	CA	91406	8183429917
CHENGLI CORPORATION	Wendy Li,Kevin Lei,Guowei Zhang,Cathryn Cheng	1150 El Camino Real	San Bruno	CA	94066	6504096768
Benevedes, Inc.	Annette Benevedes	3047 E Campus Pointe Dr	Fresno	CA	93710	5593221987
CHAUDHRY A & Z LLC	Sharjeel Chaudhry,Mobeela Chaudhry	78380 Highway 111	La Quinta	CA	92253	7607718242
COOL CREAMERY PETALUMA, INC	Gui Mei Cheng,Boo Kay Chan	375 2nd Ave	San Mateo	CA	94401	6503470500
Benevedes, Inc.	Annette Benevedes	186 N 12th Ave	Hanford	CA	93230	5595839000
Creamery Heaven, Inc.	Mandeep "Mike" Takhar,Baldev Singh	15068 Summit Ave	Fontana	CA	92336	9096469449
Bella's Ice Cream LLC	Melissa Martinez,Blanca Sanchez	121 W Foothill Blvd	Upland	CA	91786	9099465808

J.E. CH CORPORATION	Joon Young Kim	261 W 5th St	Oxnard	CA	93030	8053857201
AQ & T Inc.	Kelley Bader	4603 Mission Blvd	San Diego	CA	92109	8588867575
Dove Investments LLC	Arturo Vidaurri,Ignacio Haddad	24000 Alicia Pkwy	Mission Viejo	CA	92691	9497683715
ILEC LLC	Ebru Savas Mustafa	708 Center Dr	San Marcos	CA	92069	7607437735
Nesos, Inc.	Arda Sari,Murat Solmaz	909 Prospect St	La Jolla	CA	92037	8584544840
Mira KH, Inc	Amira Ayachi,Rachid Ayachi	10875 W Pico Blvd	Los Angeles	CA	90064	3104701260
Stata LLC	Rohit Patel	2433 W Florida Ave	Hemet	CA	92545	9516525400
Srika Inc	Shyamsundar Venkatesan,Srivani Thotta	611 Santa Cruz Ave	Menlo Park	CA	94025	6503254500
Gierczak Investments, Inc.	Rick Gierczak,Stacy Gierczak	655 Saturn Blvd	Imperial Beach	CA	92154	6195755200
Hsu, Jim	Jim Hsu	4730 Natomas Blvd	Sacramento	CA	95835	9162857211
ANASANDZEEST LLC	Sharjeel Chaudhry,Mobeela Chaudhry	36957 Cook St	Palm Desert	CA	92211	7605651990
Coldscoop North Hills LLC	Hamdi Harbaoui,Meriam Harbaoui	9004 Sepulveda Blvd	North Hills	CA	91343	8188916021
Scoop This! LLC	Jerry Stueve, Jr.,Charlene Stueve	2625 Mount Vernon Ave	Bakersfield	CA	93306	6618716402
C&J Global Inc.	Curtis Chang	3388 W Century Blvd	Inglewood	CA	90303	8052741010
GAP Kingdom Inc	Gurwinder Rasoday	2280 Mendocino Ave	Santa Rosa	CA	95403	7075711888
ESAS LLC	Mansoor Shaikh,Maddiha Payami	5779 Lone Tree Way	Antioch	CA	94531	9257764440
Lani Kalima Enterprise, Inc	Brian Nittayo,Carol Nittayo,Catherine Nittayo	3580 Rosemead Blvd	Rosemead	CA	91770	6262806246
MARESP Corporation	Marlan Cooper,Esperanza Ochoa	3730 S Figueroa St	Los Angeles	CA	90007	2137472744
MF Alexandria LLC	Moustafa Elsayed,Omnia Elzeny	5022 W Avenue N	Palmdale	CA	93551	6617223553
Patel, Maheshkumar and Bharat	Bharat Patel,Maheshkumar Patel	30628 Benton Rd	Winchester	CA	92596	9519264654
FRENCH SUN, LLC	Mehdi Pourhassan,Ebrahim Pourhassan	1824 Wilshire Blvd	Santa Monica	CA	90403	3104537653
Alaqmar, Inc.	Ahmed Zakiuddin,Yusuf Vajihuddin	36 Washington Blvd	Marina del Rey	CA	90292	3108232464

Nice Creams, Inc.	Yolanda Castro	2049 N Imperial Ave	El Centro	CA	92243	7603533633
Qare, Saliba	Saliba Qare	1319 Linda Mar Shopping Center	Pacifica	CA	94044	6503550419
Cool Creation, Inc.	Anthony Wong,Boo Kay Chan,Gui Mei Cheng	30985 Courthouse Drive	Union City	CA	94587	5104779520
Cooler G, Inc	Karen Petrosyan	901 S Coast Dr	Costa Mesa	CA	92626	7145598039
Scalzo Hospitality, Inc.	Patricia Durand,Patrick Durand,Carmen Baird,Grace Lindsay	1570 S Harbor Blvd	Anaheim	CA	92802	7146357800
Artur Hunanyan and Tereza Oganesyan	Arthur Hunanyan,Tereza Oganesyan	6801 Hollywood Blvd	Hollywood	CA	90028	3239623199
Amritsar Corp	Sabgun Kaur,Sarangpreet Padda,Tajinder Singh,Amarjit Kaur	6105 Sunrise Blvd	Citrus Heights	CA	95610	9168993392
Kanoni Family Inc.	Mustafa Ali,Idris Ali	2112 E Florence Ave	Walnut Park	CA	90255	3235858796
Mira KH, Inc	Rachid Ayachi,Amira Ayachi	408 S Myrtle Ave	Monrovia	CA	91016	6263583359
Jera Investments, Inc.	Joe Lin,Esther Wong	358 W Valley Pkwy	Escondido	CA	92025	7607815388
Leeshin, Inc	Daniel Won Lee	2233 N Tustin St	Orange	CA	92865	7146851715
Rafiu, Inc.	Bora Incesu,Figen Incesu	8300 La Palma Ave	Buena Park	CA	90620	7145279955
Rafiu, Inc.	Bora Incesu,Figen Incesu	18641 Brookhurst Street	Fountain Valley	CA	92708	7149630019
MEGHA INVESTMENTS, LLC	Purvi Megha,Jay Megha	2260 Callagan Hwy	San Diego	CA	92136	6194879064
KHUSMEHR INC.	Ramneek Singh,Prabhdeep Mann	1340 E Yosemite Ave	Manteca	CA	95336	2096472482
Meri Maa Investment Group, LLC	Ansheel.Raj,Sharon.Raj	2055 Town Center Plaza	West Sacramento	CA	95691	9163727992
Benevedes, Inc.	Annette Benevedes,Jeffery.Benevedes Family Trust	6493 N Riverside Dr	Fresno	CA	93722	5593751068
Sactown Desserts LLC	Mohammed Junaidullah,Sahana Rangooni	1689 Arden Way	Sacramento	CA	95815	9169292500
SRARJ, INC.	Ritesh.Patel,Monica.Patel	1653 North Schnoor, STE #101	Madera	CA	93637	5593954193
AAR Venture LLC	Syed Rizwan,Saira Rizwan	3040 Bernal Avenue, Suite 310	Pleasanton	CA	94566	9253997323
CALIFORNIA DESERT BUSINESS INVESTMENTS, LLC	Sarah.Aziz,Arshad Abid,Usman Aziz	6485 Adobe Road	Twentynine Palms	CA	92277	7603617777

ECCJJ LLC	Criselda Diaz	2855 Stevens Creek Blvd	Santa Clara	CA	95050	4087539052
Cheeny Mama LLC	Jonaid.Khan,Ijaz Khan	48553 Morongo Trail	Banning	CA	92230	9519222888
NY&Z L.L.C.	Faisal Saeed,Ilyas Khan DECEASED	1036 Cherry Valley Blvd	Calimesa	CA	92320	9097955755
Scoop This! LLC	Jerry Stueve, Jr.,Charlene Stueve	3134 W. Balboa Blvd	Newport Beach	CA	92663	9496522663
Taunk Enterprise LLC	Raj.Taunk,Kamni.Taunk	2517 E Mitchell Rd	Ceres	CA	95307	2095672930
Sethi, Pranit & Kaur, Pawanjit	Pranit.Sethi,Pawanjit.Kaur	1 Curtner Ave	San Jose	CA	95125	4087033898
Dhatt, Harvinderpal and Tanvir	Harvinderpal.Dhatt,Tanvir .Dhatt	714 W Onstott Frontage Rd	Yuba City	CA	95991	5304432105
Gig Creamery Inc.	Devie.Basuki,Elvi.Basuki	26612 Towne Centre Dr	Foothill Ranch	CA	92610	9493289059
ECCJJ LLC	Criselda Diaz	925 Blossom Hill Road	San Jose	CA	95123	4086228370
Bedigian, Edward and Andrew	Edward.Bedigian,Andrew. Bedigian	5077 Lankershim Blvd	North Hollywood	CA	91601	8183086353
Shafik's Creamery LLC	Shamel.Shafik,Mohamed. Shafik	2585-G Canyon Spring Pkwy	Riverside	CA	92507	9512553614
Anaya G LLC	Abdul.Gill,Huma.Khan	33946 Yucaipa Blvd	Yucaipa	CA	92399	9097973331
CS Bellflower LLC	Rajat.Batta,Utsav Sampat,Shivani Patel	15737 Bellflower Blvd	Bellflower	CA	90706	5622029412
Singh, Jaspreet	Jaspreet.Singh	8166 Delta Shores Cir	Sacramento	CA	95832	9166299342
CSC Gilroy LLC	Eun Chan "Jacob" Park,Charles Lin	681 Leavesley Road	Gilroy	CA	95020	4087672203
Carmel Valley Creations LLC	Gaurav Sharma,Roohi Sharma	5965 Village Way	San Diego	CA	92130	8582610290
DKDB LLC	Mandeep "Mike" Takhar,Gaurav Sharma	420 N Main St	Corona	CA	92880	9512561275
Latino Ventures LLC	Blanca Sanchez,Luis.Cortez,Jennifer.McQueary,Melissa Martinez	2085 W Baseline Rd	Upland	CA	91784	9099319737
Mohamed, Assem	Assem.Mohamed	1601 W 17th St	Santa Ana	CA	92706	6572470084
Ghumman, Adil	Adil.Ghumman	4700 Freeport Blvd	Sacramento	CA	95822	9164979082
Kumar, Singh & Aneja	Mukesh Kumar,Rishabh Singh,Rajat.Aneja	102 Dixon Rd	Milpitas	CA	95035	4087087651
S&IK L.L.C.	Faisal Saeed,Ilyas Khan DECEASED	11882 De Palma Rd	Corona	CA	92883	9516385013
Asghar & Sons Inc	Muhammad I Asghar	2115 Bronze Star Dr	Woodland	CA	95776	5306656079

R and M Ice Cream LLC	Rene.Arevalo,Maria.Arevalo	11840 Whittier Blvd	Whittier	CA	90601	5622035409
3 Scoops, Inc.	Rahul.Wadwa	2231 West Malvern Ave	Fullerton	CA	92833	7148693074
Omni 108, Inc.	Lakshmi.Kapoor,Raj Kapoor	1106 S Diamond Bar Blvd	Diamond Bar	CA	91765	9093966161
Apple Valley Creations LLC	Gaurav Sharma,Mandeep "Mike" Takhar	20434 Highway 18	Apple Valley	CA	92307	7608100851
DS Randhawa, LLC	Ranjit.Singh	4041 Sunrise Blvd	Rancho Cordova	CA	95742	9168231534
LATINO VENTURES 2, LLC	Melissa Martinez,Luis.Cortez	920 N Haven Ave	Ontario	CA	91764	9099668580
Niagara Investments Company, L.L.C.	Jeraldine Fitzgerald,Mike Fitzgerald,Tim Fitzgerald	8441 S Yosemite St	Lone Tree	CO	80124	3037088771
We All Scream, LLC	Jeremy (Petey) Helm,Kelli Turner	14239 W Colfax Ave	Lakewood	CO	80401	3032159364
Backyard Breeze, Inc.	Karen E Weldon,Alan W Weldon	17051 Lincoln Ave	Parker	CO	80134	3038051888
Sweet Investments, Inc.	Gene Bergmeier,Brandy Bergmeier	3235 Cinema Pt	Colorado Springs	CO	80922	7195914441
ROK Springs, Inc.	Lynn Kozeliski,Steve Kozeliski	7230 N Academy Blvd	Colorado Springs	CO	80920	7193881997
Triple "J" Management, LLC	Jeffrey Schifano	7420 W Bowles Ave	Littleton	CO	80123	3039481000
Four Scoops Enterprises, Inc.	Sandra Helm,Miranda Hunter,Randall Helm	1821 E Harmony Rd	Fort Collins	CO	80528	9702041284
OM Management, Inc.	Anjali Sarwal,Alok Sarwal	14132 E Cedar Ave	Aurora	CO	80012	3033408200
Backyard Breeze, Inc.	Karen E Weldon,Alan W Weldon	6770 S Cornerstar Way	Aurora	CO	80016	3034001997
You Scream, LLC	Jeremy (Petey) Helm,Kelli Turner	5545 Wadsworth Byp	Arvada	CO	80002	3034249900
KPOG, Inc	Kelli Turner,Jeremy (Petey) Helm	1087 South Hover Street	Longmont	CO	80501	3036825680
Triple "J" Management, LLC	Jeffrey Schifano	7850 W Alameda Ave	Lakewood	CO	80226	3039885650
N Lord Properties Inc.	Natalie Lord	4626 Centerplace Dr	Greeley	CO	80634	9703305426
OM IV Management Inc	Alok Sarwal,Anjali Sarwal	4251 S Buckley Rd	Aurora	CO	80013	3036808044
Smith's Creamery Inc.	Dustin Smith,Linda Smith	2474 Highway 6 And 50	Grand Junction	CO	81505	9702570100
D&C Maas, LLC	Dustin Maas,Casey Maas	4200 N Freeway Rd	Pueblo	CO	81008	7195447678
CR 45 Bux, LLC	Jenna Dawkins,Kenneth Dawkins	312 Metzler Dr	Castle Rock	CO	80108	3039558476
HR Ice Cream Face, LLC	Kenneth Dawkins,Jenna Dawkins	9338 Dorchester St	Highlands Ranch	CO	80129	3036833222

I Scream, LLC	Jeremy (Petey) Helm,Kelli Turner	10443 Town Center Dr	Westminster	CO	80021	3034388727
OM II Management Inc	Anjali Sarwal,Alok Sarwal	6300 E Hampden Ave	Denver	CO	80222	3037595454
Frozen Lotus Restaurant Group Inc.	Joshua Noreen,Ariel Noreen,Anthony Passarelli	15400 W 64th Ave	Arvada	CO	80007	3034870505
SSJ Enterprises, Corp.	Steve Selenke	23973 E Prospect Ave	Aurora	CO	80016	3036275465
Sweet Success, Inc.	Lorie Haun,John Haun	1281 E 120th Ave	Thornton	CO	80233	3034509552
Two Daughters Ice Cream, LLC	Brandon England,Brittney England	598 Main Ave	Durango	CO	81301	9702595052
D&C Maas, LLC	Casey Maas,Dustin Maas	127 Justice Center Rd	Canon City	CO	81212	7192761166
JC Incorporated	Joseph Gardner,Carolin Gardner	245 Pavilions Pl	Brighton	CO	80601	3036559002
KPOG, Inc	Kelli Turner,Jeremy (Petey) Helm	2412 Arapahoe Avenue	Boulder	CO	80302	3034408915
K&M Creamery LLC	Dustin Smith	219 S 5th St	Montrose	CO	81401	9707872480
Jimmy C., LLC	Kathryn Shepard,Jonathan Shepard	215 South Sligo Street	Cortez	CO	81321	9705652725
Lue Enterprises LLC	Joseph Luethmers,Andrea Luethmers	1135 Eagle Dr	Loveland	CO	80537	9707752236
Lue Enterprises LLC	Joseph Luethmers,Andrea Luethmers	1335 W Elizabeth St	Fort Collins	CO	80521	9704843415
OM III Management, Inc.	Anjali Sarwal,Alok Sarwal	4906 N Tower Rd	Denver	CO	80249	7204751403
NL INVESTMENTS, INC	Natalie Lord	18168 W 92nd Lane	Arvada	CO	80007	7205312921
TWO BY TWO SCOOPS ENTERPRISES, INC	Miranda Hunter,Sandra Helm,Randall Helm	1525 Main St	Windsor	CO	80550	9704600675
Zileli CT LLC		7 Glenwood Road	Clinton	CT	06413	8607881817
Chahal, Inc	Muhammad Ismail	1109 High Ridge Road	Stamford	CT	06905	2034877400
New Scoop LLC	Muhammad Ismail	909 Hartford Tpke	Waterford	CT	06385	8605749239
Chahal, Inc	Muhammad Ismail	2323 Black Rock Tpke	Fairfield	CT	06825	2033714111
Z Creamery LLC	Usman Syed,Tehmina Syed	28 Backus Avenue	Danbury	CT	06810	2037436061
KH - Corp	Nirav Gandhi,Purvi Gandhi	297 Boston Post Road	Orange	CT	06477	2038918313

New Scoop LLC	Muhammad Ismail	490 S Broad St	Meriden	CT	06450	2034435019
Sweet Treats Corp	Olatunji.Umaru	1201 Half St SE	Washington	DC	20003	2028639000
Jingobell DC LLC	Jingo Jingo,Abby Aklome	3501 Connecticut Avenue NW, Unit 12A	Washington	DC	20008	2025975705
Wu'nderful Creations Corporation	Awawu Umaru	2430 Market St NE	Washington	DC	20018	2024640072
H&R Group, Inc.	Haythum Issa	2470 Pulaski Hwy	Newark	DE	19702	3028382992
M&N Dover Investments Inc	Mohamed Elghandour	1051 N Dupont Hwy	Dover	DE	19901	3026784782
Shivstone Inc	Dhairya R Chaudhari,Lokita Chaudhari	3822 W Newberry Rd	Gainesville	FL	32607	3522717437
Dr. Ice LLC	Ahmed Elsehimy	2312 S Kirkman Rd	Orlando	FL	32811	4075632181
Toledano Trade LLC	Daniel Toledano,Yael Halimi	10240 Forest Hill Blvd	Wellington	FL	33414	5617988737
MSS & Associates LLC	Muhammad Sikandar,Shezan Sikandar	9059 S Dixie Hwy	Miami	FL	33156	3057400995
Spiegel Investment PL Company	Frederick Spiegel,Queila Spiegel,Ruth Spiegel,Stephen Spiegel	819 N Nob Hill Rd	Plantation	FL	33324	9544765747
JKCI VALRICO CORPORATION	Kelly Cook,Joshua Cook	250 N Atlantic Ave	Daytona Beach	FL	32118	3862545111
IC Naples, Inc.	Maria Camargo	740 N Collier Blvd	Marco Island	FL	34145	2393930046
AARAV Creamery, Inc.	Hitesh Barvaliya	6420 Naples Blvd	Naples	FL	34109	2395921600
D&Y Partners, LLC	Yael Halimi,Daniel Toledano	15641 Sheridan St	Davie	FL	33331	9548800014
Shivstone Inc	Dhairya R Chaudhari,Lokita Chaudhari	3443 SW Archer Rd	Gainesville	FL	32608	3523777520
Hassan, Tahira	Tahira Hassan	1501 SE 17th St	Fort Lauderdale	FL	33316	9548472006
Spiegel Investment Company	Ruth Spiegel,Queila Spiegel,Stephen Spiegel,Frederick Spiegel	10343 Royal Palm Blvd	Coral Springs	FL	33065	9547575557
Dragon House, LLC	Michael Dragovich,Jennifer Dragovich	1787 N Congress Ave	Boynton Beach	FL	33426	5617395353
JKCI VALRICO CORPORATION	Kelly Cook,Joshua Cook	3426 Lithia Pinecrest Rd	Valrico	FL	33596-6301	8136812223
DW Operations, LLC	Daniel Wegweiser	2024 Badlands Dr	Brandon	FL	33511	8136898873

Insei, Inc.	Edwin Woon	4535 Weston Rd	Weston	FL	33331	9546591988
The Creamery of Lake Mary Inc.	Hojin Bryant Kang,Charlie Kang	944 Colonial Grand Lane	Lake Mary	FL	32746	4078330320
Spiegel Investment CC Company	Queila Spiegel,Frederick Spiegel,Stephen Spiegel,Ruth Spiegel	4425 Lyons Rd	Coconut Creek	FL	33073	9549779555
Bawa & Preeti, Inc.	Amanpreet Singh,Tejinder Singh	13711 S Tamiami Trl	Fort Myers	FL	33912	2399850888
Satyawati, INC	Tejinder Singh,Amanpreet Singh	2311 Santa Barbara Blvd	Cape Coral	FL	33991	2395731006
CSC OF HOLLYWOOD LLC	Mitul Chothani,Hitesh Barvaliya	3261 Hollywood Blvd	Hollywood	FL	33021	9545892500
TROPICAL SCOOPS, INC.	Dawn Lopez,Ralph Lopez,Adriana Campa Lopez	2937 SW 160th Avenue	Miramar	FL	33027	9544361990
P&Z Partners, LLC	Daniel Toledano,Yael Halimi	8747 Stirling Road	Cooper City	FL	33328	9548800160
786 Nazneen 2 LLC	Masudali Saiyed,Subhasis Misra	1615 Town Center Drive	Lakeland	FL	33803	8636861813
Living the Cream LLC	Joshua Cook,Dayana Giron	3810 W Neptune St	Tampa	FL	33629	8132586269
Ice Cream BRD, LLC	Sam Stinehelfer,Jeanna Stinehelfer	7476 Cortez Rd W	Bradenton	FL	34210	9417613252
S.M.A.K. Creamery, LLC	Mildred Wright,Stanley Wright	2774 E Fowler Ave	Tampa	FL	33612	8139750102
Viera Creamery Incorporated	Bernard Kellett	2250 Town Center Ave	Viera	FL	32940	3216371450
Seaside Creamery, LLC	Kathryn Durham,Richard Beaudoin	2 5th Ave	Indialantic	FL	32903	3219843292
G&L Creamery, Inc.	Lucy Perez-Koukourinis,George Koukourinis	14226 SW 8th Street	Miami	FL	33184	3052261234
Old Cutler Creamery LLC	Rajan Patel,Minali Patel	20571 Old Cutler Road	Cutler Bay	FL	33189	3052323232
Talya and Alp LLC	Serkan Uyan,Ebru Uyan	18225 Biscayne Blvd	Aventura	FL	33160	3054666626
Gaboozo, LLC.	Miryam Toledano,Daniel Toledano	6230 Coral Ridge Dr	Coral Springs	FL	33076	9543418033
Spiegel Investment ML Company	Frederick Spiegel,Stephen Spiegel,Ruth Spiegel,Queila Spiegel	6723 Main Street	Miami Lakes	FL	33014	7866390004
Sunnys Creamery LLC	Sunilkumar Patel,Meet Chaudhary	17519 Preserve Walk Lane	Tampa	FL	33647-3244	8139770024
Dattani, Hasmukh and Biren Dattani	Hasmukh Dattani,Biren Dattani	2701 SW College Rd	Ocala	FL	34474	3528610590
Andreams Corp	Andrea Kashtan	35607 US Highway 19 N	Palm Harbor	FL	34684	7277851300

JKCI VALRICO CORPORATION	Joshua Cook,Kelly Cook	1444 W Tennessee St	Tallahassee	FL	32304	8504251150
Spiegel Investment PS Company	Frederick Spiegel,Stephen Spiegel,Queila Spiegel,Ruth Spiegel	2101 N Federal Hwy	Pompano Beach	FL	33062	9547834200
MSRS Associates LLC	Muhammad Sikandar,Shezan Sikandar,Rahila Sikandar	8448 SW 8th St	Miami	FL	33144	7862758888
Silver Scoops, Inc.	Dawn Lopez,Ralph Lopez,Adriana Campa Lopez	12124 Miramar Pkwy	Miramar	FL	33027	9544415350
Sundae Pleasure, LLC	William Buttler,Sonia Amber	3619 NW Federal Hwy	Jensen Beach	FL	34957	7722329399
GMKBD Inc	Divyesh Shah,Binaben Shah	2189 SE Federal Hwy	Stuart	FL	34994	4073753573
GHP of Florida LLC	Nikunj Patel	10035 Gulf Center Dr	Fort Myers	FL	33913	2394542653
Dattani Management Corp	Hasmukh Dattani,Biren Dattani,Karishma Dattani,Labhu Dattani	3310 Daniels Rd	Winter Garden	FL	34787	4078773744
Kendall Creamery, LLC	Rajan Patel	13624 SW 88th Street	Miami	FL	33186	3053870550
Dragon House, LLC	Michael Dragovich,Jennifer Dragovich	6346 Lantana Rd	Lake Worth	FL	33463	5619683515
ArchTowne, LLC	Tom Archbold,Sheila Archbold	7220 US Highway 19 N	Pinellas Park	FL	33781	7275227840
DHC Ventures, LLC	Joshua Davis,Amber Davis	9960 Southside Blvd	Jacksonville	FL	32256	9045383870
Kandhy3 Creamery, Inc	Tanisha Kalipersaud,Natasha Kalipersaud,Tanisha Kalipersaud	6607 S Semoran Blvd	Orlando	FL	32822	4078164260
S.M.A.K. Creamery II, LLC	Stanley Wright,Mildred Wright	9214 Anderson Road	Tampa	FL	33634	8138864714
Cold Creations LLC	Conrad Hauca	10710 State Road 54	New Port Richey	FL	34655	7278169696
Andam Inc.	Andrea Kashtan	100 Main St	Safety Harbor	FL	34695	7277253696
786 NAZNEEN 3 LLC	Masudali Saiyed,Subhasis Misra	2923 W Bay Dr	Belleair Bluffs	FL	33770	7272707010
JKCI VALRICO CORPORATION	Kelly Cook,Joshua Cook	5543 S Williamson Blvd	Port Orange	FL	32128	3864925941
Dattani, Hasmukh and Biren Dattani	Biren Dattani,Hasmukh Dattani	229 E Altamonte Dr	Altamonte Springs	FL	32701	4078349900
Innerwealth Group Inc.	Jerson Daganzo	11565 University Blvd	Orlando	FL	32817	4072432362
Blue Ice Cream, Inc.	Angela Kim,Sara_ Kim	13586 Village Park Dr	Orlando	FL	32837	4074389169

Low Overrun, Inc.	Joshua Davis,Kerri Davis	840 Nautica Dr	Jacksonville	FL	32218	9047570637
Blue Ice Cream, Inc.	Angela Kim,Sara_ Kim	15 Blake Blvd	Kissimmee	FL	34747	4075668651
Host International, Inc.	Jennifer Ritenour	9000 Airport Blvd	Orlando	FL	32701	4078252854
Dattani Creamery Inc.	Vijay.Dattani	8145 International Dr	Orlando	FL	32819	4079300936
Dattani Sarasota Inc.	Vijay.Dattani	140 University Town Center Dr	Sarasota	FL	34243	9412560441
Dattani Creamery Inc.	Vijay.Dattani	3292 Margaritaville Blvd	Kissimmee	FL	34747	4075073045
MSRS Associates LLC	Muhammad Sikandar,Shezan Sikandar,Rahila Sikandar	2000 NW 87th Ave	Doral	FL	33172	3054778711
RJ NADAL INVESTMENTS CORP	Ricardo.Nadal	18228 SW 147th Ave	Miami	FL	33187	7867012173
Miraculous Delights, LLC	Ruben.Aldridge,Carla.Aldridge	14035 Beach Blvd	Jacksonville	FL	32250	9043795632
JKCI VALRICO CORPORATION	Kelly Cook,Joshua Cook	12970 Us Hwy 301	Riverview	FL	33578	8132107329
DHC Ventures, LLC	Joshua Davis,Amber Davis	20 Homegrown Way	Yulee	FL	32097	9045486193
CSC FMBeach LLC	Hitesh Barvaliya,Nikunj Patel,Mitul Chothani	1028 5th St	Ft Myers Beach	FL	33931	2392244190
PAPAS PIZZA JAX CORPORATION	Joshua Cook,Kelly Cook,Kelly.Chavis,William.Chavis,Amy Mitchell	52 Tuscan Way	St Augustine	FL	32092	9045472540
PAPAS PIZZA JAX CORPORATION	Kelly.Chavis,William.Chavis,Amy Mitchell,Joshua Cook,Kelly Cook	2570 Race Track Rd	Fruit Cove	FL	32259	9044299669
MM Kash Inc.	Andrea Kashtan	7724 113th Street N	Seminole	FL	33772	7278733992
Chapel Creamery Inc	Deepal.Patel,Jitendra.Patel	1646 Bruce B Downs Blvd	Wesley Chapel	FL	33544	8139736900
Chinonso Corporation	Confidence.Ekeanyanwu, Kenechukwu.Okoro	2222 Ocoee Apopka Rd	Ocoee	FL	34761	4078199508
CSC MERCHANTS CROSSING LLC	Mitul Chothani,Hitesh Barvaliya,Nikunj Patel	15201 N Cleveland Ave	North Fort Myers	FL	33903	2396523181
Balgopal LLC	Rakesh Patel,Sandipkumar Patel,Hitesh Barvaliya,Nikunj Patel	14365 N Dale Mabry Highway	Tampa	FL	33618	8139631410
CSC of Naples LLC	Mitul Chothani,Hitesh Barvaliya	4895 Golden Gate Pkwy	Naples	FL	34116	2393312483
CSC of LA LLC	Hitesh Barvaliya,Mitul Chothani	1320 Homestead Rd N	Lehigh Acres	FL	33936	2394912640
DHC Ventures, LLC	Joshua Davis,Amber Davis	4495 Roosevelt Blvd	Jacksonville	FL	32210	9045183357

Dattani Management Corp	Hasmukh Dattani,Labhu Dattani,Biren Dattani,Karishma Dattani	11020 Daryl Carter Pkwy	Orlando	FL	32821	4077784700
JKCI VALRICO CORPORATION	Joshua Cook,Kelly Cook	1315 Cornerstone Blvd	Daytona Beach	FL	32117	3865620762
DSKN Holdings LLC	Shadae.Walker,Dwight.Walker	5335 Useppa Dr	Ave Maria	FL	34142	2396585029
Sultan, Adnan	Adnan Sultan	7083 Collins Rd	Jacksonville	FL	32244	9046602983
CAPITAL SOUTHERN INVESTMENTS, LLC	Acesa.Britton,Kimberly Britton	1810 Town Center Blvd	Fleming Island	FL	32003	9045927104
PS MCG LLC	Hitesh Barvaliya,Mitul Chothani	11600 Gladiolus Drive	Fort Myers	FL	33908	2396007931
Chidalu LLC	Kenechukwu.Okoro,Confidence.Ekeanyanwu	631 E Main St	Apopka	FL	32703	4077034330
TOGETHER ICE CREAM, LLC	Sara Kim,Angela Kim	2027 Aegean Way	Davenport	FL	33896	8633535799
Dattani Management Corp	Hasmukh Dattani,Labhu Dattani,Biren Dattani,Karishma Dattani	1939 Aloma Ave	Winter Park	FL	32792	3214220500
Novelai LLC	Eric.Davies,Trevor.Davies	85 Alafaya Woods Blvd	Oviedo	FL	32765	4075420322
RS Foods LLC	Chahat Sethi,Rajni Sethi,Dharminder Sethi	5900 Sugarloaf Pkwy	Lawrenceville	GA	30043	6788475927
PRAYOM LLC	Hemen Patel,Sunny Patel	210 Robert C Daniel Jr Pkwy	Augusta	GA	30909-0807	7066670260
Ultimate Creations Conyers LLC	Terrence Jenkins	1522 Dogwood Dr SE	Conyers	GA	30013	7709186981
Nishiguru Inc	Paulomi Patel,Mitesh Bhatt	875 N Main St	Alpharetta	GA	30009	7707772183
Krishna Delight Inc	Radhika Pallaganti	9700 Medlock Bridge Rd	Duluth	GA	30097	7704760292
Om Sweets LLC	Parmeshwor Acharya,Mukesh Korat	5500 Abercorn St	Savannah	GA	31405	9126920035
MHD Barrett, Inc.	Minesh Daya	2500 Cobb Place Ln NW	Kennesaw	GA	30144	7704206532
SHREE LAABH KARINI INC	Monika Patel	2911 Chapel Hill Rd	Douglasville	GA	30135	6788389400
Vinings Creamery LLC	Roshan Patel,Param Shah	2850 Paces Ferry Rd SE	Atlanta	GA	30339	7704327973
RK United LLC	Dhimant Shukla,Manishkumar Patel	2628 Watson Blvd	Warner Robins	GA	31093	4789226868
Santosh & Son L.L.C.	Roshan Patel	4910 Jimmy Lee Smith Pkwy	Hiram	GA	30141	7709438870
Rumi's Foods LLC	Shazim Hameed	1270 Ashford Crossing	Atlanta	GA	30346	7708042534
Ultimate Creations Newnan LLC	Terrence Jenkins	234 Newnan Crossing Byp	Newnan	GA	30265	7705027800

RK United LLC	Dhimant Shukla,Manishkumar Patel	112 Vilseck Rd	Fort Stewart	GA	31314	9123700077
Cold at Morrow LLC	Faisal Hussain,Amir Tejane	6309 Jonesboro Rd	Morrow	GA	30260	7707038609
Maze, Derek	Derek.Maze	4225 Wade Green Rd NW	Kennesaw	GA	30144	7704299821
Sweet Cream LLC	Suleman (Sunny) Jiwani,Salima.Jiwani,Sanih.Jiwani	1565 Church St., Suite 540	Decatur	GA	30030	6785153260
Huan Nguyen, Individual	Huan.Nguyen	626 Mullins Colony Dr	Evans	GA	30809	7063644229
SSN LLC	Mehul.Lad,Bipinkumar.Patel,Ambrish.Patel	2501 Whittlesey Blvd	Columbus	GA	31909	7065075248
Mukesh Korat and Rima Patel Individuals	Rima.Patel,Mukesh Korat	7804 Abercorn St	Savannah	GA	31406	9124659919
1105 Restaurant LLC	Param Shah,Roshan Patel	1105 Woodstock Rd	Roswell	GA	30075	6785828960
Aksharbram LLC	Hemen Patel,Sunny Patel	280 Meridian Dr	Grovetown	GA	30813	6784042201
Zalam Mun Z, LLC	Cynthia Chowdhury,Jimmy.Chowdhury,Amil Chowdhury	5740 Steeplechase Blvd	Cumming	GA	30040	6787715103
Jai Somnath Creamery LLC	Dhimant Shukla,Nitabahen Shukla	150 Tom Hill Sr Blvd	Macon	GA	31210	4788128882
3ZIGNS LLC	Shimit.Soumithran,Anup.Nair,Vikas.Menon	44 Braves Ave	Lawrenceville	GA	30043	4706557904
Momin, Nazadali & Almas	Nazadali.Momin,Almas.Momin	1750 Powder Springs Rd	Marietta	GA	30064	7704856602
ALI COVINGTON LLC	Mohmedmunir.Momin,Zishanbanu.Momin	13015 Brown Ridge Rd	Covington	GA	30016	6787129097
Ali Tucker LLC	Mohmedmunir.Momin,Zishanbanu.Momin,Mahamad Momin	4650 Hugh Howell Rd	Tucker	GA	30084	6784047010
M D SPIRIT INC	Mitesh Bhatt,Paulomi Patel	1273 Johnson Ferry Road	Marietta	GA	30068	6785565832
Fun Foods, Intl., Inc.	Sumiko Espaldon,Ernesto V. Espaldon, Jr.,Ernesto M Espaldon,Leticia Espaldon	1088 W Marine Corps Dr	Dededo	GU	96929	6716338800
Fun Foods, Intl., Inc.	Sumiko Espaldon,Ernesto V. Espaldon, Jr.,Ernesto M Espaldon,Leticia Espaldon	199 Chalan San Antonio	Tamuning	GU	96913	6716494800
Noho Group LLC	Joshua Kong,Lindsey Kalaiwaa	225 Piikea Ave	Maui - Kihei	HI	96753	8088758811
Cordes Creamery, Inc.	Kenneth Cordes	4701 1st Avenue SE	Cedar Rapids	IA	52402	3192942600

Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	806 Wacker Dr	Dubuque	IA	52002	5635566766
JRF, Inc.	Janet Otis,Scott Otis	101 Jordan Creek Pkwy	West Des Moines	IA	50266	5152231227
Cordes Creamery, Inc.	Kenneth Cordes	921 25th Avenue	Coralville	IA	52241	3193417900
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	1310 S Duff Ave	Ames	IA	50010-8153	5152333911
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	6421 University Ave	Cedar Falls	IA	50613	3192661605
Chicago Scoops, LLC	Kyle Welch,Tim Watkins,Antonio Gracias,Jonathan Shulkin	4706 Utica Ridge Rd	Davenport	IA	52807	5633596371
Huckleberry Ice Cream Co. LLC	Gary.Hoyer	3001 Winegard Drive	Burlington	IA	52601	3192378787
Tasty Treats, LLC	Andrew.Martin,Dawn.Martin	1631 SW Main Street, Suite 102	Ankeny	IA	50023	5152645565
Cordes Creamery, Inc.	Kenneth Cordes	2437 Adventureland Dr	Altoona	IA	50009	5159578814
Ultimate Scoop, LLC	Kent Lee,Nancy Lee,Conrad Lee	1400 N Eagle Rd	Meridian	ID	83642	2088958336
Temple Group, Inc.	Kassie Temple,Jeremiah Temple	2019 South 25th E	Ammon	ID	83406	2085223347
Temple Group, Inc.	Kassie Temple,Jeremiah Temple	475 Yellowstone Ave	Pocatello	ID	83201	2082334312
Temple Group, Inc.	Jeremiah Temple,Kassie Temple	485 N 2nd E	Rexburg	ID	83440	2083592244
Ultimate Scoop, LLC	Kent Lee,Nancy Lee,Conrad Lee	1238 Caldwell Blvd	Nampa	ID	83651	2084673375
Magic Stone Creamery, LLC	Nancy Lee,Kent Lee	799 Cheney Dr	Twin Falls	ID	83301	2087364656
Little Lukes Girl LLC	Todd Bunger	2396 N Old Mill Loop	Coeur d'Alene	ID	83814	2086769151
Ultimate Scoop, LLC	Kent Lee,Nancy Lee,Conrad Lee	1028 S Vista Ave	Boise	ID	83705	2088070407
Ultimate Scoop, LLC	Nancy Lee,Kent Lee,Conrad Lee	7546 West State St Suite 130	Boise	ID	83714	2086066164
DEV KUSH, INC	Raman Patel	7080 Mannheim Rd	Rosemont	IL	60018	8478246670
Mandros Corp.	Mitchell Andros	339 N Randall Rd	Lake in the Hills	IL	60156	8478547525
SSAS LLC	Anil Kondaveeti,Srimala Kantamneni	20330 N Deer Park Blvd	Deer Park	IL	60010	8477262663
Sweet Possibility Company	Linda Querrey	23 W Jefferson Ave	Naperville	IL	60540	6303695646

Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	1316 S Halsted St	Chicago	IL	60607	3122262800
Alaqmar, Inc.	Ahmed Zakiuddin,Yusuf Vajihuddin	3520 Seven Bridges Dr	Woodridge	IL	60517	6303229640
Seatea, Inc.	Essam Abdullah	5120 W 95th St	Oak Lawn	IL	60453	7082299000
Seatea, Inc.	Essam Abdullah	76 S La Grange Rd	La Grange	IL	60525	7083542600
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	134 N Marion St	Oak Park	IL	60301	7083833400
Thomas Restaurant Investments 1 LLC	Johnathan Thomas	1611 Sherman Ave	Evanston	IL	60201	8474249000
Green Stone, LLC	Issam Alsharif	653 S Perryville Rd	Rockford	IL	61108	8159773497
M&A Creamery LLC	Hafiz Asim Arif,Hira Asim	281 W Townline Rd	Vernon Hills	IL	60061	8472470773
Alaqmar, Inc.	Ahmed Zakiuddin,Yusuf Vajihuddin	72 S Weber Rd	Romeoville	IL	60446	8158865714
J&J Sweet Tooth, L.L.C.	Judy Pecina,Joyce Pecina	3228 Green Mount Crossing Drive	Shiloh	IL	62269	6186220044
Kahala Restaurants	Maher (Mike) Farahat,Amjad Makhamreh	1700 E College Ave	Normal	IL	61761	3098072945
Kahala Restaurants	Fady Abdallah,Alel abdallah	7728 N Grand Prairie Dr	Peoria	IL	61615	3093404860
Alaqmar, Inc.	Ahmed Zakiuddin,Yusuf Vajihuddin	18717 Dixie Hwy	Homewood	IL	60430	7086479812
Sweet Cream Parlor Inc	Wesam (Sam) Abdel Razek	16135 S La Grange Rd	Orland Park	IL	60467	7082264981
Alaqmar, Inc.	Ahmed Zakiuddin,Yusuf Vajihuddin	1153 Brookforest Ave	Shorewood	IL	60431	8156091893
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	124 S 6th St	Springfield	IL	62701	2175236666
Chicago Scoops, LLC	Tim Watkins,Antonio Gracias,Kyle Welch,Jonathan Shulkin	2100 Troy Rd	Edwardsville	IL	62025	6186551480
Alaqmar, Inc.	Ahmed Zakiuddin,Yusuf Vajihuddin	16527 W 159th St	Lockport	IL	60441	8158383600
CU Scoops, LLC	Ryan Elwell	1121 West Windsor Road	Champaign	IL	61821	2175521167
Chicago Scoops, LLC	Jonathan Shulkin,Kyle Welch,Antonio Gracias,Tim Watkins	20 W Ohio St	Chicago	IL	60611	3128775773
Issac's Creamery Inc.	Kareem.Abdallah	7105 Grand Avenue Unit 2C	Gurnee	IL	60031	8476724339

Aqsa Creamery, Inc.	Samad.Khan	2348 N Lincoln Ave	Chicago	IL	60614	7736662244
SUGAR GROVE CREAMERY INC.	Siddharth.Patel,Daxkumar.Patel	519 N Sugar Grove Pkwy	Sugar Grove	IL	60554	3312274127
Qattoum, Ribhi	Ribhi.Qattoum	3727 N Woodford St	Decatur	IL	62526	2175425889
Chicago Scoops, LLC	Tim Watkins,Jonathan Shulkin,Kyle Welch,Antonio Gracias	4150 W Jefferson Blvd	Fort Wayne	IN	46804	2604341010
JUST LIKE HOME SNACKS L.L.C.	Yuanyuan Chen,Yueming Wang	5025 E 82nd St	Indianapolis	IN	46250	3175969620
Sweet Land 2016 LLC	Chi Man Ko,Zhou Hua You	55 S Raceway Rd	Indianapolis	IN	46231	3172712501
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	620 W Edison Rd	Mishawaka	IN	46545	5742135250
M&N's Joy LLC	Jianliang Yu,Jing Yu	14550 Clay Terrace Blvd	Carmel	IN	46032	3175697170
AB Creamery LLC	Madeline Pinkston,Neil Pinkston	6401 E Lloyd Expy	Evansville	IN	47715	8124372653
Benipal, Kulwant	Kulwant Benipal	6010 W 86th St	Indianapolis	IN	46278	3174718378
Linton Grange LLC	Hui Zhang	789 US Highway 31 N	Greenwood	IN	46142	3178822501
Kulwant 21408 LLC	Kulwant Benipal	338 State St	West Lafayette	IN	47906	7658382210
Jolly Group Valpo, LLC	Michael Jorden,Candace Jorden	71 Silhavy Rd	Valparaiso	IN	46383	2194763430
Jolly Group, LLC	Michael Jorden,Candace Jorden	11 West 112th Ave	Crown Point	IN	46307	2196639010
MBAB Bilotto Inc.	Michael Bilotto,Amanda Bilotto	883 Joliet St	Dyer	IN	46311	2198659733
Liu, Ben and Fang Qin Qiu	Fang Qin Qiu,Ben Liu	13170 Harrell Pkwy	Noblesville	IN	46060	3177708220
Chen & Q Incorporated	Yiping Chen,Chen Qiao	840 Broad Ripple Avenue	Indianapolis	IN	46220	3172532303
Kulwant 23522 LLC	Kulwant Benipal	2049 Veterans Memorial Parkway	Lafayette	IN	47909	7655886141
Kamilia, LLC	Eric Tan,Kami Tan	1013 Jeffersonville Commons Dr	Jeffersonville	IN	47130	8129130034
Foods In The Ville, L.L.C.	Robert Hayes,Alan Rizza	1225 Moro St.	Manhattan	KS	66502	7855395336
Wessco Enterprises, Inc	Rhonda Wessley,Douglas Wessley	2441 N Maize Rd	Wichita	KS	67205	3167294245
FM DRYM LLC	Mohamed Salamoun	1865 Village West Pkwy	Kansas City	KS	66111	9137889784

Mission Investment Company	Allan Emerly	647 Massachusetts St	Lawrence	KS	66044	7858430990
Sonny & Boua Baccam, Inc.	Boua Baccam,Santhiphone Sonny Baccam	14941 W. 119th St.	Olathe	KS	66062	9137824815
Wessco Enterprises, Inc	Rhonda Wessley,Douglas Wessley	3000 N Rock Rd	Wichita	KS	67226	3166361857
KA Enterprise LLC	Amr Eleish,Omar Elkerdany	1227 SW Wanamaker Rd	Topeka	KS	66604	7852158807
Wessco Enterprises, Inc	Douglas Wessley,Rhonda Wessley	7325 W Taft St	Wichita	KS	67209	3168691823
MJM ENTERPRISES LLC	Satyan Bakhai	4535 W 119th St	Leawood	KS	66209	9132838513
BIG SCOOP LLC	Dallas.Haselhorst,Dacia. Haselhorst	507 Main St	Hays	KS	67601	7854324300
NOTL, LLC	Sanmukh Patel,Anil (Andy) Patel,Mahesh Naik	1 Levee Way	Newport	KY	41071	8592915380
Lickety Split Frozen Goodness LLC	Ken Sharp	2817 Dixie Hwy	Crestview Hills	KY	41017	8593414430
Kamilia, LLC	Kami Tan,Eric Tan	2015 S. Hurstbourne Pkwy.	Louisville	KY	40220	5024997750
GABS LLC	Gayla Martin,Luc Bowman	5140 Frederica Street	Owensboro	KY	42301	2706836570
HamburgLex CSC LLC	Bhavesh Patel	2337 Sir Barton Way	Lexington	KY	40509	8597851815
B & M Scoops, LLC	Richard Lentz,Tammy Lentz	451 Jordan Dr	Paducah	KY	42001	2704431117
Jai Shree Laxmi Inc.	Jalpa Patel,Hitesh Patel	3801 Mall Rd	Lexington	KY	40503	8592802264
Kamilia, LLC	Eric Tan,Kami Tan	976 Breckenridge Lane	Louisville	KY	40207	5028946292
SCS KY, LLC	Bunnarath.Mao,Sokunthea.Chun	201 N 12th St	Murray	KY	42071	2708732311
JAI SHREE LAXMI TWO INC	Jalpa Patel,Hitesh Patel	620 Eastern Bypass	Richmond	KY	40475	8595751024
Shri Modheshwari - Louisiana, L.L.C.	Ratnakar Mody,Kamlesh Hiralal Modi,Jagruti Kamlesh Modi	420 Boardwalk Blvd	Bossier City	LA	71111	3187465055
Wanju Gauthe	Wanju Gauthe	7539 Corporate Blvd	Baton Rouge	LA	70809	2254562069
Elmwood Treats LLC	Bush Wrighton,Shameen Wrighton,Eric Rey,Bianca Khoury	1130 S Clearview Pkwy	Elmwood	LA	70123	5047365037

CS786 Creamery Corp.	Bipul Kumar Saha,Mohammed Ali Razai,Akm Masud Hasan,Mustaque Ahmed	70 Worcester Providence Tpke	Millbury	MA	01527	5088658165
HOF786 Creamery Corp	Mohammed Ali Razai,Akm Masud Hasan,Mustaque Ahmed,Bipul Kumar Saha	1000 W Columbus Ave	Springfield	MA	01105	4137366060
O' Happy Foods Corp	Khyati Dave,Sonal Khakhar	154 Turnpike Rd	Southborough	MA	01772	5084851150
Scoop Haven LLC	Muhammad Ismail,Abul Hassan Khawaja	80 Orchard Hill Park Drive	Leominster	MA	01453	9785375756
Cold Scoop LLC	Muhammad Ismail	158 Colony Place Rd	Plymouth	MA	02360	7744264068
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	2 Wayside Road	Burlington	MA	01803	7812702621
Chicago Scoops, LLC	Antonio Gracias,Jonathan Shulkin,Kyle Welch,Tim Watkins	94 Belvidere St	Boston	MA	02115	6172620251
Chicago Scoops, LLC	Jonathan Shulkin,Tim Watkins,Kyle Welch,Antonio Gracias	61 Station Lndg	Medford	MA	02155	7813505532
Golden Sweet Cone LLC	Michael Rasla,Marian Wahba	280 School St	Mansfield	MA	02048	7747192314
Chicago Scoops, LLC	Tim Watkins,Antonio Gracias,Kyle Welch,Jonathan Shulkin	83C Faunce Corner Mall Rd	Dartmouth	MA	02747	5089912337
Sweet Tooth LLC	Ashwani Rathor,Meenakshi Rathore	176 South Franklin Street	Holbrook	MA	02343	7817674100
MOTIACH COLLEGE PARK LLC	Sadda Pallavi	7314 Baltimore Avenue	College Park	MD	20740	3012772229
MCK, LLC	Christopher Blazevich,Mark Pringle,Kelli Blazevich	1310 Main Chapel Way	Gambrills	MD	21054	4104514272
SYDLEY Frederick, LLC	Anthony Dayyani	1700 Kingfisher Dr	Frederick	MD	21701	3016635030
Motiach Hanover LLC	Sadda Pallavi,Prabhu Pitchai	7645 Arundel Mills Blvd	Hanover	MD	21076	4432967058
Shreenath Jabu LLC	Romil Mehta,Aklima Begum	18159 Village Center Dr	Olney	MD	20832	3015705639
Aikyam LLC	Romil Mehta,Chowdhury Mamun	6711 Ritchie Hwy	Glen Burnie	MD	21061	4107609390
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	1200 Agora Dr	Bel Air	MD	21014	4108360130
Gassama Scoops LLC	Sidiki Gassama	2657 N Salisbury Blvd	Salisbury	MD	21801	4108606935
Our Creamery Waldorf,Inc.	Zahir Mahmud,Waliul Chowdhury,Arshad Khwaja,Dilafroz Ahmed	3063 Waldorf Market Pl	Waldorf	MD	20603	3018853400

Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	19847 Century Blvd	Germantown	MD	20874	3019165353
Pradhan Drysdale LLC	Mamata Blon,Suvan Pradhan,Ganga Drysdale,John Drysdale,Lata Pradhan,Ujjwal Pradhan	15 Lee Airpark Dr	Edgewater	MD	21037	4109561100
His Grace Creamery, LLC	Mark Pringle,Kelli Blazevich,Christopher Blazevich	15754 Annapolis Road	Bowie	MD	20715	3014649790
Chicago Scoops, LLC	Antonio Gracias,Kyle Welch,Jonathan Shulkin,Tim Watkins	2500 Boston St	Baltimore	MD	21224	4105220353
Our Creamery Inc	Dilafroz Ahmed,Waliul Chowdhury,Zahir Mahmud,Arshad Khwaja	84 Main St	Gaithersburg	MD	20878	3015900009
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	10015 York Rd	Cockeysville	MD	21030	4106288001
Rashid CSC 1903, Inc	Mohammad Rashid	13600 Baltimore Ave	Laurel	MD	20707	3017766770
M&M Ventures Inc	Michelle Engermann	821 Ellsworth Drive	Silver Spring	MD	20910	3015881230
Millennium Stars LLC	Sandy Cheng,Qingbin Lin	1809 Reisterstown Rd	Pikesville	MD	21208	4104843030
Baker Enterprises 1, LLC	Joel J. Baker	8137 Honeygo Blvd	White Marsh	MD	21236	4109312104
Deli-Eatz LLC	Shiva Gidigi,Sowjanya Gidigi,Veera Bollamraja,Swapna Bollam	5705 Richards Valley Rd	Ellicott City	MD	21043	4104656009
Security Creamery LLC	Asad.Jabbar,Abdul.Jabbar	6901 Security Blvd	Windsor Mill	MD	21244	4434292465
PS & MS VENTURES LLC	Srinadh Chowdary.Kandru,Sambasivarao Bellam	10101 Twin Rivers Rd.	Columbia	MD	21044	4435455041
Jingobell Cakes & Ice Creams LLC	Jingo Jingo	2985 Plaza Drive	Dunkirk	MD	20754	4436462140
La Plata Creamery LLC	Syed Saif Ul Islam Shah	105 Drury Drive	La Plata	MD	20646	2407764441
BMYK, INC	Mary Mi Ok Kim,Bong Yoo,Elly Seymour	2319-I Hanover Pike	Hampstead	MD	21074	4103743303
Dastani Enterprises, Inc.	Keikhosrow Dastani	2700 Campus Way North	Lanham	MD	20706	3013243888
SUN TOUCH INC	Sun.Choi	825 Dulaney Valley Rd	Towson	MD	21404	4108230393
California Creamery LLC	Syed Saif Ul Islam Shah	44980 St. Andrews Church Rd.	California	MD	20619	2402378296
Bhanusri Foods, LLC	Udaya.Kadali,Padma Karumuri	12175 Clarksville Pike	Clarksville	MD	21029	6672402925

DKWD LLC	Douglas Stout,Wendy.Stout	8530 Washington Blvd	Jessup	MD	20794	2403605933
Chicago Scoops, LLC	Antonio Gracias,Tim Watkins,Jonathan Shulkin,Kyle Welch	2121 Celebration Dr NE	Grand Rapids	MI	49525	6163639140
Y&J LLC	Mi Hun Yi	200 Mac Ave	East Lansing	MI	48823	5173379550
Chicago Scoops, LLC	Antonio Gracias,Tim Watkins,Jonathan Shulkin,Kyle Welch	3427 Century Center Street SW	Grandville	MI	49418	6162499480
RLBBH LLC	Caleb Foster	42761 Woodward Ave	Bloomfield Hills	MI	48302	2483323014
Sweet Creamery Inc	Hitesh Barvaliya	33175 Grand River Ave	Farmington	MI	48336	2486159099
LUCAS & LANDON ICE CREAM OF COMMERCE, INC.	Francis Arabo,Muntadher Arabo	1741 Haggerty Hwy	Commerce Township	MI	48390	2489265767
Second Half Ice Cream Corp.	Todd Frerichs	3026 Walton Blvd	Rochester Hills	MI	48309	2483756000
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	50496 Schoenherr Road	Shelby Township	MI	48315	5866852663
Nilkanth Creamery Inc	Induben Kotadiya,Hitesh Barvaliya	3597B Washtenaw Ave	Ann Arbor	MI	48104	7349759110
HLR Scoopers, LLC	James Melluish	6800 South Westnedge Avenue	Portage	MI	49002	2693274674
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	50756 Gratiot Ave	Chesterfield	MI	48051	5869497800
Scoops & Apples, Inc.	Faizi Haque,Narmeen Haque	31961 Gratiot Avenue	Roseville	MI	48066	5862942013
G.W. Sweis Investments, LLC	Gassab Sweis	510 Monroe St	Detroit	MI	48226	3139642715
H&M Consulting, Inc.	Faizi Haque,Narmeen Haque	32389 John R Road	Madison Heights	MI	48071	2485779861
HLR Scoopers, LLC	James Melluish	4540 W Main St	Kalamazoo	MI	49006	2693430940
Reign Luxury Brands, LLC	Caleb Foster	35732 Van Dyke Avenue	Sterling Heights	MI	48312	5864469130
W.G. Sweis Investments, LLC	William Sweis,Gassab Sweis	16823 Kercheval Ave	Grosse Pointe	MI	48230	3138864020
Mauck Investments, LLC	Kirk Mauck	50409 Independence St	Canton	MI	48188	7343944000
The Sweis Group - Allen Park LLC	Gassab Sweis,William Sweis	23009 Outer Drive	Allen Park	MI	48101	3137928430
FRANKIE'S ICE CREAM OF NOVI, INC.	Muntadher Arabo,Francis Arabo	44175 W 12 Mile Rd	Novi	MI	48377	2484659091
Sweis, W. & Sweis, G	William Sweis,Gassab Sweis	25217 Evergreen Rd	Southfield	MI	48075	2487284546

Maple Iced Delight LLC	Rakesh Patel,Meghna Patel	7765 Main St N	Maple Grove	MN	55369	7634949161
Cool Scoops, LLC	Bruce Peltz,Angela Peltz	3959 2nd St S	St. Cloud	MN	56301	3202583590
VENSAI LLC	Rajashekar Bachigari	582 Prairie Center Dr	Eden Prairie	MN	55344	9529410302
PJs Creamery, Inc	Patty Kolbo,James Kolbo	7455 Currell Blvd	Woodbury	MN	55125	6512511112
Mysas LLC	Rajashekar Bachigari	3461 River Rapids Dr NW	Coon Rapids	MN	55448	7636571450
Project 89, LLC	Denise Snetsinger	382 S Avenue	Bloomingto n	MN	55425	9528510623
T P & J Creamery LLC	Jashil Lad,Pinkal Mistry,Tripti Mistry	1600 Warren St	Mankato	MN	56001	5073448152
Lorven Inc	Kumud Kumar Atluri,Rajashekar Bachigari,Narendar Ande	15100 Cedar Ave	Apple Valley	MN	55124	9522558277
Hanuma Sai LLC	Kumud Kumar Atluri,Sirisha Atluri	768 Mainstreet	Hopkins	MN	55343	9527461970
URSS Group LLC	Mounika Yanati,Pushpalatha Borra,Swetha Davera	2700 39th Ave NE	St. Anthony	MN	55421	6127881599
Donna's Daughters LLC	Amy Soderholm,Mary Schulke,John Schulke,Lance Soderholm	9010 Quantrelle Avenue NE	Otsego	MN	55330	7632740101
Progressive Ventures Co.	Muhammad Shahbaz,Muhammad Shouab,Shahid Nadeem,Zeeshan Ahmad	15175 Edgewood Dr	Baxter	MN	56425	2188240016
CU Tomorrow, LLC	Amy McNamee,Paul McNamee,Daniel Stoltz,Robin Stoltz	10400 Baltimore St NE	Blaine	MN	55449	7637843630
Sreeven LLC	Kumud Kumar Atluri,Sirisha Atluri	3780 Marketplace Dr NW	Rochester	MN	55901	5074243374
LiKe Enterprises, LLC	Keith Edwards,Lisa Edwards	1220 Susan Dr	Marshall	MN	56258	5073372653
Chicago Scoops, LLC	Jonathan Shulkin,Antonio Gracias,Kyle Welch,Tim Watkins	1017 W Central Entrance	Duluth	MN	55811	2187222366
Ennis Enterprises LLC	Joseph Betthauser,Wayne Ennis	720 Main St Hwy	Mendota Heights	MN	55118	6514546001
VINAYAKA LLC	Kumud Kumar Atluri,Sirisha Atluri	2650 Broadway Ave S	Rochester	MN	55904	5072060479
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	349 Canal Park Drive	Duluth	MN	55802	2187225086

Gauri Shankar LLC	Ankitkumar Patel	1264 Town Centre Dr	Eagan	MN	55123	6514525700
No Nut Ice Cream L.L.C.	Patrick Hanson	1733 Pinecone Rd South	Sartell	MN	56377	3202815556
Project 89, LLC	Denise Snetsinger	134 East Broadway	Bloomington	MN	55425	9528541005
Sari Associates LLC	Ram.Gajawada,Saritha.Gajawada	6807-F York Ave S	Edina	MN	55435	9525821511
MJM Enterprise Company LLC	Satyan Bakhai	7251 NW 86th Pl	Kansas City	MO	64153	8165871628
MJM Enterprise Company LLC	Satyan Bakhai	20140 E Jackson Dr	Independence	MO	64057	8167951340
Ramoun LLC	Mohamed Salamoun	114 W 47th St	Kansas City	MO	64112	8167537664
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	14013 New Halls Ferry Road	Florissant	MO	63033	3149215300
Garrett, Elizabeth	Elizabeth Garrett	12418 Olive Blvd	Creve Coeur	MO	63141	3145763945
MJ Ice Cream, LLC	Marcus Johnson,Michael Johnson	900 E Battlefield St	Springfield	MO	65807	4178834222
S&S Branson Investments LLC	David Samford,Julie Samford	1615 W 76 Country Blvd	Branson	MO	65616	4172390801
J & J Sweet Tooth IV, L.L.C.	Judy Pecina,Joyce Pecina	7 Ronnies Plz	St. Louis	MO	63126	3148434646
S&S Branson Investments LLC	David Samford,Julie Samford	482 Branson Landing Blvd	Branson	MO	65616	4173206417
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	6281 Ronald Reagan Drive	Lake St. Louis	MO	63367	6365617871
Scott, Omer Buddy	Omer Scott	610 Wildwood Drive	Jefferson City	MO	65109	5736362653
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	1270 Jeffco Blvd	Arnold	MO	63010	6363332060
MJM Enterprise Company LLC	Satyan Bakhai	9300 NE 83rd Terrace	Kansas City	MO	64158	8167364015
MJM Enterprise Company LLC	Satyan Bakhai	8600 Ward Parkway	Kansas City	MO	64114	8165036899
Hood Enterprises, LLC	John McCoy Burns	1531 W Main St	Bozeman	MT	59715	4065227006
Gruntowicz Enterprises, Inc.	Sebrina Gruntowicz,Daniel Gruntowicz	3275 N Reserve St	Missoula	MT	59808	4069266677
Gruntowicz Enterprises, Inc.	Sebrina Gruntowicz,Daniel Gruntowicz	896 S 29th St W	Billings	MT	59102	4069692274
Project Fritz, LLC	Abby Fritz	110 Hutton Ranch Rd	Kalispell	MT	59901	4067522653

Gruntowicz Enterprises, Inc.	Daniel Gruntowicz,Sebrina Gruntowicz	1601 Market Place Dr	Great Falls	MT	59404	4064540000
TRACKS Investments, LLC	Rodney Shoaf,Sheryl Shoaf	1626 Highwoods Blvd	Greensboro	NC	27410	3362920321
Trinity Trio LLC	Narendar Ande,Mridul Bansal,Shireesh Pannala	325 Crossroads Blvd	Cary	NC	27518	9198587754
TRACKS Investments, LLC	Sheryl Shoaf,Rodney Shoaf	3105 Northline Avenue	Greensboro	NC	27408	3362946100
Whitmore, Josie & Brad	Josie Whitmore,Brad Whitmore	8111 Concord Mills Blvd	Concord	NC	28027	7049795061
TRACKS HC LLC	Sheryl Shoaf,Rodney Shoaf	4203 W Wendover Ave	Greensboro	NC	27407	3362180060
RRG Creamery LLC	Ricky Garcia	688 Bluefield Rd	Mooresville	NC	28117	7047996022
SNS Creamery LLC	Falguni Shah,Devang Shah	131 E Franklin St	Chapel Hill	NC	27514	9199146193
LAC Creamery Inc.	Whitney Bouknight,Alexander Bouknight	951 International Drive	Wilmington	NC	28405	9102565226
The Dog Shack, LLC	Dawn..Martin,John "Mark" Martin	164 Shenstone Blvd	Garner	NC	27529	9192394075
Akala LLC	Bhavik Parikh,Kamal Gautam	960 S Main St	Kernersville	NC	27284	3369040088
Six Dips, LLC	Melissa Ehlers,G Loy Ehlers	518 Greenville Blvd SE	Greenville	NC	27834	2524392653
UB Ricky LLC	Robert Menard,Ricky Garcia	5075 Morganton Road	Fayetteville	NC	28314	9108684323
ACM Ventures, Inc.	Andrew Martinez,Christie Martinez	2700 W Mallard Creek Church Rd	Charlotte	NC	28262	7045489650
ACM Ventures, Inc.	Andrew Martinez,Christie Martinez	14126 Rivergate Pkwy	Charlotte	NC	28273	7045833828
Six Dips Jacksonville, LLC	G Loy Ehlers,Melissa Ehlers	1250 Building L3 Western Blvd.	Jacksonville	NC	28546	9109892653
Rajnishi LLC	Bhargav Parikh,Bhavi Parikh	150 S Equity Dr	Smithfield	NC	27577	9199381300
SNS Ventures LLC	Devang Shah,Falguni Shah	2050 Creekside Landing Drive	Apex	NC	27502	9196294031
Decadent Mixes, LLC	Traci Williams,Bradley Williams	343 Faith Rd	Salisbury	NC	28146	7046360800
ACM Ventures, Inc.	Andrew Martinez,Christie Martinez	9820 Rea Rd	Charlotte	NC	28277	7043410100
Parikh Creamery LLC	Bhargav Parikh,Bhavi Parikh	5811 Poyner Village Pkwy	Raleigh	NC	27616	9199007007
Nitin LLC	Suketu Parikh	1209 N Berkeley Blvd	Goldsboro	NC	27534	9192881300
TRACKS Investments, LLC	Rodney Shoaf,Sheryl Shoaf	124 Hanes Mall Cir	Winston-Salem	NC	27103	3367748585

Rock and Ricky LLC	Ricky Garcia	11088 US Highway 15/501	Aberdeen	NC	28315	9106929440
J&A Creamery North, LLC	Amber Kenney	30 Town Square Blvd.	Asheville	NC	28803	8286503013
Bhavna Creamery LLC	Bhargav Parikh,Bhavi Parikh	3160 Walden Lane	Burlington	NC	27215	3365246102
Nishi LLC	Bhargav Parikh,Bhavi Parikh	7840 Alexander Promenade Pl	Raleigh	NC	27617	9199572653
CSR Incorporated	Essam Abdelrhman,Abbass Abbass	3875 John Gordon Ln	High Point	NC	27265	3368822653
Liberty Creamery LLC	Bhavik Parikh,Dev Rajababoo,Utsav Pandya,Vipulkumar Patel	3571 Butner Rd	Fort Liberty	NC	28307	9109201040
PK Realty & Investments, LLC	Prakash.Sridharan,Sangeetha.Prakash	1170 Parkside Main St	Cary	NC	27519	9196945461
KASAEL LLC	Romina.Jalili,Yousef.Jalili	1040 Forestville Rd	Wake Forest	NC	27587	9195003972
Latonia & King Parks	Latonia.Parks,King.Parks	3350 Footbridge Lane	Hope Mills	NC	28348	9102638021
PK Realty & Investments, LLC	Prakash.Sridharan,Sangeetha.Prakash	258 Grande Heights	Cary	NC	27513	9196501737
CSC of Lumberton LLC	Harry.Jhala,Kusum.Jhala	140 Wintergreen Dr	Lumberton	NC	28358	9106744041
Ali, Emad	Emad Ali	2010 N Main Street	High Point	NC	27260	3369057070
Yousef, Muhammad	Muhammad Masood Yousef	6911 Fayetteville Rd	Durham	NC	27713	9192518087
Arya Vaani LLC	Nehal.Patel	15105 John J Delaney Dr	Charlotte	NC	28277	9802073565
Deep Roots FGO, Inc.	Justin Turnquist	4501 15th Ave S	Fargo	ND	58103	7013658515
Deep Roots GF, Inc.	Anthony Mooney	3551 32nd Ave S	Grand Forks	ND	58201	7017382350
Raylan Inc.	Rhett Benning	1219 W Century Ave	Bismarck	ND	58501	7017512472
The Stone of Minot DS, INC.	Troy Bartsch	1420 24th St Southwest	Minot	ND	58701	7018391810
Jonas and Bonnita McKenzie Individuals	Jonas.McKenzie,Bonnita.McKenzie	3210 27th St W	Williston	ND	58801	7015724415
REMY INVESTMENT GROUP, LLC	Andrea Remaklus,Daniel Remaklus,Aaron Remaklus	2910 Pine Lake Rd	Lincoln	NE	68516	4024202999
WILLIAMS A LA MODE, INC.	Cindy Williams,Shawn Williams	17304 Davenport St	Omaha	NE	68118	4025054192
WILLIAMS A LA MODE, INC.	Cindy Williams,Shawn Williams	2055 N 120th St	Omaha	NE	68164	4025022775
WILLIAMS A LA MODE, INC.	Shawn Williams,Cindy Williams	3220 Farnam St	Omaha	NE	68131	4023591719

J & M Group LLC	Katherine Yu,Jia Chi "Fred" Yu	206 Wilmar Ave	Grand Island	NE	68803	3083847866
TKL Witte, LLC	Tammara Lalanne,Charles Lalanne	402 E Leota St	North Platte	NE	69101	3085345429
WILLIAMS A LA MODE, INC.	Shawn Williams,Cynthia.Williams	12746 Westport Parkway	La Vista	NE	68138	4029052897
WILLIAMS A LA MODE, INC.	Shawn Williams,Cynthia.Williams	2110 S 67th St	Omaha	NE	68106	5314667619
WILLIAMS A LA MODE, INC.	Shawn Williams,Cynthia.Williams	21209 Nebraska Crossing Dr	Gretna	NE	68028	4023320331
Frosty Oasis LLC	Muhammad Ismail,Usman Halim	45 Gosling Rd	Newington	NH	03801	6033681000
Amazins Brick LLC	Mazahar Dhrolia,Insiya Dhrolia	960 Cedar Bridge Avenue	Brick	NJ	08723	7329205656
Silver Scoop Limited Liability Company	Nishantha Vithana	3 Sloan Street	South Orange	NJ	07079	9737621835
Hoboken First Joe LLC	Joseph Tanagho	116 Washington St	Hoboken	NJ	07030	2012223233
Silver Scoop Holdings LLC	Nishantha Vithana,Shermila Vithana	495 Prospect Ave	West Orange	NJ	07052	9737311592
Fun Rockaway, Inc.	Gayan Ondaatjie	321 Mount Hope Ave	Rockaway	NJ	07866	9735378200
Living Well Creamery, LLC	Michelle Soomi Jeong,Gyu Jeong	227 Bellevue Ave	Montclair	NJ	07043	9736551170
YAVA CREAMERY LIMITED LIABILITY COMPANY	Purvi Gandhi,Nirav Gandhi	4270 Dearborn Circle	Mount Laurel	NJ	08054	8562221806
Amazins, Inc.	Insiya Dhrolia,Mazahar Dhrolia	67 US Highway 9	Morganville	NJ	07751	7326172889
GPBR LLC	Rajeshkumar Patel	348 Ryders Ln	Milltown	NJ	08850	7324320300
Gopal & Prince LLC	Rajeshkumar Patel,Bhartiben Patel	163 E Broad St	Westfield	NJ	07090	9085180044
Young Creations LLC	Suk Tae Choi,Yelin Derflinger	441 Broadway	Westwood	NJ	07675	2017220272
Amazins KP LLC	Mazahar Dhrolia,Insiya Dhrolia	3562 Route 27	Kendall Park	NJ	08824	7329512023
Nishukti Creamery LLC	Nishant.Dhruve,Mukti Vaidya	2111 State Route 35	Holmdel	NJ	07733	7326710606
Riyas Creamery Limited Liability Company	Purvi Gandhi	72 Princeton Hightstown Rd	East Windsor	NJ	08520	6094261509
MACAG Bedminster Partners LLC	Scott MacMillan,Richard Agnolet	428B Route 202-206	Bedminster	NJ	07921	9082342727
Silver Scoop Chocolate LLC	Nishantha Vithana,Shermila Vithana	1930 State Route 57	Hackettstown	NJ	07840	9088509901

Wallach Family LLC	Iris P Wallach,Jeffrey R. Wallach,Seymour J. Wallach	304 Greentree Rd	Sewell	NJ	08080	8565822300
SILVER SCOOP FLEMINGTON L.L.C.	Nishantha Vithana,Shermila Vithana	325 US Highway 202	Flemington	NJ	08822	9087880770
LTC Foods, LLC	Ashwini Tikyani,Vimla Tikyani	651 Kapkowski Rd	Elizabeth	NJ	07201	9085587335
F Z Woodbridge Center LLC	Jack Zimmerman	250 Woodbridge Center Drive	Woodbridge Township	NJ	07095	7326022400
GURPAR GROUP INC	Vimla Tikyani,Ashwini Tikyani	1701 W Edgar Rd	Linden	NJ	07036	9085835146
J&J Association LLC	Jimmy.Barreau	1101 Morris Ave	Union	NJ	07083	9083553407
Mela Foods LLC	Ranjit.Pothuru,Silpa Pothuru	3150 State Hwy Rte 22	Branchburg	NJ	08876	7329077261
GWP Management LLC	Gabriel.Paul	641 Broad St	Newark	NJ	07102	9738600013
WILSON & PARTNER 2, LLC	Assia.Wilson,John.Mondry	321 Kellogg St	Jersey City	NJ	07305	5512253424
Frozen M&M LLC	Benjamin Mortensen,Kirby Mortensen	4917 E Main St	Farmington	NM	87402	5053255858
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	8100 Wyoming Blvd NE	Albuquerque	NM	87113	5057975552
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	3222 Central Ave SE	Albuquerque	NM	87106	5052653150
Rio Grande Creamery and Foods, Inc.	Ricardo Morales,Cynthia Morales	2821 N Telshor Blvd	Las Cruces	NM	88011	5755223038
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	4959 Pan American Fwy NE	Albuquerque	NM	87109	5053454178
Chicago Scoops, LLC	Tim Watkins,Antonio Gracias,Kyle Welch,Jonathan Shulkin	3703 Ellison Rd NW	Albuquerque	NM	87114	5058999500
MGB Enterprises, LLC	Mercedes Baca Bush,Eugene Bush	2270 Main St NW	Los Lunas	NM	87031	5058657779
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	1121 Unser Blvd SE	Rio Rancho	NM	87124	5058910550
SARGON A Inc	Nadia Adam	1829 W Craig Rd	North Las Vegas	NV	89032	7024568407
Thomas-Rose LLC	Devon Aurich,Matthew Maltese	9350 W Sahara Ave	Las Vegas	NV	89117	7026845731
MEGHA INVESTMENTS, LLC	Purvi Megha,Jay Megha	9785 S Maryland Pkwy	Las Vegas	NV	89183	7024926811
Bibbings, LLC	Harry Bibbings	7435 S Durango Dr	Las Vegas	NV	89113	7252054187

J K Ro Corp.	Jang Keun Ro	5841 E Charleston Blvd	Las Vegas	NV	89142	7024320022
Bibbings, LLC	Harry Bibbings	1311 W Sunset Rd	Henderson	NV	89014	7028989563
Bibbings, LLC	Harry Bibbings	6640 N Durango Dr	Las Vegas	NV	89149	7026854228
Shoppers C.S., Inc.	Chris Reynolds	273 E Plumb Ln	Reno	NV	89502	7753223110
R J Adams Group, INC.	Rainey Adam,Nadia Adam	75 E Horizon Ridge Pkwy	Henderson	NV	89015	7028689150
LN Place LLC	Nadia Adam	1121 S Decatur Blvd	Las Vegas	NV	89102	7028222378
Thomas Rose North LLC	Melissa Martinez,Blanca Sanchez,Luis.Cortez,Jennifer.McQueary,Christofer Rivas,Devon.Maltese,Matthew Maltese	7175 W Lake Mead Blvd	Las Vegas	NV	89128	7022687160
SIP Empire Corporation	Justin Brigandi,Melissa Brigandi	9655 Carousel Ctr	Syracuse	NY	13290	3157012840
Queens Ice Cream Parlor, Inc.	Susan Valoroso,Ernest J. DeNuptiis,Marilina DeNuptiis,Alfonso Valoroso	17660 Union Tpke	Flushing	NY	11366	7185915800
Anmab Stone, Inc.	Rizwan Basit	3535 Hempstead Tpke	Levittown	NY	11756	5167963500
Scarsdale Creamery Corp.	Ahmed Iftekhar,Bipul Kumar Saha,Kanai Saha	993 Central Park Avenue	Scarsdale	NY	10583	9144720825
R & B Stone, Inc.	Rizwan Basit	6 Broadway	Lynbrook	NY	11563	5168875077
Golden Ice Cream LLC	Hui Wang Louie,Hui (Ann) Yan Shi Cregan	2341 Richmond Avenue	Staten Island	NY	10314	7189835700
Q & Q Unlimited Inc.	Abid A. Qureshi	2350 Middle Country Rd	Centereach	NY	11720	6314519301
Long Island Creamery, Inc	Alfonso Valoroso,Susan Valoroso,Ernest J. DeNuptiis,Marilina DeNuptiis	984 Franklin Avenue	Garden City	NY	11530	5167423656
FNMM Creamery Corp.	Bipul Kumar Saha	3165 Harkness Avenue	Brooklyn	NY	11235	7188911114
OUR FIRST CREAMERY INC.	Waliul Chowdhury,Arshad Khwaja	15714 Crossbay Boulevard	Howard Beach	NY	11414	7188436977
JMR Creamery, LLC	Steven Choi	25 Mamaroneck Avenue	White Plains	NY	10601	9142200160
South Shore Creamery, Inc.	Andre Espinola	255 Deer Park Avenue	Babylon	NY	11702	6315397570
MMM786 Creamery Corp	Mohammed Ali Razai,Akm Masud Hasan,Mustaque Ahmed	1475 Western Ave	Albany	NY	12203	5185142003
CSC Webster LLC	Allan (Lanny) Auchter	1028 Ridge Road	Webster	NY	14580	5856456445

James Hosung Lee	James Hosung Lee	499 Sunrise Hwy W	Patchogue	NY	11772	6312072174
Khalid and Sons Ltd.	Syed Khalid,Syed Yawar Khalid	80 Route 6	Somers	NY	10505	9146210201
Endeavorinside LLC	Usman Syed,Syed Khalid	11 Merritt Blvd	Fishkill	NY	12524	8458960200
Belstar Ice Cream Co., LLC	Michael Belvedere	2598 Steinway St	Long Island City	NY	11103	3473965251
Zileli LLC	Feridun Zilelioglu	64 Washington Ave	Pleasantville	NY	10570	9144094959
Endeavorinside LLC	Sabahat Khalid,Syed Khalid	2020 South Road	Poughkeepsie	NY	12601	8452972027
KH - Corp	Dan Carriero	3464 Amelia Drive	Orchard Park	NY	14127	7168210800
Zareen786 Corp.	Bipul Kumar Saha,Mohammed Ali Razai,Akm Masud Hasan,Mustaque Ahmed	8028 Cooper Avenue	Glendale	NY	11385	7183863835
AKG Enterprise LLC	Amr Sherif,Ahmed Hassan	4700 Vestal Pkwy E	Vestal	NY	13850	6072177126
Elmhurst Creamery Corp.	Mohammed Ali Razai,Mustaque Ahmed,Bipul Kumar Saha,Kanai Saha,Ahmed Iftekhar	88-01 Queens Blvd	Elmhurst	NY	11373	7187600800
Atlantic Creamery Corp.	Bipul Kumar Saha,Kanai Saha,Ahmed Iftekhar	139 Flatbush Avenue	Brooklyn	NY	11217	7187892903
Mervin Harding	Mervin.Harding	2123 Ralph Ave	Brooklyn	NY	11234	3472273322
Times Square Creamery Corp.	Kanai Saha,Ahmed Iftekhar,Bipul Kumar Saha	350 W 42nd St	New York	NY	10036	6464540568
A & E Stone Inc	Rizwan Basit	750 W Sunrise Hwy	Valley Stream	NY	11581	5168880707
Golden Scoop LLC	Oscar.Mo,Hui (Ann) Yan Shi Cregan	2508 Hylan Blvd	Staten Island	NY	10306	9177915018
Ahmad, Irslan	Irslan.Ahmad	6401 Jericho Turnpike	Commack	NY	17725	6316236191
CS786 Jamaica Corp.	Bipul Kumar Saha,Mohammed Ali Razai,Akm Masud Hasan,Mustaque Ahmed,Hasina Yesmin	162-11 Jamaica Ave	Queens	NY	11432	3472333345
Quasy Bros Inc.	Adnan.Syed,Wasif.Quadri	297 N Broadway	Jericho	NY	11753	5163071100
MGH Group LLC	Maliah.Harper,Ahmed Hassan,Amr Sherif	222 Elmira Rd	Ithaca	NY	14850	6073190432
Cornerstone Creamery LLC	Chavelt Saint Charles,Guerdine Saint Charles	196 Glen Cove Rd	Carle Place	NY	11514	5162808088

MASSAPEQUA STONE INC.	Rizwan Basit	25 Hicksville Rd	Massapequa	NY	11758	5168888880
MERRICK STONE INC.	Rizwan Basit	2154 Merrick Rd	Merrick	NY	11566	5166666660
Dayton Creamery Inc.	Faisal Hemani	1053 Miamisburg Centerville Rd	Dayton	OH	45459	9379512076
Midwest Creamery LLC	Faisal Hemani	3700 Rigby Road	Miamisburg	OH	45342	9372475977
Dayton Creamery Inc.	Faisal Hemani	135 Jasper Street	Dayton	OH	45409	9379526000
KAT ENTERPRISES, LLC	Kathryn Harr,Andrea Watros	1718 Hill Road North	Pickerington	OH	43147-8880	6148689801
Marsella LLC	James Markino,Michael Biasella	479 W Dussel Dr	Maumee	OH	43537	4194826610
SVASSP Foods LLC	Vamsi Lakhamraju,Sreevidya Vegendla,Sriram Pendurthi	1089 Polaris Pkwy	Columbus	OH	43240-2004	6145058999
MasterMind Tech, LLC	Sneham Bika Sanem,Divya Ravula	7038 Hospital Drive	Dublin	OH	43016	6147180333
Vaikunta LLC	Girija Raman,Anjali Bodempudi,Kranthi Kantem,Suhasini Addagada	4826 Ridge Rd	Brooklyn	OH	44144	2163510223
Marsella LLC	James Markino,Michael Biasella	4966 Portage St NW	North Canton	OH	44720	3304943600
Marsella LLC	James Markino,Michael Biasella	48 Park Lane	Hudson	OH	44236	3306552990
Marsella LLC	James Markino,Michael Biasella	3900 Medina Rd	Fairlawn	OH	44333	3306654466
Saran Creamery, LLC	Jaswinder Singh	1187 Experiment Farm Rd	Troy	OH	45373	9373395769
SVASSW Foods LLC	Sreevidya Vegendla,Sriram Pendurthi,Vamsi Lakhamraju	762 N State St	Westerville	OH	43082	6148189031
DM Creamery LLC	Dimitar Jovanoski,Maja Jovanoski	101 Mill St	Gahanna	OH	43230-3013	6144758393
AEC 3RD STREET BOYZ LLC	Sriram Pendurthi,Sreevidya Vegendla,Vamsi Lakhamraju	1776 Stringtown Road	Grove City	OH	43123	6148831710
Sarmento Enterprises, Ltd.	Kimberly Sarmento,Mark Sarmento	4038 Talmadge Rd	Toledo	OH	43623	4192921925
JP Creamery LLC	Jaswinder Singh	6815 Miller Ln	Dayton	OH	45414	9372649758
HK 2311 Inc.	Kinjal Patel,Hassan Hamadeh	1050 Interstate Ct	Findlay	OH	45840	4194245995
Hershy Enterprise, Ltd	Haribhakti Patel	3425 Princeton Rd	Hamilton	OH	45011	5138950687

Midwest Creamery LLC	Faisal Hemani	84 Chestnut Street	Dayton	OH	45440	9373209950
Marsella LLC	James Markino,Michael Biasella	1924 Niles Cortland Rd SE	Warren	OH	44484	3304695009
C&P Ice Cream LLC	Charles Hamm,Patti Hamm	1197 E 2nd St	Edmond	OK	73034	4053305878
A&K Ventures LLC	Ahmed Hassan,Mohamed Amin Mohamed Elhelw	315 S MacArthur Blvd	Oklahoma City	OK	73128	4057820738
Twin Scoop, L.L.C.	Rick Cruz,Rob Cruz	2227 NW 185th Ave	Hillsboro	OR	97124	5036458959
BA Enterprises, LLC	Blair Sundell-Bahrd,Ashleigh Sundell-Bahrd	20 Rossanley Dr	Medford	OR	97501	5417737963
The Haugen Corp.	Imelda Haugen,Troy Haugen	1111 NE Cleveland Ave	Gresham	OR	97030	5034915920
Twin Scoop, L.L.C.	Rick Cruz,Rob Cruz	3910 Center Street NE	Salem	OR	97301	5035852525
Twin Scoop, L.L.C.	Rick Cruz,Rob Cruz	7656 SW Nyberg St	Tualatin	OR	97062	5036922775
Evoke Flavor Corvallis LLC	Timothy Manuel,Van Ly,Jeffrey Soule	2350 NW 9th St	Corvallis	OR	97330	5412864962
Woosh LLC	Kolap Ung,James Frank	4157 NW Highway 101	Lincoln City	OR	97367	5419965500
Twin Scoop, L.L.C.	Rick Cruz,Rob Cruz	12288 SW Scholls Ferry Rd	Tigard	OR	97223	5035907766
Tipster, LLC	Virginya Cook	1380 SW Canal Blvd	Redmond	OR	97756	5419239836
Twin Scoop, L.L.C.	Rob Cruz,Rick Cruz	2355 SE Tualatin Valley Hwy	Hillsboro	OR	97123	5035976038
AUTA LLC	Pascoal.Barreto,Bebiana. Gomes	55 W 29th Ave	Eugene	OR	97405	5416538649
TKEJ, LLC	Julie Johnsen,Eric Johnsen	6509 Robinson Center Dr	Pittsburgh	PA	15205	4127888380
Satyam and Poorna Creamery Inc	Balaji Chunduri,Jyothsna Chunduri	5072 Jonestown Rd	Harrisburg	PA	17112	7176711516
KP Chamsari LLC	Seung D. Kim,Jong Hee Kim-Park	321 E Beaver Ave	State College	PA	16801	8142726585
Sunshine Kulfi SH Inc	Aditya Sharma,Irfaan Mohammed,Kuldeep Singh	5800 Forbes Avenue	Pittsburgh	PA	15217	4124222291
KK FOOD LLC	Kevin Kalaria,Subhash Kalaria	160 N Gulph Rd	King of Prussia	PA	19406	6103377571
Stivali Inc	Matthew Baiada	1001 Baltimore Pike	Springfield	PA	19064	6103287600
Waheguru Ji Inc	Jasvir Kaur	2747 Papermill Rd	Reading	PA	19610	6106852780

KGN Stores Inc	Subhash Diwan-DECEASED,Shipra Diwan	110 Easton Road	Warrington	PA	18976	2153438925
Sunshine Kulfi WW Inc	Kuldeep Singh,Aditya Sharma,Irfaan Mohammed	1035 Freeport Rd	Pittsburgh	PA	15238	4127814710
Lady Luck Creamery LLC	Elizabeth Zawilla	360 Millcreek Plz	Erie	PA	16565	8148642310
Eden's Magic Scoop Inc	Tony Truong,Eden Truong	3001 W Cheltenham Ave	Wyncote	PA	19095	2158850560
T.J.E.L. Investment II, LLC	Tony Truong	4013 Welsh Road	Willow Grove	PA	19090	2677817226
Nirav Gandhi & Purvi Gandhi	Nirav Gandhi,Purvi Gandhi	140 E Street Rd	Feasterville Trevose	PA	19053	2153572225
Two Sisters Creamery LLC	Nirav Gandhi,Purvi Gandhi	3 Montage Mountain Rd	Moosic	PA	18507	5704140330
SHANAYA CREAMERY CORP	Ronak Patel,Abhinav Patlolla,Mukundbhai Patel,Kunalkumar Patel	2530 Aramingo Ave	Philadelphia	PA	19125	2157394168
ESM Creamery Corporation	Bernard Rodgers,Susan Rodgers	2530 Greengate Centre Circle	Greensburg	PA	15601	7242193629
Waheguru Ji Inc	Jasvir Kaur	2319 Lincoln Hwy E	Lancaster	PA	17602	2235296872
C & R CREAMERY CAGUAS INC.	Ricardo Perez,Carlos Perez,Miguel Perez	Highway PR-52 Bo. Canabon, Las Catalinas Cinemas Mall	Caguas	PR	00725	7877059739
Stone of Grace, Inc.	Manuel Baez Perez	19 Olympic Plaza Shopping Ctr	Las Piedras	PR	00771	7877337777
Ramos, Jose A. and Jose E.	Jose E Ramos,Jose A Ramos	245 Manati Gdns	Manati	PR	00674	7878849696
The Creamery Shop Corporation	Marilyn Molina,John Torres Alvarez	1046 Avenida Hostos	Ponce	PR	00716	7872903400
R & C Creamery, Inc.	Ricardo Perez,Carlos Perez,Miguel Perez	Caribbean Cinema Bldg, Bo Los Frailes, Calle D y E, Plaza Guaynabo	Guaynabo	PR	00969	7877902829
Betancourt, Ismael	Ismael Betancourt	65 De Infanteria Ave, Store 8, Escorial Shopping Village	Carolina	PR	00924	7877683723
JR Acquisition Corp.	Jose A Ramos,Jose E Ramos	Condominio Reina de Castilla, Paseo Portuario Old San Juan	San Juan	PR	00901	7877212653
O.B.Y. Creamery, Inc.	Yvonne Morales,Osvaldo Pavon Colon	Building 1, Suite 1, Plaza Rio	Bayamon	PR	00921	7877951103

		Hondo Shopping Center				
R & C Creamery, Inc.	Miguel Perez,Carlos Perez,Ricardo Perez	Carr. 2, Km 54.6, Int Carr 140, Bo. Manati Abajo	Barcelonet a	PR	00617	7878462233
O.B.Y. Creamery, Inc.	Yvonne Morales,Osvaldo Pavon Colon	6150 Ave Isla Verde #2	Carolina	PR	00979	7877912436
Esmeraldas Ice Cream Inc.	Ismael Betancourt	Carretera 3, Local 8 Los Colobos, Monte Real Shopping Center	Carolina	PR	00979	7872571652
GBP Creamery, Inc.	Jose Martinez,Nydia Martinez	Carr. 2, Km 158, Plaza Sultana Shopping Center	Mayaguez	PR	00680	7878062653
The Creamery Brothers Corp.	Jose E Ramos,Jose A Ramos	506 Calle Truncado	Hatillo	PR	00659	7878816262
The Creamery Parlor Corporation	John Torres Alvarez,Marilyn Molina	BO FELIXIA Carr #153, Bo Felixia 2, Int Carr 542, Plaza Del Prado Shopping Center	Santa Isabel	PR	00757	7878451352
JR Acquisition Corp.	Jose A Ramos,Jose E Ramos	Montehiedra Town Center, Local FC0109 Ave.	San Juan	PR	00926	7877202653
EMPRESAS DIAZ MARTINEZ INC.	Carlos.Diaz,Alberto.Martinez	Road PR54 - KM 0.6	Guayama	PR	00784	7874960123
EMPRESAS DIAZ MARTINEZ INC.	Alberto.Martinez,Carlos.Diaz	Plaza del Oeste / Avenida Castro Perez W-11	San German	PR	00683	7873053797
Chicago Scoops, LLC	Antonio Gracias,Jonathan Shulkin,Kyle Welch,Tim Watkins	1000 Chapel View Blvd	Cranston	RI	02920	4019431172
SCOOPOLOGY LLC	Gurpinder Singh,Ashwani Rathor,Kamaljeet Sandhu	143 Franklin Street	Westerly	RI	02891	4015962653
Sir Scoop-A-Lot, LLC	Jason Hill,Jessica Hill	1939 W Palmetto St	Florence	SC	29501	8436615911
Pellegrino & Sons LLC	Elizabeth Pellegrino,David Pellegrino	1130 Celebrity Cir	Myrtle Beach	SC	29577	8436267801
Jeffcoat Creamery LLC	Brandon Jeffcoat,Bryon Jeffcoat	914 N Lake Dr	Lexington	SC	29072	8039512353
Jeffcoat Creamery LLC	Brandon Jeffcoat,Bryon Jeffcoat	7250 Rivers Ave	North Charleston	SC	29406	8438182218
Pellegrino & Sons LLC	David Pellegrino,Elizabeth Pellegrino	10740 Kings Road	Myrtle Beach	SC	29572	8432130100
J&A Creamery South, LLC	Amber Kenney	1125 Woodruff Rd	Greenville	SC	29607	8642882464

Atkinson, Edward	Edward Atkinson	285 Columbiana Dr	Columbia	SC	29212	8037326226
Pellegrino & Sons LLC	Elizabeth Pellegrino,David Pellegrino	4008 Deville St	Myrtle Beach	SC	29577	8432382663
A&F LLC	Arooj.Akram,Raja.Akram	1329 Broadcloth Street	Fort Mill	SC	29715	8035473102
Huan Nguyen, Individual	Huan.Nguyen	1223 Knox Ave	North Augusta	SC	29841	8036136053
Gomar LLC	Joseph.Lawlor,Matthew Lawlor	8459 Dorchester Rd	North Charleston	SC	29420	8437794111
Colonial Creamery, Inc.	Edward Reesman,Cindy Reesman	2425 S Shirley Ave	Sioux Falls	SD	57106	6052750085
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	782 Old Hickory Blvd	Brentwood	TN	37027	6156618876
Sweet Dreams, LLC	Rita McCay	100 Chestnut Street	Chattanooga	TN	37402	4232670888
Naturally Fun Creations LLC	James Hendrick,Annettte Hendricks	1780-C Tiny Town Rd	Clarksville	TN	37042	9316470202
Naturally Fun Creations LLC	James Hendrick,Annettte Hendricks	1839 Madison St	Clarksville	TN	37043	9319192919
Chicago Scoops, LLC	Jonathan Shulkin,Kyle Welch,Tim Watkins,Antonio Gracias	6702 Charlotte Pike	Nashville	TN	37209	6158525998
P & K Investments, LLC	Kristen Knutson	1408 Texas Ave S	College Station	TX	77840	9796931702
D&P Ice Cream, L.L.C.	Paul Deininger,Debbie Deininger	11851 Bandera Rd	Helotes	TX	78023	2103729730
SHRI Modheshwari Corp Inc.	Jagruti Kamlesh Modi,Kamlesh Hiralal Modi	2115 Summer Lee Dr	Rockwall	TX	75032	9727222589
KANISHKA ENTERPRISES LLC	Nishma Bains,Ashutosh Paul,Anita Gambhir	4062 N US Highway 75	Sherman	TX	75090	9038913832
Winfield Family Interests LLC	Woodrow Winfield, Jr,Phillip Winfield	10645 Broadway St	Pearland	TX	77584	7134369989
Texas Creamery LLC	Ahmed Zakiuddin,Yusuf Vajihuddin	17337 Spring Cypress Rd	Cypress	TX	77429	2812567735
DAWNTODUSKCOFFEE LLC	Vijayabalan.Babu,Chitra.Babu	4228 Saint Michael Dr	Texarkana	TX	75503	9038382653
Moca Creamery, Ltd.	Jesus Leonel ("Leo") Moreno,Delia Moreno	7017 N 10th St	McAllen	TX	78504	9569929101
V&L Creamery, LLC	Victor Vidaurri,Lorena Vidaurri	8215 University Ave	Lubbock	TX	79423	8067487000
Rio Grande Creamery and Foods, Inc.	Ricardo Morales,Cynthia Morales	1830 North Zaragosa Rd	El Paso	TX	79936	9158567722
D&P Ice Cream, L.L.C.	Paul Deininger,Debbie Deininger	17503 La Cantera Pkwy	San Antonio	TX	78257	2105612776

MM Legacy, LLC	David Miller,LaSherea Miller	7917 Pat Booker Road	Live Oak	TX	78233	2109469700
Rio Grande Creamery and Foods, Inc.	Cynthia Morales,Ricardo Morales	7040 N Mesa St	El Paso	TX	79912	9155813993
Gregory Cropp	Greg Cropp	10555 Gateway Blvd W	El Paso	TX	79925	9155907700
RKTAUS, LLC	syed ahmed	4249 Southwest Dr	Abilene	TX	79606	3256919337
V&L Creamery, LLC	Lorena Vidaurri,Victor Vidaurri	2333 S Georgia St	Amarillo	TX	79109	8063318032
Shri Modheshwari-Allen, Inc.	Kamlesh Hiralal Modi,Ratnakar Mody,Ankita Mehta	190 E Stacy Rd	Allen	TX	75002	9726782852
Moriarty Creamery, LLC	Kathleen Moriarty,Tim Moriarty	3900 Arlington Highlands Blvd	Arlington	TX	76018	8174657111
Moriarty Creamery ATC, LLC	Kathleen Moriarty,Tim Moriarty	2948 Texas Sage Trl	Fort Worth	TX	76177	8177419007
MAAC International LLC	Vincent Neal Tyner,Preetkamal Tyner,Aldo Zamora	3230 Pablo Kisel Blvd	Brownsville	TX	78520	9566211050
Trinity Sweets LLC	Qian Wang,Liang Leo Kong,Tiehui.Wang,Chao Gao,Lea Yin	29040 US-290	Cypress	TX	77433	2812132257
Northeast Asia Investment Management, LLC	Qian Wang,Liang Leo Kong,Tiehui.Wang	2162 Spring Stuebner Rd.	Spring	TX	77389	2817715999
Martha Robbins and David De La Paz	Martha.Robbins,David.De-La-Paz	620 US Hwy 287 N Frontage Rd	Mansfield	TX	76063	4698229390
RHEY-CSC, LLC	Vinay.Calyampoondi,Padma Venkatrangan	410 W Southlake Blvd	Southlake	TX	76092	8174103872
DAWNTODUSKCOFFEE LLC	Vijayabalan.Babu,Chitra.Babu	6561 Riverside	Irving	TX	75039	2144960781
DAWNTODUSKCOFFEE LLC	Vijayabalan.Babu,Chitra.Babu	3259 Preston Rd	Frisco	TX	75034	9722945440
RHEY-CSC 2 LLC	Vinay.Calyampoondi,Padma Venkatrangan	5615 Colleyville Blvd	Colleyville	TX	76034	8175764669
V&L Creamery, LLC	Victor Vidaurri,Lorena Vidaurri	7406 SW 34th Ave	Amarillo	TX	79121	8068030493
KA GROUP LLC	Omar Elkerdany,Amr Eleish	110 N Interstate Hwy 35	Round Rock	TX	78681	5124284205
Acharya, Daxesh & Swati	Daxesh.Acharya,Swati Acharya	1750 N Loop 1604 E	San Antonio	TX	78232	2104449801
Tyner, Vincent and Tyner, Preetkamal	Preetkamal Tyner,Vincent Neal Tyner	500 W Business 77	San Benito	TX	78586	9566261621
Rio Grande Creamery and Foods, Inc.	Ricardo Morales,Cynthia Morales	12261 Eastlake Blvd	El Paso	TX	79928	9152342306
Torres, Christopher and Danielle	Danielle.Lucky,Christopher.Torres	5321 The Station Blvd	Sachse	TX	75048	4693040583

J&B Sweet Treats LLC	Bryan.Wisnoski,Jessica. Wisnoski	449 S Loop 336 W	Conroe	TX	77304	9364940670
Gutha, Ashok	Ashok.Gutha	1710 FM 423	Frisco	TX	75034	9722929497
Tyner, Vincent and Tyner, Preetkamal	Vincent Neal Tyner,Preetkamal Tyner	736 E IH-2	Weslaco	TX	78596	9563515247
CSC 23888 Prosper LLC	Sarala Katikala,Venugopal.Vubbara,Snehalatha.Vubbara,Vinay.Calyampoondi,Keerthi Chilka	4580 W University Dr	Prosper	TX	75078	4694816662
TXFH LLC	Srinivasula.Satrasala,Naganeelima.Mantena,Deepti Polavarapu,Sirisha Satrasala	4020 W University Dr	McKinney	TX	75071	2145485577
Saikrupa Anna LLC	Mukeshkumar.Patel,Anilkumar Mistry	628 West White St	Anna	TX	75409	4694251001
ProjectSymfonies LLC	Swetha Reddy Allam,Sivanesh Palanivel	410 W Whitestone Blvd	Cedar Park	TX	78613	5123665011
Aslma, K. & Kashif Q.	Qurat.Kashif,Kashif.Aslam	11575 S Texas 6	Sugar Land	TX	77498	8329994739
Southernly Sweet Limited Liability Company	Lanette.Melo,Alvin.Melo	1428 Wooded Acres Dr	Waco	TX	76710	2543004576
Dodo Land LLC	Nyra.Megahed	27123 Fulshear Bend Dr	Fulshear	TX	77441	2817693156
MPS II LLC	Mayank.Grover,Pranay.Shah,Sharath.Kirumakki	300 W Bay Area Blvd	Webster	TX	77598	2815254152
BHAKTI ENTERPRISES LLC	Manoj.Patel,Chirag.Keshavbhai,Mukeshkumar.Patel,Kishor.Patel	618 American Way	Terrell	TX	75160	4694747051
Cold Co LLC	Greggory Peck,Melanie Leishman	2302 N University Pkwy	Provo	UT	84604	8013734703
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	7040 S Union Park Avenue	Midvale	UT	84047	8015691009
Price, Lane & Jana Jenson	Jana Jenson-Price,Lane A. Price	273 W 500 S	Bountiful	UT	84010	8012942750
TLDP Ventures LLC	Terry Walker	10493 S Redwood Rd	South Jordan	UT	84095	3853371010
Stone Cold Confections - Logan, LC	Josh Christensen,Eldon Haacke	505 E 1400 N	Logan	UT	84341	4357533339
DCS Creamery, LC	Donald (Seth) Paxman	62 E 12300 S	Draper	UT	84020	8015530802
Red Emerald Equity LLC	Donald Webb,Tamara Webb,Mark.Hatch,Errolyn.Hatch	456 E State Rd	American Fork	UT	84003	8017637540
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	320 N Main St	Spanish Fork	UT	84660	8017942558

The Sweet Place LLC	Jolyn Place,Chase Place,Audra Place,Dalton Place,Bart Place	936 North Main Street	Layton	UT	84041	8014440701
GOBOGH, Inc.	Jared Glazier,DeWayne Glazier	3781 West Center Park Drive	West Jordan	UT	84084	8012803054
Glazier, Jared	Jared Glazier	5287 South State Street	Murray	UT	84107	8012700801
Sunset Breaks LLC	Matthew Jacobson	245 Red Cliffs Dr	St. George	UT	84790	4356889609
Chicago Scoops, LLC	Jonathan Shulkin,Tim Watkins,Antonio Gracias,Kyle Welch	6030 Market St	Park City	UT	84098	4355750287
RBC Ice Cream, LLC	Robin Christensen,Becky Christensen	1191 E Main St	Price	UT	84501	4356132653
Chicago Scoops, LLC	Jonathan Shulkin,Tim Watkins,Antonio Gracias,Kyle Welch	1197 N Main St	Tooele	UT	84074	4352280120
JAGONeil LLC	Judith O Neil	1820 West Highway 40	Vernal	UT	84078	4357816349
WEBB GROUP I, LLC	Donald Webb,Tamara Webb,Brittany Moreno,Raul Moreno	1376 North Redwood Rd	Saratoga Springs	UT	84045	8013418470
Chicago Scoops, LLC	Jonathan Shulkin,Tim Watkins,Kyle Welch,Antonio Gracias	2126 S Highland Dr	Salt Lake City	UT	84106	8014851203
Chicago Scoops, LLC	Jonathan Shulkin,Tim Watkins,Kyle Welch,Antonio Gracias	11585 S District Dr	South Jordan	UT	84095	8017901010
The Treat Tree LLC	Connor Stewart	175 25th St	Ogden	UT	84401	3853334731
The Sweet Place LLC	Chase Place,Audra Place,Dalton Place,Bart Place,Jolyn Place	1917 W 1800 N	Clinton	UT	84015	3853937071
Rashid CSC Inc.	Mohammad Rashid	550 Oyster Point Rd	Newport News	VA	23602	7572690550
Ramji LLC	Hinaben Patel,Shital Patel	11952L Fair Oaks Mall	Fairfax	VA	22033	7032183445
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	5860 Harbour View Blvd	Suffolk	VA	23435	7576869010
Lima Mitchell LLC	Lucas Mitchell,Amy Mitchell	1169 Nimmo Pkwy	Virginia Beach	VA	23456	7575638288
Ace of Spades, L.L.C.	Phillip Combest,Deborah Combest	228 Central Park Avenue	Virginia Beach	VA	23462	7574977555
Jeff Roth, Inc.	Jeffrey M. Roth	13261 Rittenhouse Dr	Midlothian	VA	23112-6245	8047447999
Cool Delights LLC	Melva Pinn-Bingham,Leon Bingham	1986 Power Plant Pkwy	Hampton	VA	23666	7578262190
Park, Soon Chun	Soon Chun Park	11800 W Broad St	Richmond	VA	23233	8043643330

Donald Investment Corporation	Clara Donald,Jeffrey Donald	2077 Lynnhaven Pkwy	Virginia Beach	VA	23456	7574716400
SJ SCOOPS LLC	Romil Mehta,Dharikkumar Patel	9982 Brook Rd	Glen Allen	VA	23059-6501	8042625490
Country Treats Incorporated	Heather McGuinness,Michael McGuinness	8113 Sudley Road	Manassas	VA	20109	7033307722
Ottimo CFC LLC	Bhargavi Patlolla,Koushik Sama	9795 Liberia Ave	Manassas	VA	20111	7035398121
Kennvi LLC	Madhusudhan Gorantla,Sudha Narra,Pavan Pendyala,Venkata Yeramati	1013 Edwards Ferry Rd NE	Leesburg	VA	20176	7037719060
SK1, LLC	Sanjay Kapoor	836 Eden Way N	Chesapeake	VA	23320	7573533222
SKS Norfolk, LLC	Amy Mitchell,Lucas Mitchell	520 W 21st St	Norfolk	VA	23517	7577472000
Captain Bobs Ice Cream Extravaganza, LLC	Su Fischer	1220 Alverser Plz	Midlothian	VA	23113	8044232653
The Growth Corp Inc.	Burhan Khan,Harman Singh,Hira Khan	239 Hoffman Street	Alexandria	VA	22314	7033294066
SYDLEY Christiansburg, LLC	Anthony Dayyani	2445 N Franklin St	Christiansburg	VA	24073	5402514024
Quality Creamery LLC	Terrance Knight	939 W Broad St	Richmond	VA	23220	8043426006
Country Treats Incorporated	Michael McGuinness,Heather McGuinness	7372 Atlas Walk Way	Gainesville	VA	20155	7037531143
YASUVI LLC	Sudhir Raj Pandey,Yojana Pandey	147 Alexandria Pike	Warrenton	VA	20186	5403498077
Onemil Development, LLC	Anthony Dayyani	2200 Crystal Dr	Crystal City	VA	22202	7034182223
JL Woodbridge, LLC	James Shiao	2449 Prince William Pkwy	Woodbridge	VA	22192	7034999980
PPS Incorporated	Sadda Pallavi,Satyashyam Gaddam,Praveen Bobbasani	13027 Worldgate Drive	Herndon	VA	20170	7034816501
NJ Creamery, LLC	Niraj Hemrajani	8190 Strawberry Ln	Falls Church	VA	22042	7039929805
Kennvi LLC	Madhusudhan Gorantla,Sudha Narra,Venkata Yeramati,Pavan Pendyala	22025 Dulles Retail Plaza	Dulles	VA	20166	7034446723
Gunatit Creamery, LLC	Sachin Patel,Chandresh Patel,Nita Patel	42385 Ryan Rd	Ashburn	VA	20148	7033275595
Park, Soon Chun	Soon Chun Park	9320 W Broad St	Richmond	VA	23294	8042179555

Light of Life, LLC	Chris Howard Andrew	9917 Southpoint Pkwy	Fredericksburg	VA	22407	5408340595
Ridhi Shivani Sweets LLC	Parmeshwor Acharya,Kiran Regmi	3911 Wards Rd	Lynchburg	VA	24502	4342378383
Everbloom LLC	Ji Young Min	7702B Richmond Hwy	Alexandria	VA	22306	7037170781
Shyam Creamery, LLC	Niraj Hemrajani	5705 Burke Centre Pkwy	Burke	VA	22015	7032503002
Parkhead Assets Inc.	Michael McGuinness,Heather McGuinness	45999 Regal Plz	Sterling	VA	20165	5713232777
B.K.J. Food LLC	Baihe Tian,Jun Li	1709 Emmet St N	Charlottesville	VA	22901	4345296834
Westchester Creamery, Inc.	Mohammed.Karim,Abdellah Marhoum,Mohammed Haque	6681 Backlick Rd	Springfield	VA	22150	5713696885
Asma and Fawad Ashraf	Asma.Ashraf,Fawad.Ashraf	4615 Monticello Ave	Williamsburg	VA	23188	7578086521
HYM LLC	Nashwan Talib	16434 Navigation Dr	Woodbridge	VA	22191	5712852723
Kabani, Rosmin	Rosmin.Kabani	19825 Belmont Chase Dr	Ashburn	VA	20147	7038571446
Tian, Baihe & Li, Jun	Baihe Tian,Jun Li	365 Merchant Walk Square	Charlottesville	VA	22902	4342022527
Chester Ice Cream LLC	Karan.Patel,Chintan.Patel	12760 Jefferson Davis Hwy	Chester	VA	23831	8043181109
Patel, Jenkin	Jekin.Patel	737 First Colonial Rd	Virginia Beach	VA	23451	7579041666
ADDIBELL COMPANY LLC	James.Keating,Amber.Keating	1291 Carl D Silver Pkwy	Fredericksburg	VA	22401	5405489018
Tass Enterprise, Inc.	Mohammed Haque,Mohammad.Hoque	3141 Langston Blvd.	Arlington	VA	22201	7035123102
Keshav Krupa Mechanicsville LLC	Karan.Patel,Chintan.Patel	7262 Mechanicsville Tpke	Mechanicsville	VA	23111	8047739480
PARAMANAND LLC	Krishna.Jasani,Anurahda.Savaliya	115 Valor Ct	Stafford	VA	22554	5406282324
CSC Woodinville LLC	Raj Dhrolia,Jagdishkumar Patel	17848 Garden Way NE	Woodinville	WA	98072	4253989821
Timberline Cool Treats LLC	Justin Kennedy,Stephanie Kennedy	15600 NE 8th St	Bellevue	WA	98008	4259570333
Tanner CSC LLC	Jason Tanner,Rory Ann Tanner	9502 N Newport Hwy	Spokane	WA	99218	5094661699
Timberline Cool Treats LLC	Justin Kennedy,Stephanie Kennedy	7345 164th Ave NE	Redmond	WA	98052	4254978484
Lee & Cho LLC	Brandon Cho,Soon Jai Cho Oh	17304 Southcenter Pkwy	Tukwila	WA	98188	2539813566

Tanner CSC LLC	Jason Tanner,Rory Ann Tanner	3011 E 29th Ave	Spokane	WA	99223	5095367199
MHZ LLC	Shahed Akbar,Mohamad Gulimrose	6100 E Lake Sammamish Pkwy SE	Issaquah	WA	98029	4254272723
EKO Enterprises LLC	Gagandeep Oberoi	3000 184th St SW	Lynnwood	WA	98037	4256731484
YCTJ Creamery Corp	Charles Cho,Yu Kyung Cho	13333 Meridian Avenue E	Puyallup	WA	98373	2538452000
11 LLC	Jagdishkumar Patel,Raj Dhrolia	15415 Main St	Mill Creek	WA	98012	4253373200
Scott & Park Ventures LLC	Jay Park,Derek Scott	2430 S 319th Pl	Federal Way	WA	98003	2538399400
CSC Lakewood LLC	Jagdishkumar Patel,Raj Dhrolia	10417 Gravelly Lake Dr SW	Lakewood	WA	98499	2535898646
Singh Investments Inc	Harpreet Kaur,Satvir Singh Arora	3910 Factoria Blvd SE	Bellevue	WA	98006	4255622700
Chill Out LLC	Jeremy Annillo,Sarah Annillo	17017 SE 270th Pl	Covington	WA	98042	2536380880
Rinck Enterprises, Inc.	Angela Hall	16010 SE Mill Plain Blvd	Vancouver	WA	98684	3602601211
CSC Lacey LLC	Jagdishkumar Patel,Raj Dhrolia	1350 Marvin Rd NE	Lacey	WA	98516	3604563640
GRAMS LLC	Gurpreet Dhaliwal,Ramandeep Dhaliwal	16822 Twin Lakes Ave	Marysville	WA	98271	3606521732
KE VENTURES LLC	Omar Elkerdany,Amr Eleish	9601 Mickelberry Rd NW	Silverdale	WA	98383	3606927719
Chill Out LLC	Jeremy Annillo,Sarah Annillo	504 Ramsay Way	Kent	WA	98032	2538540122
CYTJ Creamery Corp	Charles Cho,Yu Kyung Cho	900 Front St	Leavenworth	WA	98826	5095487500
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	6935 75th St	Kenosha	WI	53142	2629488112
A&Y Group LLC	Ahmed Hassan,Mohamed Amin Mohamed Elhelw	2101 S Oneida St	Green Bay	WI	54304	9204299992
Magical Treats and Sweets LLC	Raquel Charrois	326 State Highway 13	Wisconsin Dells	WI	53965	6082532220
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	2928 Market Pl	Onalaska	WI	54650	6087831381
Casual Cuisine Concepts, LLC	Ellen Brown,Duane Brown,Cynthia Wetzel	3420 E Calumet St	Appleton	WI	54914	9209549865
Four Dips, LLC	Scott Knepper	4613 Keystone Crossing	Eau Claire	WI	54701	7158318482

Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias,Kyle Welch,Tim Watkins,Antonio Gracias,Jonathan Shulkin	2935 S 108th St	West Allis	WI	53227	4145413888
Chicago Scoops, LLC	Kyle Welch,Jonathan Shulkin,Tim Watkins,Antonio Gracias	2900 Deerfield Dr	Janesville	WI	53546	6083050489
KANURI LLC	Saratchand Kanuri,Ravi Kiran Kanuri	3546 Washington Ave	Sheboygan	WI	53081	9202263032
Griffiths Sundaes & Cones LLC	Brian Griffiths,Nicole Griffiths	859 W Main St	Lake Geneva	WI	53147	2622494900
Qanadeel Sur Trading LLC	Mohammad Arshad,Rashid Khamis Al-Azizi,Mohammad Asad Guddu	101 Division Street	Stevens Point	WI	54481	7155440556
Chicago Scoops, LLC	Jonathan Shulkin,Kyle Welch,Tim Watkins,Antonio Gracias	1005 Pearson Drive	Hudson	WI	54016	7153819899
Caddy LLC	Shaker Elnagar,Eman Hala	1650 Deming Way	Middleton	WI	53562	6088310332
Double Jade, LLC	Jilin He,Yunhong Zan	2970 Cahill Main	Fitchburg	WI	53711	6082770769
AK TRADE LLC	Omar Elkerdany,Amr Eleish	356 High Street	Morgantown	WV	26505	3042922653
Beasley Enterprises LLC	Nathanial Beasley,Daniel Beasley	10 Pullman Square	Huntington	WV	25701	6812045945
Wheeling Creamery Inc	Tony Truong,Eden Truong	44 Fort Henry Road	Wheeling	WV	26059	3045479292
Kodru Food and Drink Holdings LLC	Kishore Kodru,Omsrikrishna Muvva,Pavankumar Guthikonda,Satyajee Chigurupati	2316 Dell Range Blvd	Cheyenne	WY	82009	3076389293
T.L.C. Creamery LLC	Jill Medlock	939 E 2nd St	Casper	WY	82601	3072373960

Cold Stone Creamery Franchisees who have signed Franchise Agreements but whose stores were not open as of November 30, 2024:

Franchise Company	**Owners**	**Address**	**City**	**State**	**Zip**	**Phone**
ACBR INC	Chris Reynolds	TBD	Reno	NV		775-826-2070
SFOUR LLC	Srinivasa.Andhavarapu,Satya.Malla,Venkata.Voona,Srinivasa.Rao Korada					410-992-2368

Large Capital LLC	Ehab.Hosny	TBD	Orlando	FL		813-220-1589
Kamlesh Modi and Jagruti Modi	Jagruti Kamlesh Modi,Kamlesh Hiralal Modi	TBD	Plano	TX		
Mohammed Karim Individual	Mohammed.Karim		Washington	DC		202-600-0860
Kamal Hossain Individual	Kamal.Hossain	14806 Narcoossee Rd	Orlando	FL	32832	313-632-0257
Shri Aarna Investments LLC	Rochan Goswami					(928) 856-7080
Nancy and Kent Lee Individuals	Kent Lee,Nancy Lee					208-324-2676
KESHAVJIVANS COLD SERVES AND DESSERTS LLC	Divyan Patel					321-695-8291
Divyan Patel	Divyan Patel					321-695-8291
Marie and Salvatore Chioda	Marie.Chioda,Salvatore.Chioda	1723 S 2nd St	Gallup	NM	87301	
Lutz Creamery Inc	Deepal.Patel,Jitendra.Patel	TBD	Lutz	FL		508-345-1117
Bismillah 786 LLC	Zahid.Hussain,Sadaf.Ambreen	400 Veterans Memorial Blvd	Metairie	LA	70005	504-931-9233
Happy Foods USA Inc.	Brinderjit Dhaliwal	2160 Grass Valley Rd	Auburn	CA	95603	916-616-2800
Patel, Anish	Anish Patel					256-288-7582
DOLAN VENTURES, LLC	Erika.Diaz,Edward.Dolan,Juliet.Dolan,Cody.Dolan	TBD	Port Saint Lucie	FL		(561) 676-1550
Khaim, Peter	Peter.Khaim	TBD	Queens	NY		
Shafique, Faisal & Yasir,Ahmad	Faisal.Shafique,Ahmad.Yasir		Del Ray	FL		
Shafique, Faisal & Yasir,Ahmad	Faisal.Shafique,Ahmad.Yasir		Boca Raton	FL		
JKCI VALRICO CORPORATION	Joshua Cook,Kelly Cook		Lakewood	FL		
Umaru, Olatunji	Olatunji.Umaru		Upper Marlboro	MD		
Barvaliya, Hitesh	Hitesh Barvaliya		Bonita Springs	FL		

Param, Shah	Param Shah,Roshan Patel		Atlanta	GA		
Patel, Rajeshkumar, Patel,Rajesh & Sohagiya, Dharmendra	Rajeshkumar Patel,Rajesh Patel,Dharmendra.Sohagiya					
Ghori, Mohammad & Majeed, Aaqib	Mohammad.Ghori,Aaqib.Majeed					6313680995
Chicago Scoops, LLC	Kyle Welch,Tim Watkins,Antonio Gracias,Jonathan Shulkin		Franklin	TN		
Chicago Scoops, LLC	Jonathan Shulkin,Kyle Welch,Tim Watkins,Antonio Gracias		Hendersonville	TN		
Pringle, Mark, Blazevich, Kelli & Blazevich, Christopher	Mark Pringle,Kelli Blazevich,Christopher Blazevich	2500 Riva Rd	Annapolis	MD	21404	
Choi, Steven & Choi, Hyun	Steven Choi,Hyun.Choi		Fort Lee	NJ		
Dastani, Kamyar & Dastani, Keikhosrow	Keikhosrow Dastani,Kamyar Dastani		Arlington	VA		
Pinn-Bingham, Melva & Bingham, Leon	Melva Pinn-Bingham,Leon Bingham		Norfolk	VA		
Jeffcoat Creamery LLC	Brandon Jeffcoat,Bryon Jeffcoat		Charleston	SC		
Husted, Daniel & Marlena	Daniel.Husted,Marlena.Husted	211 Town Center Ave	Big Sky	MT	59716	7722339680
Parikh, Palak & Jinal	Palak Parikh,Jinal Parikh		Phoenix	AZ		
Gassama, Sidiki	Sidiki Gassama					2403149876
Mehta, Ankita et. al.	Ratnakar Mody,Lalitaben Mody,Ankita Mehta,Dharmesh.Mehta,Hetal.Bhatt,Ridham.Bhatt,Kamlesh Hiralal Modi,Jagruti Kamlesh Modi		The Colony	TX		
Our Creamery Bartow Inc.	Arshad Khwaja,Dilafroz	2069 Bartow Ave	Bronx	NY	10475	347-449-9427

	Ahmed,Zahir Mahmud					
Our Creamery Fordham Inc.	Arshad Khwaja,Dilafroz Ahmed,Zahir Mahmud	361 E Fordham Rd	Bronx	NY	10458	917-687-5248
Huaca, Conrad & Denise	Denise Hauca,Conrad Hauca		Land O' Lakes	FL		
Shafik's Creamery LLC	Shamel.Shafik,Mohamed.Shafik		Rialto	CA		
Unus Zabelle, Inc	Michelle.Ramatally	1402 NE 8th St	Homestead	FL	33033	(786) 832-9906
Bhatti, Faisal and Bhatti, Munaza	Faisal Bhatti,Munaza Bhatti		Rockville	MD		
Hassan, Fatima & Chandiwala, Monsoor	Fatima.Hassan,Mansoor.Chandiwala		Houston	TX		
Saha, Bipul	Bipul Kumar Saha		Brooklyn	NY		
Hitesh Barvaliya Mitul Chothani	Hitesh Barvaliya,Mitul Chothani		Port Charlotte	FL		
CSC Mountain House Enterprise	Sandeep Hans		Mountain House	CA		
YAZS786 Corp.	Mohammed Ali Razai,Mustaque Ahmed,Akm Masud Hasan,Bipul Kumar Saha	253-01 Rockaway Blvd	Rosedale	NY	11422	917-291-5340
BRICKYARD 606 LLC	Derrick.Phipps,Daniel.Phipps	169 Black Street	Barbourville	KY	40906	
Ashade, Abiodun & Egbai, Paulet	Aboidun.Ashade,Paulet.Egbai		Coppell	TX		
Kennvi LLC	Pavan Pendyala,Venkata Yeramati,Madhusudhan Gorantla,Sudha.Gorantla		Chantilly	VA		
Trolix Investments Inc	Susrutha.Narla		Dripping Springs	TX		
DHC Ventures, LLC	Joshua Davis,Amber Davis		Atlantic Beach	FL		
Brokaw, Thomas	Thomas.Brokaw		Silver Spring	MD		
Foster, Caleb	Caleb Foster		West Bloomfield	MI		

Blackett, S. & Parris, A.	Sandra.Blackett,Ashlei.Parris		Iowa Colony	TX		
Dhruve, Nishant	Nishant.Dhruve,Mukti Vaidya		New Brunswick	NJ		
Satrasala, S. & Mantena, N.	Naganeelima.Mantena,Srinivasula.Satrasala		Richardson	TX		
Sandhu et. al.	Surmeet.Sandhu,Kanwar.Gill,Rajkamal.Sandhu		Lathrop	CA		
Patel, V., Patel, A. & Mehta, R.	Atul Patel,Romil Mehta,Vandana Patel		Bethesda	MD		
Johnson, Michael	Michael..Johnson		Summit	NJ		
Sheikh, Sahil & Tanzila	Sahil.Sheikh,Tanzila.Sheikh		Norwalk	CT		
Martin, John & Dawn	John "Mark" Martin,Dawn..Martin		Holly Springs	NC		
Nadal, Ricardo	Ricardo.Nadal		Miami	FL		
Ondaatjie, Gayan	Gayan Ondaatjie		Clifton	NJ		
Tanner CSC LLC	Jason Tanner,Rory Ann Tanner		Spokane Valley	WA		
Saha, Bipul	Bipul Kumar Saha		Plainview	NY		
Pooja Ranjit Savory LLC	Ranjit.Jangam,Pooja.Poldass	141 Grove Ln	Newark	DE	19711	(440) 665-4310
Dewitt Holdings, LLC	Ryan.Dewitt		Clermont	FL		
DAWNTODUSKCOFFEE LLC	Vijayabalan.Babu,Chitra.Babu		Denton	TX		
DAWNTODUSKCOFFEE LLC	Vijayabalan.Babu,Chitra.Babu		Garland	TX		
DAWNTODUSKCOFFEE LLC	Chitra.Babu,Vijayabalan.Babu		Temple	TX		
Vubbara, V., Chilka, T, Katikala, V. & Calyampoodni, V	Venkata.Katikala,Vinay.Calyampoondi,Venugopal.Vubbara,Tiru.Chilka		Celina	TX		
CSC 23973 & PS 19367 Arlington LLC	Venugopal.Vubbara,Tiru.Chilka,Venkata.Katikala,Vinay.Calyampoondi	4010 N Collins St	Arlington	TX	76005	(504) 669-4136
Vubbara, V., Chilka, T, Katikala, V. & Calyampoodni, V	Venugopal.Vubbara,Tiru.Chilka,Venkata.Katikala,Vinay.Calyampoondi		Highland Park	TX		

Vubbara, V., Chilka, T, Katikala, V. & Calyampoodni, V	Tiru.Chilka,Venkata.Katikala,Vinay.Calyampoondi,Venugopal.Vubbara		Carrollton	TX		
A3 Foods LLC	Snehal.Desai,Ranjith.Chandrasekar	174 Littleton Rd	Westford	MA	01886	(603) 966-8839
Momin, T.	Tanvirhusain.Momin		Peachtree	GA		
Sameer, A. & Bajaj, C.	Chintu Bajaj,Sameer.Abrol		Georgetown	TX		
ProjectSymfonies LLC	Swetha Reddy Allam,Sivanesh Palanivel		Leander	TX		
Pallela, P. & V.	Padmavathi.Pallela,Venkata.Pallela		Raleigh	NC		
Sameer, A. & Bajaj, C.	Sameer.Abrol,Chintu Bajaj		Pflugerville	TX		
Harding, Blaise & Harding	Mervin.Harding,Vladimir Blaise,Alyssa Harding		Flatbush	NY		
Inaya LLC	Mitesh.Patel,Rohitkumar Patel		Hephzibah	GA		
Alpine Associates LLC	Gurmeet.Arora,Rajneesh.Arora		Berkeley	CA		
Adeyemi, H. & Odufuwa, A.	Hammed.Adeyemi		Heights	TX		
CPK Group Inc LLC	Dinesh.Chinari,Sameera Kintali,Susanta Patro		Austin	TX		
Chahal, A. & Deol, S.	Amanpreet.Chahal,Sarbjot.Deol	2070 Fair Oaks Blvd	Sacramento	CA	95825	(916) 384-6992
Sapkota, Sumit	Sumit.Sapkota		Augusta	GA		
M&H Ventures LLC	Venkata.Ponnekanti, Madhavi Ponnekanti	4333 Fort Jackson Blvd	Columbia	SC	29205	(803) 446-1851
Singh, Jasvinder	Jasvinder.Singh		San Antonio	TX		
NITTY CREAMERY LLC	Numan.Asad,Odai.Assad	4973 S 76th St	Greenfield	WI	53220	(309) 857-5583
Maddorani, Inc.	Mansoor Shaikh,Maddiha Payami		Pittsburgh	CA		
IKNN LLC	Mohammad.Niazi,Sadia Khan	8415 Pine Ave	Chino	CA	91708	(951) 818-6228

Rizvi, Syed	Syed Rizvi		Bronx	NY		
Harding, Blaise & Harding	Mervin.Harding,Vladimir Blaise,Alyssa Harding,Simone Harding,Leighton Harding,Leighton Harding		Brownsville	NY		
Delicious Foods LLC	Swetha.Gampa,Roopa Gaddi	115 Audubon Dr	Maumelle	AR	72113	(512) 826-3194
Woods, Antwaun & Shelby	Antwaun.Woods,Shelby.Woods		Crossroads	TX		
Patel, Vishal	Vishal.V.Patel		Deland	FL		
Saha, Kanai	Kanai Saha		New York	NY		
Nutalapati et al	Anitha.Nutalapati,Rajasekhar.Yaramala,Verabhadrarao.Vadlapatla,Sivanagamahesh.Nelakudity		Ellicott City	MD		
Saha, Kanai	Kanai Saha		Flushing	NY		
Odeh Saad Enterprise LLC	Maysun.Alshalabi		West Chase	FL		
US Groups LLC	Umashankar.Chellappa,Subrahmanyan.Sathianarayanan		Mechanicsburg	PA		
Alaqmar, Inc.	Ahmed Zakiuddin,Yusuf Vajihuddin		Schaumburg	IL		6303304052
KONGCHAN KIT	Kongchan.Kit		Madison	WI		
Chowdhury, Waliul	Waliul Chowdhury		Bronx	NY		347-449-9427
Singh, C. & Khinda, M.	Charandeep.Singh,Mandeep.Khinda		Stockton	CA		
Chowdhury, Waliul	Waliul Chowdhury	1957 Turnbull Ave	Bronx	NY	10473	347-449-9427
Love, Jonah	Jonah.Love		Beaumont	CA		
FROSTY DELIGHTS LLC	Raquel Charrois	314 South Grand Avenue	Sun Prairie	WI	53590	7192241374
H & H Creamery, Inc.	Mohammed Haque,Mohammad.H	9548-C Main Street	Fairfax	VA	22031	703-862-

	oque					6484
Patel, Karan	Karan.Patel		Rockville	MD		
Anisha Associates LLC	Divya.Koneru,Kavitha.Sadhu	425 Nassau Park Blvd	Princeton	NJ	08540	60921 22755
Hemrajani, Niraj	Niraj Hemrajani		Centerville	VA		
Minaal Enterprises, Inc.	Kamran.Khan	4190 Pyrite St	Jurupa Valley	CA	92509	66135 05060
Shah, S. & Shah, M	Syed Saif Ul Islam Shah,Maliha Shah		Washington	DC		
Rauf, Mirza	Mirza.Rauf	44 East Main St.	Smithtown	NY	11787	(201) 410-6995
Rauf, Mirza	Mirza.Rauf		Melville	NY		
Patel, Prakash & Sachin	Prakash.Patel,Sachin Patel		Dumries	VA		
Patel & Rangrej	Kishor.Patel,Mukeshkumar.Patel,Miteshkumar.Rangrej		Princeton	TX		
OREO CREAMERY INC.	Morad.Abdallah		Elmhurst	IL		
ISG Investment Inc	Inderjeet.Singh		Davis	CA		
PARAMANAND LLC	Krishna.Jasani,Anurahda.Savaliya		Culpeper	VA		
HMCX4 LLC	Seth.Cox,Dashia.Cox	10 Benning St	West Lebanon	NH	03784	(706) 990-8071
Sarkaria Group Inc	Sukhdeep.Dhami	5442 Ygnacio Valley Rd	Concord	CA	94521	(707) 704-0112
Castro, Yolanda	Yolanda Castro		Sahuarita	AZ		
Moreno, Jesus	Jesus Leonel ("Leo") Moreno		Pharr	TX		
Trinity Trio LLC	Shireesh Pannala,Mridul Bansal,Narendar Ande		Clayton	NC		
BEACHFRONT ICE LLC	Adi.Lazar,Anoos.Sohotra,Adi.Lazar,Anoos.Sohotra	47 E Park Ave	Long Beach	NY	11561	(212) 256-1016
AAHAN CSC INC.	Mohammad Rashid,Aahan.Rashid,Nuzmul.Islam		Vienna	VA		
BHAKTI ENTERPRISES LLC	Mukeshkumar.Patel,Kishor.Patel,Manoj.Patel,Chirag.Keshavbh		Mesquite	TX		

	ai					
CCDINVESTMENTS85 LLC	Chaz.Delafossee	545 S Grand Ave	Glendora	CA	91741	(909) 267-5170
SHS CS 24141 LLC	Naveed.Dossani,Farhan Farid,Hanif Dossani	4237 West Commercial Boulevard	Tamarac	FL	33319	(954) 864-5362
ARAV CS LLC	Chinna.Tavva,Vijay.Mesala		Kyle	TX		
ARAV CS LLC	Chinna.Tavva,Vijay.Mesala		Hutto	TX		(713) 376-4156
Sprinkles LLC	Anusha.Jagarlamudi		Campbell	CA		
ACS Hospitality LLC	Anusha Jonnala,Swapna.Gyaneshwar,Chaitali Tripathi	805 NE Alsbury Blvd	Burleson	TX	76028	(469) 660-7080
BLOOMINGTON COFFEE, LLC	Dinusha.Mahatelge,Asra.Khan	228 South Grant Street	Bloomington	IN	47401	(845) 517-7283
Hoque, M., Rahman, N. & Hossain, Z.	Mohammad.Hoque,Naim.Rahman,Zakir.Hossain		Richmond	VA		
MAINEVILLE CREAMERY LLC	Dehni.Patel,Sujit.Patel	5982 Ohio-48	Maineville	OH	45039	
Grewal, Amarpal	Amarpal.Grewal		Stony Brook	NY		
Patel, Ravi	Ravi..Patel.		Carrollton	GA		
Syed, A. & Quadri, W.	Wasif.Quadri,Adnan.Syed		Great Neck	NY		
Patel, K. & Patel, D.	Khodidas.Patel,Dhaval.A..Patel		McLean	VA		
Ahmad, Muhammod	Muhammod.Ahmad		Aliana	TX		
Ahmad, Muhammod	Muhammod.Ahmad		Memorial West	TX		(260) 750-4710
Asad, Muhammad	Muhammad.Asad		Arlington Heights	IL		
Gravatt, Katie & Austin	Katie.Gravatt,Austin.Gravatt		Winchester	CA		
Dattani Sarasota Inc.	Vijay.Dattani		Cocoa Beach	FL		
Dattani Sarasota Inc.	Vijay.Dattani		Sarasota	FL		
Dattani Creamery Inc.	Vijay.Dattani		Poinciana	FL		
Zebas, Heather & Joseph	Heather.Zebas,Joseph.Zebas		Hobbs	NM		

Paul, Gabriel	Gabriel.Paul		New Brunswick	NJ		
Maryland Ice Cream Inc.	Mohammad.Hannon, Kamrun Nahar	5748 Silver Hill Road	District Heights	MD	20747	(202) 320-8335
FM Creamery LLC	Soujanya.Masna,Prasanna.Gundagoni,Naveen.Bingi,Bhasker.Masna	1450 Long Prairie Road	Flower Mound	TX	75028	(847) 373-7286
Hossain, A. & Mahmud, S.	Alamgir.Hossain,Shazzad.Mahmud		Baltimore	MD		
KINZ LLC	Jarjot.Takhar,Kirandeep.Takhar		Richland	WA		
Cubiculum Crepito LLC	Jason.Lim,Richard.Blythe	2911 Adams Avenue	San Diego	CA	92116	(619) 207-7272
CS Germantown Inc	Nazmi.Abdallah	2323 North Germantown Parkway	Cordova	TN	38016	(414) 699-4603
WAYLAND ENTERPRISE LLC	MD..Rahman		Manhattan	NY		
Carlon Franchising LLC	Sean.Carlon,Amanda.Carlon		Rockford	IL		
Tomi Ogunz Creamery LLC	Ariyo.Ogunremi		Katy	TX		
Hanneman Industries LLC	Jason.Hanneman		Burlingame	CA		
RAP'S ICE CREAM CORPORATION	Pinakin.Patel,Annie.Patel,Rusviben.Patel	6925 S Franklin Road	Indianapolis	IN		
Mandava, K. and Nelakuditi, D.	Devi.Nelakuditi,Karthick.Mandava		Metuchen	NJ		
Patel, Avadhesh & Khyatiben	Avadhesh.Patel,Khyatiben.Patel		Charlotte	NC		
BEST ICE CREAM OF SOUTH FLORIDA LLC	Daine.Garcia,Gustavo.Gonzalez		Miami	FL		
Randhawa, R. & Virk, K.	Harsimrandeep.Randhawa,Kulwinder.Virk	1200 Sycamore School	Fort Worth	TX	76123	
Rauf, Mirza	Mirza.Rauf		Bayshore	NY		
Alibhai, Shabbir & Tasneem	Shabbir.Alibhai,Tasneem.Alibhai		Woodlands	TX		
Alibhai, Shabbir & Tasneem	Tasneem.Alibhai,Shabbir.Alibhai		Memorial East	TX		
Basit, Rizwan	Rizwan Basit		Elmont	NY		
Ahmad, Irslan	Irslan.Ahmad		Huntington	NY		

Brahmbhatt, P & R	Pradip.Brahmbhatt,Rajashri.Brahmbhatt		Elgin	IL		
Story, Matthew & Kara	Matthew.Story,Kara.Story		Gillette	WY		
Ahmad, Sajjad & Asifa	Sajjad.Ahmad,Asifa.Ahmad		El Cerrito	CA		
Razai, Mohammed Ali	Mohammed Ali Razai		Murry Hill Manhattan	NY		
Razai, Mohammed Ali	Mohammed Ali Razai		New York	NY		917-291-5340
V K BROTHERS INC	Vasant.Patel,Vinod.Patel	518 Hawkins Avenue	Panama City	FL	32405	(850) 387-5064
Chicago Scoops, LLC	Jonathan Shulkin,Kyle Welch,Tim Watkins,Antonio Gracias		Springfield	IL		
Frozen Sweet Retreat, Inc.	J..Downey,Heather.Downey		Flowery Branch	GA		
Rockie Roadz LLC	Timothy.Smith,Maribel.Smith		Dunedin	FL		
TKK INVESTMENTS, INC	Kayla.Kramer,Teagan.Kramer,Natalie Lord	6020 Silverstone Drive	Frederick	CO	80530	
Koganti, K. & Punukollu, S.	Kranthi.Koganti,Sundeep.Punukollu		Hartford	CT		
Vadsariya, Asif	Asif.Vadsariya		Snellville	GA		
Rahimi, Shakaib	Shakaib.Rahimi		San Francisco	CA		

EXHIBIT V

TO THE FRANCHISE DISCLOSURE DOCUMENT

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 LLP[1]

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
		$	$
			Adjusted [1]
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 reclassed 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)

	Notes	2024 $	2023 $
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

	Notes	2024	2023
		$	$
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)

	Notes	2024	2023
		$	$
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

	Notes	2024	2023
		$	$
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.

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:

Principal subsidiaries	Percentage of equity interest
	%
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.

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.

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.

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.

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.

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.

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.

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.

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.

	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**

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.

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**

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.

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.

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).

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**

7. Property, plant and equipment

Cost	Equipment	Leasehold improve-ments	Rolling stock	Computer hardware	Land	Building	Total
	$	$	$	$	$	$	$
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 improve-ments	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 improve-ments	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**

8. Intangible assets

Cost	Franchise rights	Trademarks	Other	Total
	$	$	$	$
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**

Accumulated amortization	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**

Carrying amounts	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**

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				
	Property, plant and equipment	**Franchise rights**	**Trademarks**	**Other**	**Goodwill**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
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**

10. Impairment (continued)

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

		Intangible assets		
	Property, plant and equipment	**Franchise rights**	**Trademarks**	**Total**
	$	$	$	$
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			
($, except percentage data)	**Reporting Unit A**	**Reporting Unit B**	Reporting Unit A	Reporting Unit B	Reporting Unit C	Reporting Unit D
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.

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
	36,263

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

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 Issued	**$**	Shares 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.

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 reclassed from operating expense to revenue.

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 reclassed 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 reminder 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

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.

Income tax expense (recovery)	**2024**	2023
	$	$
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

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 LLP[1]

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)

	Notes	2023 $	2022 $
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

	Notes	2023	2022
		$	$
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)

	Notes	2023 $	2022 $
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

	Notes	2023	2022
		$	$
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.

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:

Principal subsidiaries	Percentage of equity interest
	%
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
Wetzel'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.

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.

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.

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.

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.

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

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.

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.

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

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.

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**

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.

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	217,247	40	**217,287**

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**
	32,538	(266)	**32,272**
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**
	349,761	4,839	**354,600**
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)	**—**
	43,741	3,669	**47,410**
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**
	132,514	4,799	**137,313**
Net purchase price	217,247	40	**217,287**

[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).

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.

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).

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**

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**

8. Intangible assets

Cost	Franchise rights	Trademarks	Other	Total
	$	$	$	$
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 rights	Trademarks	Other	Total
	$	$	$	$
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 rights	Trademarks	Other	Total
	$	$	$	$
November 30, 2022	100,631	417,870	3,899	522,400
November 30, 2023	**115,898**	**482,196**	**4,074**	**602,168**

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:

		Intangible assets		
	Property, plant and equipment	**Franchise rights**	**Trademarks**	**Total**
	$	**$**	**$**	**$**
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**

10. Impairment (continued)

Impairment by reporting unit for the year ended November 30, 2022:

		Intangible assets		
	Property, plant and equipment	Franchise rights	Trademarks	Total
	$	$	$	$
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.

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:

	2023				2022	
($, except percentage data)	**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

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
	32,528

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.

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

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

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.

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.

Income tax expense (recovery)	2023	2022
	$	$
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

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 W

TO THE FRANCHISE DISCLOSURE DOCUMENT

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 Kahala Franchising, L.L.C., an Arizona limited liability company, located at 9311 E. Via De Ventura, Scottsdale, Arizona 85258 ("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 X

TO THE FRANCHISE DISCLOSURE DOCUMENT

Addendum for Sale of Company-Affiliated Owned Stores

Addendum for Sale of Company-Affiliated Owned Stores #1

Below is information covering the last five fiscal years on a previously-owned franchised outlet now under the control of an affiliate of Franchisor.

Address of Outlet for Sale**:** _____

Previous Franchise Owner 1:

Name: _____
City, State: _____
Telephone Number: _____
Time period outlet was controlled by previous franchise owner: _____
Reason for change in ownership: _____

Previous Franchise Owner 2 (if applicable):

Name: _____
City, State: _____
Telephone Number: _____
Time period outlet was controlled by previous franchise owner: _____
Reason for change in ownership: _____

Previous Franchise Owner 3 (if applicable):

Name: _____
City, State: _____
Telephone Number: _____
Time period outlet was controlled by previous franchise owner: _____
Reason for change in ownership: _____

Note: The telephone number of the previous franchise owner(s) listed above is the current business telephone number, or if unknown, the last home telephone number Franchisor had for the previous franchise owner.

The time period(s) when affiliate of Franchisor retained control of the outlet: _____
_____

Date: _____ _____
(Do not leave blank) Signature of Prospective Franchisee

_____
Print Name

Addendum for Sale of Company-Affiliated Owned Stores #1 must be signed and dated and remains in the Franchise Disclosure Document as the prospective franchisee's copy. Addendum for Sale of Company-Affiliated Owned Stores #2 must be signed and dated by the prospective franchisee and returned to Kahala Franchising, L.L.C. either by mailing it to Kahala Franchising, L.L.C. at 9311 E. Via De Ventura, Scottsdale, Arizona 85258 or faxing it to Kahala Franchising, L.L.C. at (480) 362-4792.

Addendum for Sale of Company-Affiliated Owned Stores #2

Below is information covering the last five fiscal years on a previously-owned franchised outlet now under the control of an affiliate of Franchisor.

Address of Outlet for Sale**:** _____

Previous Franchise Owner 1:
Name: _____
City, State: _____
Telephone Number: _____
Time period outlet was controlled by previous franchise owner: _____
Reason for change in ownership: _____
Previous Franchise Owner 2 (if applicable):
Name: _____
City, State: _____
Telephone Number: _____
Time period outlet was controlled by previous franchise owner: _____
Reason for change in ownership: _____
Previous Franchise Owner 3 (if applicable):
Name: _____
City, State: _____
Telephone Number: _____
Time period outlet was controlled by previous franchise owner: _____
Reason for change in ownership: _____
Note: The telephone number of the previous franchise owner(s) listed above is the current business telephone number, or if unknown, the last home telephone number Franchisor had for the previous franchise owner.

The time period(s) when affiliate of Franchisor retained control of the outlet: _____
_____

Date: _____ _____

(Do not leave blank) Signature of Prospective Franchisee

_____
Print Name

Addendum for Sale of Company-Affiliated Owned Stores #1 must be signed and dated and remains in the Franchise Disclosure Document as the prospective franchisee's copy. Addendum for Sale of Company-Affiliated Owned Stores #2 must be signed and dated by the prospective franchisee and returned to Kahala Franchising, L.L.C. either by mailing it to Kahala Franchising, L.L.C. at 9311 E. Via De Ventura, Scottsdale, Arizona 85258 or faxing it to Kahala Franchising, L.L.C. at (480) 362-4792.

EXHIBIT X-1

TO THE FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

COLD STONE CREAMERY
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:

California	March 28, ~~2024~~2025
Hawaii	~~Pending~~ Not Registered
Illinois	March 28, ~~2024~~2025
Indiana	March 28, ~~2024~~2025
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	March 28, ~~2024~~2025
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
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 Y

TO THE FRANCHISE DISCLOSURE DOCUMENT

Receipts

RECEIPT #1

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 Kahala Franchising, L.L.C. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

If Kahala Franchising, L.L.C. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit B.

The franchisor is Kahala Franchising, L.L.C., located at 9311 E. Via De Ventura, Scottsdale, Arizona 85258. Its telephone number is (480) 362-4800. The franchise seller for this offering is _____, _____, (___) _____.

Issuance date: March 28, ~~2024~~2025.

Kahala Franchising, L.L.C. authorizes the respective state agencies identified on Exhibit C to receive service of process for it in the particular state.

I received a Cold Stone Creamery Disclosure Document dated March 28, ~~2024~~2025, that included the following Exhibits:

A	State Addenda to Franchise Disclosure Document	M	Lease Guaranty Acknowledgement
B	Directory of State Agencies and Administrators	N	Lease Review and/or Negotiation Agreement and Release and State Addenda
C	Franchisor's Agent for Service of Process	O~~-1~~	Sublease and Guaranty of Sublease ~~(Franchisee pays rent directly to Landlord)~~
D	Asset Purchase Agreement (For Sale of a Corporate Store to a Franchisee) with Promissory Note Security Agreement and Guaranty (if applicable)	O~~-2~~	~~Sublease and Guaranty of Sublease (Franchisor or its affiliate collects rent from Franchisee and pays to Landlord)~~
E-1	Franchise Agreement (New)	P	Pre-Authorized Electronic Funds Transfer Form
E-2	Franchise Agreement (Renewal)	P-1	Participation Agreement
E-3	Franchise Agreement (Transfer)	Q	General Release for Renewal of Franchise Agreement
F-1	Guaranty of Franchise Agreement	R-1	Consent to Transfer and Release Agreement (without Sublease)
F-2	Non-Disclosure and Non-Competition Agreement	R-2	Consent to Transfer and Release Agreement (with Sublease)
G	Collateral Assignment and Irrevocable Special Power of Attorney	S	State Specific Addenda to Franchise Documents
H	Amendment to Franchise Agreement (for non-traditional locations excluding those co-branded with another affiliated brand)	T	Table of Contents – Confidential Operations Manual
H-1	Rocky Mountain Chocolate Factory Addendum to Franchise Disclosure Document and Amendment to Franchise Agreement	U	List of Franchise Owners
I	Amendment to Franchise Agreement (for co-branded non-traditional locations)	V	Financial Statements
J	In-Store Training Release and Waiver of Liability Agreement	W	Performance Guaranty
K	Addendum to the Franchise Agreement for SBA Loans	X	Addendum for Sale of Company-Affiliated Owned Stores
L	Required Lease Terms (Lease Addendum to Lease Agreement)	X-1	State Effective Dates
L-1	RMCF Required Lease Terms (Lease Addendum to Lease Agreement)	Y	Receipts

Date: _____ _____

(Do not leave blank) Signature of Prospective Franchisee

_____

Print Name

Receipt #1 must be signed and dated and remains in the Franchise Disclosure Document as the prospective franchisee's copy. Receipt #2 must be signed and dated by the prospective franchisee and returned to Kahala Franchising, L.L.C. by mailing it to Kahala Franchising, L.L.C. at 9311 E. Via De Ventura, Scottsdale, Arizona 85258.

RECEIPT #2

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D	Asset Purchase Agreement (For Sale of a Corporate Store to a Franchisee) with Promissory Note Security Agreement and Guaranty (if applicable)	~~O-2~~	~~Sublease and Guaranty of Sublease (Franchisor or its affilate collects rent from Franchisee and pays to Landlord)~~
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L-1	RMCF Required Lease Terms (Lease Addendum to Lease Agreement)	Y	Receipts

Date: _____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name

Receipt #1 must be signed and dated and remains in the Franchise Disclosure Document as the prospective franchisee's copy. Receipt #2 must be signed and dated by the prospective franchisee and returned to Kahala Franchising, L.L.C. by mailing it to Kahala Franchising, L.L.C. at 9311 E. Via De Ventura, Scottsdale, Arizona 85258.