

FRANCHISE DISCLOSURE DOCUMENT



TERRITORY OPERATOR:

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HEAD FRANCHISOR:

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A Delaware Corporation
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As a subfranchisee, you will operate: a DQ[®] Treat store with indoor seating (and outdoor seating, in certain locations) offering a full menu of approved soft-serve and beverage items, and a limited menu of approved food items; or a DQ Grill & Chill[®] restaurant with indoor seating (and outdoor seating, in certain locations) offering a full menu of approved soft-serve, beverage and food items.

The total investment necessary to begin operation of a new DQ Treat store ranges from ~~\$572,500~~ \$577,500 to ~~\$1,635,200~~ \$1,652,200 (not including land and non-standard improvement costs). The total investment necessary to begin operation of a new DQ Grill & Chill restaurant ranges from ~~\$1,539,200~~ \$1,543,200 to ~~\$2,565,200~~ \$2,572,200 (not including land and non-standard improvement costs). This includes \$36,400 to \$61,400 that you must pay to **DQ MT/ND**, and \$0 to ~~\$65,500~~ \$67,500 that you must pay to the head franchisor.

This franchise disclosure document summarizes certain provisions of your operating 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, franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Inoshi Denizen at P.O. Box 9137, Missoula, MT 59807, (917) 536-6291 or (406) 218-9507, i_denizen@dqmtnd.com.

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

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

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

Issuance Date: ~~June 14~~[July 23, 2023](#)~~2024~~

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits F-I.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open, and Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibits J-K include financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only DQ Treat store and/or DQ Grill & Chill restaurant in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a DQ Treat store and/or DQ Grill & Chill restaurant franchisee?	Item 20 or Exhibits F-I list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

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

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

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Item 1

THE TERRITORY OPERATOR, ADQ, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, **DQ MT/ND** means Dairy Queen Montana / North Dakota LLC, the Territory Operator. "ADQ" means American Dairy Queen Corporation, the head franchisor. "You" means the person who buys the subfranchise, the subfranchisee. If you are a legal entity, "you" also may mean your owners. Certain provisions of the operating agreement will apply to your owners and will be noted in this disclosure document.

DQ MT/ND is a Montana limited liability company organized on January 23, 2003. Its principal business address is 11300 Chumrau Loop, Missoula, MT 59802, and its mailing address is P.O. Box 9137, Missoula, MT 59807. **DQ MT/ND** does business as "Dairy Queen of Montana and North Dakota" and "Dairy Queen MT/ND." **DQ MT/ND** does not do business or intend to do business under any other name.

ADQ is a Delaware corporation incorporated in 1962. ADQ's principal business address is 8000 Tower, Suite 700, 8331 Norman Center Drive, Bloomington, MN 55437. ADQ has not had any predecessors during the 10-year period immediately before the close of its most recent fiscal year. ADQ does business under its corporate name and the trade names "Dairy Queen" and "DQ."

DQ MT/ND Information

DQ MT/ND's Business. **DQ MT/ND** offers DQ Treat and DQ Grill & Chill subfranchises in the states of Montana and North Dakota (the "Territory") under "Dairy Queen" Territory Agreements with ADQ. **DQ MT/ND** is the only entity authorized to engage in and subfranchise others to engage in operating DQ businesses in the Territory. **DQ MT/ND** administers its subfranchise system, but does not operate a business of the type being subfranchised. **DQ MT/ND** does not offer franchises or subfranchises in any other line of business. **DQ MT/ND** does not have any other business activities.

DQ MT/ND's business dates back to 1947 when W. C. "Clair" Brown purchased the Dairy Queen trademark rights for the states of Montana and North Dakota from the McCulloughs, the original Dairy Queen creators from Moline, Illinois. Clair and his wife, Muriel, began offering DQ franchises in Montana in August 1947 and in North Dakota in November 1947. On Clair's death in 1962, Muriel continued operating the business in partnership with her son, Willis, and his wife, Diane, and later, their adult children. The business is now being operated by the 3rd generation of the Brown family.

DQ MT/ND's agent for service of process is disclosed in Exhibit A.

DQ MT/ND's Parents, Predecessors and Affiliates. **DQ MT/ND's** predecessors have been the partnership of Willis and Muriel Brown, the partnership of Diane M. L. Brown and Muriel Brown, and the partnership of Diane M. L. Brown and her children. **DQ MT/ND** does not have any parents or affiliates.

The Subfranchise. The most common subfranchise we offer, the DQ Grill & Chill subfranchise, is for a quick service food restaurant with indoor seating (and outdoor seating, in most locations) offering a full menu of approved soft-serve treat, beverage and food items. In

limited circumstances, we sometimes offer the DQ Treat subfranchise. The DQ Treat subfranchise may be for a street location that generally is located in a freestanding building, streetscape or strip center, or may be for a captive-venue location that generally is located in a shopping mall or center (enclosed or open air, such as a “lifestyle center”) with a minimum of 500,000 square feet of gross leasable area. The DQ Treat subfranchise is for a quick service food establishment with indoor seating (and outdoor seating, in certain locations) that offers a full menu of approved soft-serve treat and beverage items, and a limited menu of approved food items.

The Operating Agreement included as Exhibit B (the “operating agreement”) is identical for a DQ Grill & Chill restaurant or a DQ Treat store, except that there are different prescribed menus, subfranchised trademarks and continuing license fees. If you are a transferee, you must sign the then-current operating agreement, and a modernization and upgrade addendum, if required.

ADQ and its affiliates own and have registered the DQ Treat and DQ Grill & Chill trademarks (see Item 13). However, **DQ MT/ND** (not ADQ) offers and sells DQ Treat and DQ Grill & Chill subfranchises in the Territory. Although **DQ MT/ND** has the right to develop, and to subfranchise others to develop, DQ Treat stores and DQ Grill & Chill restaurants in the Territory, **DQ MT/ND** may elect to authorize ADQ to develop, or to license others to develop, DQ Treat stores and DQ Grill & Chill restaurants at specific locations in the Territory.

If you are a prospective DQ subfranchisee (by sale or transfer), or a current DQ subfranchisee proposing to operate an additional DQ store or restaurant, **DQ MT/ND** will not grant you a DQ subfranchise or another DQ subfranchise: (a) if you already are directly or indirectly involved in the operation of a total number of business locations (food-oriented or otherwise) in the U.S. and Canada that exceeds 10% of the number of DQ stores and restaurants then operating in **DQ MT/ND** 's territory; (b) if you have not demonstrated an ability to operate one or more DQ stores and/or restaurants in a proficient, compliant and profitable manner during at least the previous 12-month period; (c) if you do not live in proximity to the DQ store or restaurant that is the subject of the DQ subfranchise, or if you are an entity, you do not have an owner who directly or indirectly has a 20% or greater ownership interest, and who also lives in proximity to and serves as the designated manager of the DQ store or restaurant; or (d) if you do not meet other qualifications established from time to time by **DQ MT/ND**.

Unless used or stated otherwise in this disclosure document, the terms “Dairy Queen” and “DQ” are used interchangeably throughout this disclosure document, and the term “DQ system” applies comprehensively to the DQ Treat and DQ Grill & Chill brands. The term “restaurant” sometimes applies comprehensively to a DQ Treat store or a DQ Grill & Chill restaurant; and the terms “DQ stores or restaurants,” “DQ franchisees or subfranchisees,” and “DQ businesses” apply comprehensively to Dairy Queen, DQ, DQ Treat and DQ Grill & Chill stores, restaurants, franchisees, subfranchisees or businesses. Also, in this disclosure document, a subfranchisee who is converting an existing DQ store or restaurant to a DQ Grill & Chill restaurant is sometimes referred to as a “conversion subfranchisee.”

Your operating agreement is a contract between you and **DQ MT/ND**. You are a part of the national and international franchise system of DQ franchisees and subfranchisees, and you must adhere various to standards, designs, specifications, menu items, recipes, techniques, procedures, methods, requirements, formats and management systems relating to uniformity and

quality (sometimes referenced collectively in this disclosure document and the operating agreement as “standards”) that **DQ MT/ND** and ADQ establishes and modifies periodically.

You will use ADQ's nationally recognized trademarks and service marks that are approved for your concept; have access to the distinctive operational and management attributes of the DQ system; participate in ADQ's national and regional sales promotion programs as required by **DQ MT/ND**; and receive the benefits of association with a nationally recognized franchise system, including various forms of training, opening and operational assistance (see Item 11).

Market. DQ Treat and DQ Grill & Chill products appeal to the general public, although some products are targeted for particular customers. DQ Treat and DQ Grill & Chill product sales may be more seasonal in areas of the United States with cooler climates. You will compete with other quick service and fast casual food restaurants and specialty ice cream treat outlets, specialty fruit beverage (primarily smoothies), snack food or treat establishments, including units of other regional and national chains and franchise systems. The quick service food, specialty ice cream treat and specialty fruit beverage markets are well developed and highly competitive.

Laws and Regulations. DQ Grill & Chill restaurants and DQ Treat stores are subject to federal, state and local government laws and regulations that apply to businesses generally, including federal laws such as the Fair Labor Standards Act, National Labor Relations Act and Americans with Disabilities Act, and laws and regulations governing matters such as zoning, site location, construction, business licensing, privacy and data security, safety, minimum wages, overtime, working conditions, workers’ compensation insurance, unemployment insurance, consumer protection, trade regulation, environmental protection, and taxation.

In addition, DQ Grill & Chill restaurants and DQ Treat stores are subject to various federal, state and local government laws and regulations that apply more particularly to restaurants, such as laws and regulations regulating food storage, food and menu labeling, the preparation and sale of food and beverage products (including packaging requirements, and certain ingredient restrictions such as those relating to trans-fat), the handling of dairy and meat products, and health and sanitation relating to food service practices.

DQ MT/ND strongly encourages you to investigate these laws and regulations before you purchase a subfranchise. It is your sole responsibility to abide by any applicable laws and regulations and to obtain and keep in place all necessary licenses and permits.

DQ MT/ND's Additional Restaurant Development Program ("ARD Program"). **DQ MT/ND** currently offers qualified existing subfranchisees the right to develop additional DQ stores or restaurants for no initial franchise fee, or for a reduced initial franchise fee, under its ARD Program. The ARD Program is wholly discretionary and may be altered or withdrawn at any time without notice. **DQ MT/ND** will not grant you another DQ subfranchise under the ARD Program: (a) if you already are directly or indirectly involved in the operation of a total number of business locations (food-oriented or otherwise) in the U.S. and Canada that exceeds 10% of the number of DQ stores and restaurants then operating in **DQ MT/ND** 's territory; (b) if you have not demonstrated an ability to operate one or more DQ stores and/or restaurants in a proficient, compliant and profitable manner during at least the previous 12-month period; (c) if you do not live in proximity to the DQ store or restaurant that is the subject of the additional DQ subfranchise, or if you are an entity, you do not have an owner who directly or indirectly has a 20% or greater

ownership interest, and who also lives in proximity to and serves as the designated manager of the DQ store or restaurant; or (d) if you do not meet other qualifications established from time to time by **DQ MT/ND**.

DQ MT/ND's Conversion Program; DQ MT/ND's Conversion, Transfer Remodel and Re-Opening Incentives. **DQ MT/ND** offers a conversion program to qualifying DQ subfranchisees within the Territory who have been in good standing for at least 6 months ("Conversion Program"). **DQ MT/ND's** Conversion Program allows a qualifying DQ subfranchisee to convert an existing DQ store or restaurant, including a non-system food store or restaurant, to a DQ Grill & Chill restaurant by signing a new operating agreement and a negotiated conversion addendum specifying the conditions of the conversion. Whether an existing DQ store or restaurant qualifies for **DQ MT/ND's** Conversion Program, and the conditions of the conversion, depend on a number of factors, such as: the location, type, age and condition of the facility; the current operating agreement governing the facility; the subfranchisee's economics; and the subfranchisee's operational and compliance history. **DQ MT/ND's** Conversion Program is wholly discretionary, and may be altered or withdrawn at any time without notice.

In some circumstances, **DQ MT/ND** may offer incentives, such as continuing license fee adjustments or sales promotion program fee credits, to DQ subfranchisees who convert DQ locations (including non-system food locations) to DQ Grill & Chill restaurants, who take over DQ locations as a result of transfers, or who re-open closed DQ locations, to encourage facility ~~upgrades and~~ modernization and upgrades. This practice is wholly discretionary, and may be altered or withdrawn at any time without notice.

ADQ Information

ADQ's Parents, Predecessors and Affiliates. ADQ is a wholly-owned subsidiary of its parent corporation, International Dairy Queen ("IDQ"), whose principal business address is the same as ADQ's. IDQ is a wholly-owned subsidiary of its parent corporation, Berkshire Hathaway, Inc., whose principal business address is 1440 Kiewit Plaza, Omaha, Nebraska 68131. ADQ has not had any predecessors during the 10-year period immediately before the close of its most recent fiscal year.

ADQ's affiliates that offer franchises in any line of business or provide products or services to franchisees are: Unified Supply Chain, Inc. ("USCI"); DQF, Inc. ("DQF"); DQGC, Inc. ("DQGC") and federal Canadian corporation Dairy Queen Canada Inc. ("DQC"). In addition, the following ADQ affiliate owns and operates DQ Grill & Chill restaurants: DQ Training Restaurants, LLC ("DQTR"). The principal business address for USCI, DQF, DQGC and DQTR is the same as ADQ. The principal business address for DQC is 1111 International Boulevard, Suite 601, Burlington, Ontario, Canada L7L 6W1.

ADQ's agents for service of process are disclosed in Exhibit A.

Due to the existence of various programs designed to increase unification in the franchise system, there will be DQ restaurants that do not look similar to your restaurant and may not have the same design requirements. However, except for unique circumstances, DQ restaurants will have the same trademarks, DQ menu and business system as your restaurant.

Business of ADQ. ADQ's business includes administering its franchise system, establishing and conducting sales promotion programs for DQ products, and providing various services to its franchisees (see Items 8 and 11). In addition, since ADQ's incorporation, ADQ has operated DQ stores and restaurants on an interim basis. ADQ does not operate any company-owned DQ Grill & Chill restaurants as of the date of this disclosure document, although, as explained further below, ADQ's affiliate, DQTR, owns and operates 2 DQ Grill & Chill restaurants.

ADQ offers single and multiple-unit franchises for the operation of DQ Treat stores in captive-venue and street locations. DQ Treat stores sell DQ soft-serve treat and beverage items and a limited number of approved food items. Due to historical factors unique to Texas, ADQ offers DQ single and multiple-unit franchises in Texas for DQ restaurants with a food menu different than the DQ Grill & Chill food menu, which is called "Texas Country Food."

In November 2021, ADQ's affiliate, Orange Julius of America (OJA), transferred and assigned all of its right, title and interest in and to its Orange Julius and other trademarks, as well as all of its right, title and interest in and to the Orange Julius franchise system and existing Orange Julius franchise agreements, to ADQ. Since that time, ADQ's business has included administering the Orange Julius franchise system, establishing and conducting sales promotion programs for Orange Julius products, and providing various services to Orange Julius franchisees. ADQ is not offering or issuing any new Orange Julius franchises. OJA was dissolved in December 2021

In the past ADQ issued standard and urban territory franchises in the United States, which are both territory franchises that allow the territory operator to develop the Dairy Queen/Brazier (and now DQ Grill & Chill) and Dairy Queen/Limited Brazier (and now DQ Treat) businesses within a defined geographical area ("territory") through subfranchising to 3rd parties. ADQ occasionally acquires a territory operator's interest in various restaurant and store operating agreements through negotiated acquisitions of territorial subfranchising rights. Also in the past, ADQ issued DQ soft-serve-only franchises (for stores featuring approved soft-serve treat items which may or may not sell non-system food), Dairy Queen/Limited Brazier franchises (for stores featuring approved soft-serve treat items and a limited number of approved food items), Dairy Queen/Brazier franchises (for restaurants featuring approved soft-serve treat items and a full menu of Brazier food items), and Dairy Queen/Fuel Center franchises (for locations operated in conjunction with or adjacent to a fuel dispensing or travel businesses). For these franchises that ADQ no longer offers, there may be existing franchisees and subfranchisees that were granted licenses under these franchise programs (including territory operators who continue to subfranchise).

Business of ADQ's Affiliates.

IDQ's business includes the limited sale of products to the various franchise systems that its subsidiaries operate. DQF provides various services to direct-licensed franchisees. USCI acts as the "supply chain entity" and sources certain products and equipment to the various franchise systems that IDQ's subsidiaries operate. (See Item 8 for additional information). DQGC provides gift card services to franchisees and subfranchisees. IDQ, DQF, USCI and DQGC do not and have not issued franchises or conducted a company-operated DQ Grill & Chill restaurant.

DQTR owns and operates 2 DQ Grill & Chill restaurants in Minnesota, 1 of which serves as a training facility for ADQ personnel and franchisees. DQTR has conducted the DQ business

since June 2003. DQTR has entered into agreements with ADQ substantially similar to the form operating agreement in place at the time for other franchised locations. These affiliate-owned restaurants are disclosed in Item 20. DQTR does not and has not issued franchises in any line of business.

ADQ has offered a number of international franchise programs over the years under the DQ, Dairy Queen, and DQ Grill & Chill trademarks, including an international territory program, an international multiple-unit development program and an international store program.

DQC has conducted the DQ business and issued various DQ franchises in Canada since 1953. DQC holds exclusive area franchising rights in Canada through licensing agreements with ADQ, under which DQC exercises exclusive rights to license the registered trade name and DQ trademark and certain other trademarks owned by ADQ. DQC issues franchises for DQ stores and restaurants. While DQC no longer offers Dairy Queen/Brazier, Dairy Queen/Limited Brazier and DQ soft-serve-only franchises, there may be existing franchised locations of these types.

The following table summarizes the franchises issued by ADQ and its affiliates that were operating as of December 31, ~~2022~~2023. Taking into account all the various franchise programs, the DQ system includes over ~~7,240~~7,500 DQ stores and restaurants on a global basis.

Company	Franchise Program	Period Franchises Offered	Number of Franchises operating as of 12/31/22 12/31/23
ADQ	DQ Grill & Chill	1962 – Present	1,965 1,969 ⁽¹⁾
	DQ Treat	1962 – Present	789 748 ⁽²⁾
	Dairy Queen/Fuel Center	1990 – 1998	3 2
	Brazier Food Service Addendum	1982 – Present	15 ⁽³⁾
	Texas DQ Restaurant	1980 – Present	585 579
	Standard Territory	1962 – 1981	10 ⁽⁴⁾
	Urban Territory	1984 – 1993	1 ⁽⁴⁾
	International Franchise Locations (outside the U.S. and Canada)	1971 – Present	2,269 2,590
	Orange Julius	1963 – Present	12
	International Franchise Locations (outside the U.S. and Canada)	1999 – Present	0

Company	Franchise Program	Period Franchises Offered	Number of Franchises operating as of 12/31/22 12/31/23
DQC	DQ Grill & Chill	1963 – Present	482 498 ⁽⁵⁾
	DQ Treat	1973 – Present	195 188 ⁽⁶⁾
	Orange Julius	1977 – Present	15 14

- (1) Included in the total for DQ Grill & Chill are ~~1,901~~1,908 DQ Grill & Chill restaurants, and ~~646~~ Dairy Queen/Brazier restaurants. As the systems, menus and products for these concepts have evolved, the distinctions between them have diminished.
- (2) Included in the total for DQ Treat are ~~334~~316 Dairy Queen/Limited Brazier stores, ~~194~~181 DQ Treat stores, and ~~261~~251 Dairy Queen ~~soft-serve-only~~Soft-Serve-Only stores. As the systems, menus and products for these concepts have evolved, the distinctions between them have diminished.
- (3) Territory operators that have a signed Brazier food service addendum to their territory agreements are authorized to offer approved food products under the Brazier, DQ Grill & Chill and other related trademarks.
- (4) In addition to territory operators who were granted standard territory or urban territory franchises, other territory operators conduct the Dairy Queen, Dairy Queen/Brazier or DQ Grill & Chill business under older forms of franchise agreement, many of which were issued more than 30 years ago.
- (5) Included in the total for DQ Grill & Chill are ~~480~~496 DQ Grill & Chill restaurants and 2 Dairy Queen/Brazier restaurants. As the systems, menus and products for these concepts have evolved, the distinctions between them have diminished.
- (6) Included in the total for DQ Treat are 40 Dairy Queen/Limited Brazier stores, ~~104~~101 DQ Treat stores, and ~~51~~49 Dairy Queen ~~soft-serve-only~~Soft-Serve-Only stores. As the systems, menus and products for these concepts have evolved, the distinctions between them have diminished .

Item 2

BUSINESS EXPERIENCE

DQ MT/ND's Business Experience

President: James Willis Brown

James W. Brown has been **DQ MT/ND's** President since January 2020, and was **DQ MT/ND's** Executive Officer from November 2012 to December 2019, in Missoula, Montana. Since June 2018, Mr. Brown has been Operations Manager of Bonner Mountain Farms LLC, in Missoula,

Montana. He was **DQ MT/ND's** Chief Administrative Officer from January 2010 to November 2012. He joined **DQ MT/ND** in the summer of 2000.

Senior Vice President: Inoshi Denizen

Inoshi Denizen has been **DQ MT/ND's** Senior Vice President since January 2020, and was **DQ MT/ND's** Operations Officer from January 2010 to December 2019, in New York City, New York. He was its Vice President, Franchise Development & Operations, from January 2006 to December 2009, and was its Operations Manager from April 2000 to December 2005.

Associate Vice President, Field Consulting: Matthew Lincoln

Matt Lincoln has been **DQ MT/ND's** Associate Vice President, Field Consulting, since January 2020, and was a Business Consultant for **DQ MT/ND** from December 2014 to December 2019, in Missoula, Montana.

ADQ's Business Experience

The following are the directors, principal officers, and other individuals who have management responsibility relating to the sale or operation of the franchises offered under this disclosure document, and their principal positions and employers, during the last 5 years.

Director, Chief Executive Officer and President: Troy A. Bader

Troy Bader has been a Director of ADQ since March 2008 and has been Chief Executive Officer and President of ADQ since January 1, 2018. He served as ADQ's Chief Operating Officer – U.S. & Canada from January 2016 to December 2017 and Chief Operating Officer – U.S. from November 2011 to December 2015. ADQ and its affiliates have employed Mr. Bader in various other management positions since 2001, including as Chief Development and Legal Officer from January 2008 to October 2011.

Director, Executive Vice President, General Counsel, and Secretary: Shelly O'Callaghan

Shelly O'Callaghan has been a Director, Executive Vice President, General Counsel, and Secretary since November 2011. ADQ has employed Ms. O'Callaghan in various management positions since 2010, including as Vice President and Assistant General Counsel from January 2010 to October 2011.

Director and Chief Operating Officer, U.S. and Canada: Daniel J. Kropp

Daniel Kropp has been a Director and Chief Operating Officer, U.S. and Canada, since August 1, 2020. He served as Director and Chief Operating Officer, U.S., between January 1, 2018 and July 31, 2020. From November 2011 to December 31, 2017, Mr. Kropp served as Executive Vice President - U.S. Operations. ADQ has employed Mr. Kropp in various other positions since 1996, including as Executive Vice President - Franchise Operations (East) from January 2010 to October 2011.

Executive Vice President, Marketing, U.S. and Canada: Maria Hokanson

Maria Hokanson has been Executive Vice President, Marketing, U.S. and Canada since August 1, 2020. She served as Executive Vice President, Marketing, U.S. between August 1, 2017 and July 31, 2020. From November 2004 to July 2017, Ms. Hokanson held several roles within the marketing department for ADQ, including Vice President of Product and Brand Marketing (2015-

17), Sr. Director of Product & Brand Marketing (2013-2014), Director of Marketing (2010-2013), Sr. Manager (2008-2013) and Manager (2004-2008).

Executive Vice President of USCI: W. Scott Muyres

Scott Muyres has been Executive Vice President of USCI since January 2015. USCI or IDQ have employed Mr. Muyres in various positions since 1998, including as Vice President – Purchasing of USCI from May 2010 to December 2014.

Executive Vice President, Finance and Accounting: Jeff Grund

Jeff Grund has been Executive Vice President, Finance and Accounting since March 2023. He served as Vice President, Corporate Controller from September 2019 through February 2023. Before joining ADQ, Mr. Grund served as the Chief Financial Officer for Omni Workspace from October 2018 to September 2019; as an independent consultant from May 2018 to September 2018; and as North American Controller for Pentair from 2009 to 2018.

Executive Vice President, Franchise Development: ~~James P. Kerr~~ Gregg Bevenuto

~~James Kerr~~ Gregg Bevenuto has been Executive Vice President, Franchise Development of ADQ since ~~December 2016.~~ ADQ has employed April 2024. Mr. ~~Kerr since August 2008,~~ including Bevenuto was unemployed from January 2023 to April 2024. From September 2021 to January 2023, he served as Vice President ~~—Franchise of~~ Development from August 2008 to December 2016. He will be retiring from ADQ on June 30, 2023 & Franchising for The Coffee Bean & Tea Leaf. He worked for Dine Brands Global (IHOP) as Vice President U.S. Development from February 2017 to September 2021, and as Executive Director U.S. Franchising from May 2011 to February 2017.

Executive Vice President, Information Technology: Kevin Baartman

Kevin Baartman has been Executive Vice President, Information Technology since July 27, 2020. He served as Vice President - Information Technology between April 29, 2019 and July 26, 2020. From September 2001 to April 2019, he worked for Lund Food Holdings, Inc. as the Vice President, Information Services, leading the Information Technology team and e-commerce operations.

Vice President of Concept Support Services: Jolynn Fielder

Jolynn Fielder has been Vice President of Concept Support Services since May 2021. She served as Vice President of U.S. Franchise Operations, West from February 2017 through April 2021. ADQ has employed Ms. Fielder in various other positions since 1997, including as Area Vice President for the East Great Lakes area from July 2013 to February 2017, and as Director of PRIDE Check Consulting from February 2007 to June 2013.

Vice President of U.S. Franchise Operations, West: Roger C. Brewin

Roger Brewin has been Vice President of U.S. Franchise Operations, West since May 2021. He served as Vice President of U.S. Franchise Operations, East from July 2018 through April 2021, and Vice President of Concept Support Services from October 2015 through June 2018. ADQ has employed Mr. Brewin in various other positions since 2005, including as Area Vice President of Operations – Western Hemisphere from January 2012 to September 2015; Director of Concept Support Services from March 2007 to December 2011; and Business Consultant from June 2005 to February 2007.

Vice President of U.S. Franchise Operations, East: David Giacone

David Giacone has been Vice President of U.S. Franchise Operations, East since May 2021. He served as Vice President of Concept Support Services from July 2018 through April 2021. Mr. Giacone was employed as Director of Operations for the Texas Region from February 2017 through June 2018, and Director of Development Operations from 2013 to 2017. From 2011 to 2013, Mr. Giacone was Director of Operations for Fourteen Foods, Inc., a multi-unit franchisee of ADQ. From 2000 to 2011, Mr. Giacone held various field operation positions with ADQ.

Director of National Franchise Sales and Development, U.S. and Canada: Jennifer Rude

Jennifer Rude has been Director of National Franchise Sales and Development, U.S. and Canada since February 2023. She served as a national franchise sales and development manager in the U.S. from November 2021 through January 2023, and as a franchise developer from July 16, 2014 through November 2021. ADQ has employed Ms. Rude in various other franchise development positions since 2006.

**Item 3
LITIGATION**

DQ MT/ND's Litigation

DQ MT/ND has no litigation that is required to be disclosed in this Item.

ADQ's Litigation

Pending Cases

Oakland Family Restaurants, Inc. and Lake Area Restaurants, Inc. v. American Dairy Queen Corporation (United States District Court, Eastern District of Michigan, Southern Division, No. 2:21-cv-12539-TGB-EAS, filed October 28, 2021). Plaintiffs, DQ franchisees, have initiated this litigation seeking a declaratory judgment that ADQ must allow them to divide their respective territories and assign their existing 1965 agreement to multiple transferees, each for a separate portion of their territory, rather than requiring each transferee to sign ADQ's current form of franchise agreement. Additionally, Plaintiffs are claiming breach of contract resulting in monetary damages, promissory estoppel, attorneys' fees, and costs. ADQ has denied the claims. Discovery is ongoing and the case is pending on dispositive motions.

LG2, LLC v. American Dairy Queen Corporation (United States District Court, District of Minnesota, No. ~~0:2222~~-cv-01044, filed April 26, 2022). Plaintiff, a DQ franchisee, initiated this litigation seeking compensatory damages and a declaratory judgment that ADQ must allow Plaintiff to relocate its DQ business without being required to obtain ADQ's permission, sign ADQ's current form of franchise agreement, or change its menu. ADQ's system standards do not allow for ~~the development of new restaurants, or the~~ relocation of restaurants, with Plaintiff's non-system food menu. Plaintiff alleges breach of contract and the implied covenant of good faith and faith dealing, ~~and~~ Originally, Plaintiff claimed a violation of the Minnesota Franchise Act, but the court dismissed that claim. ~~Additionally,~~ Plaintiff is seeking injunctive relief, interest, attorneys' fees, and costs. ~~In January 2023, the Court granted ADQ's motion to dismiss Plaintiff's claims~~

~~under the Minnesota Franchise Act, but denied ADQ's Motion to Transfer Venue. In response, Plaintiff filed a Motion for Leave to File First Amended Complaint, which Discovery is pending ongoing. ADQ denies the claims and will continue to vigorously defend itself.~~

~~D.Q.S.A., LLC dba Dairy Queen of Southern Arizona v. American Dairy Queen Corporation (United States District Court, District of Arizona, No. CV 22-00335-JGZ, filed July 29, 2022). Territory Operator D.Q.S.A commenced this action to enjoin ADQ from requiring it to enforce the purchase and installation of the Integrated Technology Platform (ITP), ADQ's required EPOS system, with its sub-franchisees. D.Q.S.A. claims that this requirement can only be enforced against the sub-franchisees in certain circumstances, such as a modernization of the restaurant, which is required every 10 years. D.Q.S.A. seeks a declaratory judgment stating that the relevant territory agreements and sublicense agreements only mandate installation of new equipment, including ITP, upon the earlier of the 10-year remodel, renewal of the sub-franchise, or transfer of the sub-franchised location. D.Q.S.A. also seeks an injunction enjoining ADQ from taking action against D.Q.S.A. relative to the enforcement of the ITP requirements. ADQ disputes these allegations and denies that the relevant contracts do not allow enforcement of the ITP requirements. The parties have filed cross-motions for summary judgment. ADQ will continue to vigorously defend against the claims.~~

Concluded Cases

~~Richard J and Kazuko Kunz, Bruce D. and Patricia J. Lahm vs. American Dairy Queen Corporation and International Dairy Queen, Inc. (State of Minnesota District Court, Hennepin County, Fourth Judicial District, No. 27 CV 13-922, filed January 15, 2013). The plaintiffs initiated this action claiming that ADQ improperly increased or "flexed" franchisees sales promotion fees to levels greater than what was permitted under the franchisees' franchise agreements. The named plaintiffs in the action were seeking class certification on behalf of themselves and other similarly-situated franchisees along with: (1) a declaratory judgment that ADQ does not have the right to flex the franchisees' sales promotion fee payments; (2) an order enjoining ADQ from, in the future, flexing the franchisees' sales promotion fee payments in a manner that is not expressly permitted by the applicable franchise agreements; (3) a judgment for damages that the franchisees have suffered as a result of ADQ flexing the franchisees' sales promotion fee payments; and (4) costs, disbursements, and reasonable attorneys' fees. ADQ and IDQ filed an answer denying plaintiffs' claims and opposing class certification. Among other things, ADQ and IDQ asserted that they expended all sales promotion fees for their intended purpose, namely, sales promotion activities in the franchisees' Designated Marketing Area ("DMA") and that all of the "flexed" sales promotion fees were allocated to the marketing budget for the franchisees' respective DMAs and expended at the DMA level in accordance with the DMAs' marketing plans for each marketing year. In or about November 2013, the parties reached a settlement agreement under which ADQ agreed to reimburse plaintiffs the amount of their "flexed" sales promotion fees for the period January 1, 2006 through December 31, 2010. As part of the settlement, ADQ is entitled to recover the amounts it reimbursed the plaintiffs from future sales promotion fees paid by them.~~

~~Timothy A. and Amy Lefevre, Dairy Queen of Bainbridge, Jerry Chabrian, Lavern Engelman, Ken Fugett, Thomas and Karyl Cleary, Thomas E. Klein and MAR-KA, Inc. vs. American Dairy Queen Corporation and International Dairy Queen, Inc. (American Arbitration Association, No. 002-8DF-9JF, filed January 15, 2013). The plaintiffs initiated this arbitration~~

claiming that ADQ improperly increased or “flexed” franchisees’ sales promotion fees to levels greater than what was permitted under the franchisees’ franchise agreements. The plaintiffs in the action sought class certification on behalf of themselves and other similarly-situated franchisees. Plaintiffs also included claims for breach of contract and the implied covenant of good faith and fair dealing, conversion, and violations of the Minnesota Franchise Act and sought declaratory and injunctive relief, and damages and legal costs. On or about September 10, 2014, the parties reached a settlement agreement under which ADQ agreed to reimburse any franchisees that were incorrectly flexed the amount of their “flexed” sales promotion fees for an agreed upon number of years. As part of the settlement, ADQ is entitled to recover the amounts it reimbursed the franchisees from future sales promotion fees paid by them. ADQ also agreed to allow the Dairy Queen Operators Association, at its own expense, to audit ADQ’s flexing decisions for the next 5 years.

Rodney Johnson and Food Ventures, Inc. vs. American Dairy Queen Corporation (American Arbitration Association, No. 01-16-0005-3571, filed December 9, 2016). Claimants, a DQ Grill & Chill franchisee and its owner, initiated this arbitration claiming that ADQ unlawfully encroached upon their franchise by franchising another DQ Grill & Chill restaurant in what they allege is too close a proximity to their restaurant. Claimants alleged that the encroachment caused a decline in their restaurant’s sales and profitability. They claimed that ADQ’s actions violated the Washington Franchise Investment Protection Act and the Washington Consumer Protection Act and alleged breach of contract, breach of the implied covenant of good faith and tortious interference with business expectancy. On August 5, 2017, the parties entered into a settlement agreement under which claimants are allowed to pay ADQ a reduced royalty fee and advertising fee for set periods and avoid the modernization requirement for the next transfer of the franchise, since the restaurant recently had been remodeled to current image. ADQ also paid claimants \$25,000.

American Dairy Queen Corporation. vs. Universal Investment Corporation f/k/a Neos Corporation (United States District Court, Western District of Wisconsin, No: 16-cv-323, filed May 16, 2016). ADQ commenced this action against the defendant franchisee seeking a declaratory judgment that ADQ properly terminated defendant’s franchise agreement after defendant failed to comply with numerous contractual requirements and then failed to timely cure its defaults of the franchise agreement after notice from ADQ. ADQ also sought injunctive relief and damages under the Lanham Act for defendant’s infringement of ADQ’s trademarks. Defendant counterclaimed against ADQ alleging claims for violation of the Wisconsin Fair Dealership Law, tortious interference with contract, and several counts of intentional breach of contract. On August 25, 2017, the court granted ADQ’s motion for partial summary judgment and dismissed defendant’s claim for tortious interference. The parties settled the remaining claims on December 11, 2017 with defendant agreeing to relinquish any remaining rights he may have to use ADQ’s trademarks and systems under, and to the termination of, his franchise agreement and the territory agreements for four territories in Iowa in exchange for a mutual release of claims and a payment of \$425,000 from ADQ.

M & M Petroleum Too, Inc. vs. American Dairy Queen Corporation (American Arbitration Association, No. 01-19-0003-3181, filed October 18, 2019). ADQ terminated Petitioner’s franchise rights effective October 21, 2019 for failure to submit accounts receivable balances, store monthly reports and fees and other documents contractually required under the operating agreement to be submitted to ADQ. Petitioner alleged wrongful termination and requested a stay

of the termination pending a determination of Petitioner's rights under the operating agreement. Petitioner also claimed damages for breach of contract and attorneys' fees. ADQ denied Petitioner's claims and counterclaimed for breaches of the operating agreement. The parties reached a settlement on March 12, 2020 under which they agreed to terminate the operating agreement effective April 15, 2020 and both parties agreed to waive their claims for damages, including ADQ's claims for any unpaid fees owed by Petitioner.

White Enterprise, Inc. vs. American Dairy Queen Corporation (American Arbitration Association, No. 01-20-0000-3584, filed January 30, 2020). Claimant commenced this action January 30, 2020 alleging a breach of contract and implied covenant of good faith and fair dealing. In addition, Claimant seeks a declaratory judgment requiring ADQ to provide Claimant with the full benefits of ADQ's sales promotion program including point-of-sale and other store-level materials without the requirement of pledging to the higher national marketing fund commitment level. The parties reached a settlement on May 15, 2020 under which they agreed that, effective January 1, 2021, Claimant ~~would~~shall pay to ADQ a sales promotion fee of 2.5% of gross sales and ADQ ~~would~~shall provide Claimant with the full benefits available under the National Marketing Fund ("NMF") or any equivalent marketing program ADQ ~~made~~may make available to U.S. franchisees in the future.

Actions Involving the Franchise Relationship

In ~~2022~~2023, neither ADQ nor its affiliates initiated any actions involving the franchise relationship.

Other than the actions described above, no litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

DQ MT/DQ's Bankruptcies

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

ADQ's Bankruptcies

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

Item 5

INITIAL FEES

Initial Franchise Fee

You must pay a \$25,000 initial franchise fee to **DQ MT/ND** when you sign the operating agreement. The initial franchise fee is non-refundable and uniform, except as described in this Item 5.

DQ MT/ND will refund the initial franchise fee to you in full without interest only if **DQ MT/ND** does not approve your application (your signed operating agreement), or if you submit

written notification to **DQ MT/ND** to cancel your application (your signed operating agreement) before **DQ MT/ND's** final approval of the application.

DQ MT/ND may declare the operating agreement null and void, and may refund the initial franchise fee to you, less a cancellation fee of \$10,000, ~~or a cancellation fee equal to **DQ MT/ND's** and **ADQ's** expenses, whichever is greater, in the following circumstances:~~ (i) if you request the withdrawal of your application after **DQ MT/ND** has approved it; (ii) if your trainees, as specified in Items 11 and 15, fail to successfully complete **ADQ's** initial training to **ADQ's** or **DQ MT/ND's** reasonable satisfaction; (iii) if you do not designate and **DQ MT/ND** does not approve a site for the restaurant within 90 days from the date **DQ MT/ND** approves your application; or (iv) if you have not begun construction within 180 days from the date **DQ MT/ND** approves your authorized location. In the instances described in (i) – (iv), **DQ MT/ND** has the right to cancel any agreements that have been signed with **DQ MT/ND**, without opportunity to cure. **DQ MT/ND** estimates that **DQ MT/ND's** and **ADQ's** expenses will range from \$1,000 to \$5,000.

The initial franchise fee is uniform, except that **DQ MT/ND** issues DQ Grill & Chill subfranchises to certain subfranchisees who have been in good standing for at least 6 months, for no initial franchise fee or a reduced initial franchise fee, under **DQ MT/ND's** ARD Program. These circumstances ordinarily are confined to existing subfranchisees who desire to open additional DQ Grill & Chill restaurants. **DQ MT/ND** must approve the additional location, and the existing subfranchisee cannot be in default of his or her current operating agreement. **DQ MT/ND** may refuse to approve an additional subfranchise, or may refuse to offer an additional DQ Grill & Chill subfranchise for no initial franchise fee or a reduced initial franchise fee.

In ~~2022~~2023, ~~4~~no subfranchisee opened an additional DQ Grill & Chill restaurant under **DQ MT/ND's** ARD Program for no initial franchise fee.

Building Plans/Design Services

You may purchase prototypical design intent building plans for a freestanding store or restaurant from **ADQ** for \$3,000. This fee is non-refundable. **ADQ's** standard design services agreement is attached as Exhibit C. See Items 7 and 8 for more information about your obligations to construct and equip your store or restaurant according to **DQ MT/ND's** policies, which generally conform to **ADQ's** design standards.

Construction Consultation Services

If you are building a DQ Grill & Chill restaurant, **DQ MT/ND** may require you to use **ADQ's** construction services for pre-opening construction and equipment installation for the franchised premises. To receive **ADQ's** construction consultation services, you must sign the construction consultation services agreement included in this disclosure document as Exhibit M, and pay a uniform fee to **ADQ** of \$5,000 or \$7,500 when the agreement is signed, depending on the type of project involved. The fee is non-refundable, except that if your project is cancelled, **ADQ** will pay you: (1) a refund of the entire fee if your building plans have not been submitted to **ADQ** for review; or (2) a refund of the fee less \$1,500 at any time before construction begins. **ADQ's** construction consultation services may not always be available, depending on the availability of **ADQ** personnel and **ADQ's** then-current policies.

Training

For a DQ Treat store or a DQ Grill & Chill restaurant, you must send at least 3 trainees to training, which consists of: (1) a management training readiness assessment ("MTRA"); (2) ADQ's initial training; and (3) a SERVSAFE course.

The current fee for taking an MTRA is \$200 per trainee. You may pay this uniform fee to **DQ MT/ND** when you sign the operating agreement, and if so, before you take an MTRA, **DQ MT/ND** may pay this fee to ADQ, and ADQ then may pay this fee to a 3rd party supplier. **DQ MT/ND** will refund this fee to you only if it refunds the initial franchise fee in a manner described above in this Item 5. Alternatively, you may make arrangements to take an MTRA yourself and pay the 3rd party supplier directly. In the case of a transfer, you pay this fee directly to ADQ before **DQ MT/ND** grants final approval of the transfer, and ADQ pays this fee to the 3rd party supplier. Before attending ADQ's initial training, you must pass an MTRA.

ADQ charges a \$3,600-per-trainee initial training fee for its initial training. You must pay this uniform fee to **DQ MT/ND** when you sign the operating agreement. **DQ MT/ND** will refund this fee to you only if it refunds the initial franchise fee in a manner described above in this Item 5. Before you attend ADQ's initial training, **DQ MT/ND** pays this fee to ADQ. In the case of a transfer, you must pay this per-trainee initial training fee directly to ADQ, before training and before **DQ MT/ND** grants final approval of the transfer. If you fail to attend and successfully complete initial training within 1 year after **DQ MT/ND** grants final approval of the transfer, you forfeit this per-trainee initial training fee.

You must pay a fee to a 3rd party supplier for a SERVSAFE course (currently \$400).

In addition to these fees, you must pay all of your and your trainees' travel and living expenses.

If you are an existing subfranchisee who has been in good standing for at least 6 months, if you qualify, and if you wish to become a multi-unit operator and develop additional franchised locations, either through **DQ MT/ND**'s ARD Program or through the transfer of existing DQ stores or restaurants, you, your control person or your designated manager must attend and successfully complete ADQ's Managing Multiple Locations ("MML") training program. If you are part of **DQ MT/ND**'s ARD Program, you must complete this training before opening the additional store or restaurant. If you are purchasing an existing DQ store or restaurant through a transfer, you must attend and successfully complete the MML training program within 1 year after **DQ MT/ND** grants final approval of the transfer. The fee for this training is \$1,300, and you must pay this fee to ADQ in advance of attending the MML training program. You also must pay all of your and your trainees' travel and living expenses.

Training and Opening Inventory

Before opening or converting, you must purchase the training inventory that you and your personnel will use at your store or restaurant during **DQ MT/ND**'s or ADQ's on-site opening assistance. You may pay ADQ for some of the training inventory. **DQ MT/ND** estimates that the cost of the training inventory will range from \$2,000 to \$6,000 for a DQ Treat store or \$6,000 to \$17,000 for a DQ Grill & Chill restaurant. You also must purchase the inventory that you will use to open your store or restaurant, which **DQ MT/ND** and ADQ estimate will range from \$5,000 to

\$12,000 for a DQ Treat store or \$16,000 to \$40,000 for a DQ Grill & Chill restaurant. See Items 6 and 7 for additional information.

On-Site Pre-Opening and Opening Assistance

DQ MT/ND will provide you with limited on-site pre-opening and opening assistance at no additional cost, subject to staff availability and **DQ MT/ND's** discretion as to the amount of assistance necessary. **DQ MT/ND's** assistance may include site selection assistance and visits to the site before and during opening, advice in locating a regional operator or store or restaurant manager who can assist you in the preparation and opening of the site (with the expenses determined on a case-by-case basis and paid for by you), and consultation during normal business hours.

You also will be required to pay for additional on-site pre-opening and opening assistance from **DQ MT/ND's** or ADQ's Opening Team. This pre-opening and opening assistance is subject to staff availability and **DQ MT/ND's** and ADQ's then-current policies, and is provided for a negotiated fee based on the services to be provided. **DQ MT/ND** and ADQ do not have a standard agreement for this type of assistance, and will negotiate each situation individually. The fee is non-refundable.

Item 6

OTHER FEES

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Continuing License Fee	4% of your Gross Sales for a DQ Grill & Chill restaurant 5% of your Gross Sales for a DQ Treat store Minimum fee payable during any period of business interruption (See Note 20)	On or before the 10 th day of the month following the month for which the fee is due, or weekly if required.	See Notes 2, 13, 14, 15 and 16
Sales Promotion Program Fee	3% to 6% of your Gross Sales Minimum fee payable during any period of business interruption (See Note 20)	On or before the 10 th day of the month following the month for which the fee is due, or weekly if required.	See Notes 2, 3, 13, 14, 15 and 16
Operational Program Fees	Will vary under circumstances Minimum fees payable during any period of business interruption (See Note 20)	When due	You must pay fees for any costs associated with administering programs established by DQ MT/ND or ADQ in connection with operational programs and initiatives implemented generally for the DQ system.
Transfer Fee	Currently, \$5,500-\$7,500	When you submit transfer application	See Note 4
Special Transfer	\$50,000	Before transfer	See Note 4

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Transfer cost advance	Determined at time of transfer	Before transfer	If required modernization, repair <u>replacements, upgrades, repairs,</u> and similar items will be completed after a transfer, DQ MT/ND may require you or the transferee to pay a cost advance to DQ MT/ND , to be put into an escrow account, and to be used to cover the cost the modernization, repair <u>replacements, upgrades, repairs,</u> and similar items when they are completed.
Additional Restaurant Development Discount Reimbursement Fee (applies only to ARD Program)	\$13,600 to \$25,000	When you submit application for any transfer that triggers reimbursement fee	See Note 4
Transfer Training Fee	\$6,000-\$9,900	Before training	See Note 4
Managing Multiple Locations Training Fee (applies only to multi-unit operators)	\$1,300 per person	Before training	See Note 4
Renewal Fee	\$4,000	When you renew	See Note 5
Audit and Recordkeeping	Audit costs	After audit revealing understatement of Gross Sales by 3% or more	If an initial audit reveals an understatement of Gross Sales by 3% or more, you must pay all costs for the audit, including salaries, outside accountant and attorneys' fees, copying costs, postage, travel, meals, and lodging ("audit costs"), plus audit costs for any additional audits within 2 years after the initial evaluation or audit. See Note 6
Termination Fee	One of the following: 1) 2 times the continuing license fee due for the last 12 months of active operations; (2) If the location did not operate for a full 12 months, 24 times the average monthly continuing license fee when the location was open; or (3) If less than 24 months remain on the operating agreement, the number of months remaining times the average monthly continuing license fees due for the last 12 months of active operations.	On termination	See Note 7

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Late Fees	\$50 for each late report or payment; \$250 for each written notice	When incurred	See Note 8
Interest	Will vary under circumstances	When incurred	See Note 8
Modernization Expenses	\$0 to \$124,000 <u>135,000</u> or more for each modernization (\$124,000 <u>135,000</u> is the maximum required amount for any <u>any</u> <u>DQ Grill & Chill</u> modernization in 2023 <u>2025</u>), plus \$9,500 to \$34,000 or more for each signage conversion.	When incurred	See Note 9
EPOS Software Support Program	About \$1,200-\$1,600 annually	When incurred	See Note 10
Gift Card Program	Currently, 3% of total gift card redemption	When incurred	See Note 10
Costs and Attorneys' Fees	Will vary under circumstances	When incurred	See Note 11
Management Skills and Development Course	Currently \$200 per trainee	Before training	See Note 12
Training Materials	\$150 to \$500	When incurred	See Note 17
Training Cancellation or Substitution Fee	\$100 to \$1,000	On cancellation or substitution	See Note 18
Additional Training Fees	Will vary under circumstances	Before training	If your designated manager or assistant manager leaves, you must replace them with new personnel who have completed DQ MT/ND's and ADQ's training requirements.
Internet Connection	\$10 to \$80 per month	When incurred	See Note 19

Notes:

- (1) Except where otherwise noted, all fees are uniformly imposed, non-refundable and are payable to **DQ MT/ND**, ADQ or one of ADQ's affiliates.
- (2) "Gross Sales" include the total revenue and receipts from the sale of all products sold by your restaurant including sales of all products under any of ADQ's trademarks as well as sales of other products, services and merchandise, whether or not identified by other brand names, and excluding sales taxes and revenue and receipts arising directly from the sale of gift cards. Periodically, **DQ MT/ND** may reduce the continuing license fee for a limited period of time for conversions, remodels where a subfranchisee spends more than the amount required, hardship situations or other unique circumstances. **DQ MT/ND** also may reduce the continuing license fee in specialty captive-venue locations that charge admission or require a ticket for entrance, such as airports and sports stadiums.

If you are a conversion subfranchisee, **DQ MT/ND** will permit a negotiated phase-in of the continuing license fee on soft-serve treat items, if the continuing license fee specified in your current operating agreement is lower.
- (3) You must pay **DQ MT/ND** a sales promotion program fee based on your Gross Sales. **DQ MT/ND** collects this fee and currently transfers all of it to ADQ for use in ADQ's sales promotion programs. **DQ MT/ND** will notify you at least 90 days in advance of any increase in the fee within the 3 to 6% range. **DQ MT/ND** has the right to hold back a portion of the sales promotion program fee, instead of transferring all of the fee to ADQ, and may do so in the future. Some franchisees or subfranchisees in your trade area may pay (or account for) higher, lower or no sales promotion fees. See Item 11 for

more information on the sales promotion programs. Periodically, **DQ MT/ND** may reduce the sales promotion fee for other situations in specialty captive-venue locations that charge admission or require a ticket for entrance, such as airports and sports stadiums.

If you are a conversion subfranchisee, **DQ MT/ND** will permit a negotiated phase-in of the sales promotion program fee on soft-serve treat items, if the sales promotion program fee specified in your current operating agreement or currently being paid by you is lower, subject to ADQ's approval.

- (4) Currently, the transfer fee is \$5,500. If you are transferring your store or restaurant to a person located in a state or Canadian province where **DQ MT/ND** is not currently registered to offer and sell franchises and **DQ MT/ND** must register or otherwise comply with state or provincial laws, you must pay **DQ MT/ND** an additional \$2,000 transfer compliance fee, before **DQ MT/ND** seeks to register under or otherwise comply with any state or provincial law, as reimbursement for **DQ MT/ND**'s registration or compliance costs. Initial registration with a state or compliance with the laws of a Canadian province also may significantly extend the amount of time needed to complete the transfer. On January 1, 2025, and on each 5-year anniversary thereafter, the transfer fee will increase by \$500 or more. **DQ MT/ND** will refund the transfer fee, less any actual expenditures or disbursements that **DQ MT/ND** incurs in processing the proposed transfer, if **DQ MT/ND** does not consent to your proposed transfer or if **DQ MT/ND** exercises its right of 1st refusal. If you attempt to transfer in violation of the operating agreement, your transfer is void and **DQ MT/ND** may either terminate the subfranchise or collect from you a transfer fee of 2 times the then-current transfer fee (See Item 17).

For a store or restaurant opened under **DQ MT/ND**'s ARD Program, in connection with a transfer, in addition to the basic transfer fee specified above, you must pay: (a) a \$2,000 transfer compliance fee, if applicable; (b) a \$50,000 special transfer fee before transfer, if applicable; and (c) an additional restaurant development discount reimbursement fee before transfer, based on the following formula:

Transfer within 1 year after starting operation -	\$25,000
1 st year to 2 nd year -	\$19,000
2 nd year to 3 rd year -	\$16,300
3 rd year to 4 th year -	\$13,600

If you are a transferee, you must pay ADQ a non-refundable initial training fee of \$3,400 for each trainee, before training and before **DQ MT/ND** grants final approval of the transfer. You must send at least 3 trainees to ADQ's initial training.

If you are an existing subfranchisee applying to operate an additional franchised location, either through **DQ MT/ND**'s ARD Program or through the transfer of an existing DQ store or restaurant, you or your control person or designated manager must attend and successfully complete ADQ's MML training program. If you are part of **DQ MT/ND**'s ARD Program, you must attend and successfully complete this training prior to opening the additional location. If you are purchasing an existing DQ store or restaurant through a transfer, you and 2 additional persons must attend and successfully complete this training within 1 year of **DQ MT/ND** granting final approval of the transfer, assuming you and the other persons do not have previous approved DQ training acceptable to **DQ MT/ND**. If you fail to meet these deadlines, the initial training fee will be forfeited, you will have to pay the initial training fee again, and you will be in default under the operating agreement. Trainees must have attended and successfully completed ADQ's People, PRIDE and Profit Training (Phase 3) before taking ADQ's MML training program (See Item 11).

- (5) The license renewal fee currently is \$4,000.
- (6) You must keep records for your store or restaurant. The records include daily sales, cost of sales, profit and loss statements, balance sheets and other relevant records or information, maintained in a format and methodology that **DQ MT/ND** and ADQ approve. Once collected, you must give **DQ MT/ND**

and/or ADQ these records according to reporting formats, methodologies and time schedules that **DQ MT/ND** and/or ADQ establish periodically. **DQ MT/ND**, at its expense, and/or ADQ, at its expense, may evaluate, copy and audit your books. If the evaluation or audit reveals any understatement of your Gross Sales of 3% or more, you must pay all reasonable professional fees, travel, room and board, and expenses for the evaluation or audit, and **DQ MT/ND** and/or ADQ may conduct additional evaluations and/or audits of your books as **DQ MT/ND** and/or ADQ deem reasonably necessary for up to 2 more years. You also must pay all reasonable professional fees, travel, room and board and expenses for any additional evaluations or audits.

- (7) If **DQ MT/ND** terminates the subfranchise because of your defaults, you must pay it a fee in an amount equal to 2 times the continuing license fees due for the last 12 months of your store's or restaurant's active operations. If the location did not operate for a full 12 months, 24 times the average monthly continuing license fee when the location was open; or if less than 24 months remain on the operating agreement, the number of months remaining times the average monthly continuing license fees due for the last 12 months of active operations. This fee does not apply if termination occurs before your store or restaurant opens (See Item 17).
- (8) **DQ MT/ND** may require you to pay it a late fee of up to \$50 for each late report or payment. In addition, if you fail to submit required reports or to make any continuing payments to **DQ MT/ND** when due and **DQ MT/ND** or a 3rd party designated by **DQ MT/ND** sends you a written notice regarding this failure, **DQ MT/ND** may require you to pay it a service charge of up to \$250 for each written notice. A payment is late if the payment is not received by **DQ MT/ND** on or before the date due, the payment is not honored by your bank, or there are insufficient funds in your account to collect the payment by an electronic transfer of funds authorization on or after the date due. Unpaid debts owed to **DQ MT/ND** or its affiliates bear interest from the date of accrual at the lesser of 18% or the highest rate allowed by Montana or North Dakota law (wherever your store or restaurant is located).
- (9) You must modernize, replace, upgrade, and repair your building, premises, equipment, signage, and grounds when you transfer any interest in the franchise, when you convert an existing unit to another type of store or restaurant in the DQ system, or when you renew your franchise, ~~and~~ You must modernize no less than every 10 years or shorter period, if any, required by any lease for the premises. ~~The modernization~~ Modernization, replacements and upgrades must conform to the standards that **DQ MT/ND** and/or ADQ prescribe at that time for similarly situated new DQ stores or restaurants. **DQ MT/ND's standards may exceed ADQ's standards.** As described in Item 1, the DQ Treat building designs are now the approved minimum building standards for all DQ stores offering a full menu of approved soft-serve and beverage items, and a limited menu of approved food items, and the DQ Grill & Chill building designs are now the approved minimum building standards for all DQ restaurants offering a full menu of approved soft-serve, beverage and food items.

If ~~the~~ modernization, replacement or upgrade requirement is triggered within 3 years before the expiration of a nonrenewable lease, you will not be required to modernize, replace or upgrade unless the landlord of the store or restaurant premises requires you to modernize, replace or upgrade under the terms of the lease. Because the scope of a required modernization, replacement or upgrade may vary based on existing sales volume and may range from replacing restaurant signage to complete refurbishing or re-imaging of the store or restaurant, including replacing finishes, furniture, fixtures and counter area, and upgrading or replacing your computer restaurant management systems, your costs to modernize, replace or upgrade may vary, depending on your particular circumstances. You may make these payments in whole or in part to 3rd parties. Before the time you modernize, replace or upgrade your store or restaurant, you must submit your modernization, replacement or upgrade plans to **DQ MT/ND** and ADQ for approval.

The estimated expenses provided for signage range from basic storefront signage and shared monument sign needed for a strip center location on the low end, to signage for a freestanding location on the high end (dual building signage, 1 pylon, a reader board, the DQ Grill & Chill bowtie, and directional signage).

- (10) During the 1st year you own the EPOS system, you must purchase an approved software support program. Although the software support program is not required after the 1st year, it is strongly recommended. See Items 8 and 11 for additional information on the software support program for the EPOS system. Gift card program fees are allocated based on a shared cost model between subfranchisees, franchisees and the national marketing fund ("NMF"). Currently, franchisees and subfranchisees pay fees equaling 3% of total gift card redemptions, which ADQ estimates will be about \$200 per year per location. NMF covers the balance of the gift card program's costs. In the future, the percentage allocation of costs between franchisees and subfranchisees and NMF may change.

If you are a conversion subfranchisee, you likely will be required to discontinue using your existing POS system and to begin using an EPOS system then currently approved by ADQ.

- (11) You must pay all business debts, liens and taxes promptly when due. If you fail to do so, **DQ MT/ND** may pay the same and then be entitled to immediate reimbursement from you. You also must pay **DQ MT/ND** its costs, including collection costs, collection agency fees, reasonable attorneys' fees, court costs and other reasonable costs in obtaining injunctive relief against you or if it is the prevailing party in any action or proceeding arising under, out of, in connection with or in relation to the operating agreement.
- (12) ADQ periodically offers optional management skills and professional development courses for existing managers, franchisees and subfranchisees as refresher or supplemental management training programs. The tuition is currently \$200 per trainee. The courses are offered regionally, at centrally-located hotels. You must pay your trainees' wages and any travel and living expenses.
- (13) **DQ MT/ND** may require you to report and remit actual continuing license and sales promotion program fees on a weekly basis.
- (14) **DQ MT/ND** may collect continuing license fees, sales promotion program fees and past due amounts owed by you through a surcharge method of collection program. Under this program, you must pay to suppliers of mix, meat, and/or other products and ingredients used in your subfranchised business a surcharge on all the products you purchase. **DQ MT/ND** establishes the surcharge at a reasonable rate so as to approximate the amount of continuing license and sales promotion program fees which you will be required to pay, and/or any past due amounts owed to **DQ MT/ND**. **DQ MT/ND** will perform a reconciliation of fees paid versus fees due on a monthly, tri-annual or other basis.
- (15) As an alternative to the surcharge method of collection program, **DQ MT/ND** may collect estimated continuing license and sales promotion program fees from you through a weekly payment program. Under this program, **DQ MT/ND** will establish a specific amount that you will prepay to it each week as an estimate of the continuing license and sales promotion program fees that will be due at the end of the month. **DQ MT/ND** will perform a reconciliation of fees paid versus fees due on a monthly, tri-annual or other basis.
- (16) **DQ MT/ND** may require you to sign an electronic transfer of funds authorization for your business bank account. A copy of **DQ MT/ND**'s current Draft Authorization Form is included as Exhibit D. The authorization permits **DQ MT/ND** to collect from your account actual and estimated amounts due and payable to it for goods or services, including continuing license and sales promotion program fees. As an alternative, **DQ MT/ND** may require you to sign an authorization to allow for some other method of payment.

- (17) ADQ may produce and **DQ MT/ND** or ADQ may require you to purchase periodically certain restaurant training materials for use with your personnel. These may include DVDs, CDs, written publications, and other items.
- (18) You must pay a cancellation fee to ADQ if any trainee cancels training once scheduled. If a trainee cancels Phases 1 and 2 of training more than 14 days before the start of the training class, you must pay a cancellation fee of \$150. If a trainee cancels Phases 1 and 2 training 14 days or less before the start of the training class, you must pay a cancellation fee of \$750. If a trainee cancels Phase 3 of training 14 days or less before the start of the training class, you must pay a cancellation fee of \$1,000. You must pay a substitution fee of \$100 if you substitute a new individual to attend a training class less than 14 days before the class starts.
- (19) The amount is paid to your Internet service provider, and will vary based on a number of factors, such as the type of Internet service provided and local market conditions. See Item 11 for further information about Internet connection requirements.
- (20) During any period of business interruption, whether caused by a Force Majeure event (see Section 15.12 of the operating agreement), Voluntary Abandonment (see Section 6.9(B) of the operating agreement), damage or destruction of the Restaurant (see Section 6.9(C) of the operating agreement), or any other cause within or not within your control, you must pay minimum continuing license fees, sales promotion program fees and operational program fees for each month or part of a month equal to the fees that were payable for the prior year's same month or comparable part of the same month (i.e., if there is a business interruption during all or part of December ~~2023~~2024, the minimum fees would be due based on the fees that were payable for all of December ~~2022~~2023 or the comparable part of December ~~2022~~2023).

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type Of Expenditure	Amount (1)	Method of Payment	When Due	To Whom Payment Is To Be Made (1)
Initial franchise fee (See Note 2)	\$25,000	Lump sum	When you sign the operating agreement	DQ MT/ND
Management Training Readiness Assessment fee (See Note 3)	\$600, for 3 trainees	Lump sum	When you sign the operating agreement, or when you arrange to take MTRA	DQ MT/ND (DQ MT/ND pays this fee to ADQ before you take an MTRA; ADQ then pays this fee to a 3 rd party); alternatively, 3 rd party
Initial training fee (See Note 3)	\$10,800, for 3 trainees	Lump sum	When you sign the operating agreement	DQ MT/ND (DQ MT/ND pays this fee to ADQ before you attend training)
SERVSAFE course (See Note 3)	\$600 to \$1,200, for 3 trainees	Lump sum	Before training	3 rd party

Type Of Expenditure	Amount (1)	Method of Payment	When Due	To Whom Payment Is To Be Made (1)
Travel and living expenses (See Note 4)	\$7,800 - \$14,100, for 3 DQ Treat store trainees \$24,000 - \$38,100, for 3 DQ Grill & Chill trainees	Lump sum	As incurred	3 rd parties
Building construction, site work and leasehold improvements (See Note 5, 6)	\$235,000 - \$470,000, for DQ Treat store in captive-venue location \$390,000 - \$870,000, for DQ Treat store with street location, excluding cost of land \$800,000 - \$1,400,000, for DQ Grill & Chill restaurant, excluding cost of land	Note 5	Note 5	3 rd parties
Prepaid rent and security deposit (See Note 7)	\$2,500 - \$5,500, for DQ Treat store	Lump sum	Before opening	Landlord
Building plans, design intent plans and architectural seal (See Note 8)	\$7,000 <u>10,000</u> - \$38,000 <u>50,000</u> , for DQ Treat store \$15,000 - \$48,000 <u>60,000</u> , for DQ Grill & Chill restaurant	Lump sum	As incurred	ADQ (\$0 to \$3,000 for prototypical design intent building plans); local architect
Construction consultation services (See Note 9)	\$0 - \$7,500, for DQ Grill & Chill restaurant	Lump sum	Before consultation	ADQ
Equipment and fixtures (including signs and EPOS system) (See Note 10)	\$220,000 - \$360,000, for DQ Treat store in captive-venue location \$360,000 - \$420,000, for DQ Treat store with street location \$575,000 - \$700,000, for DQ Grill & Chill restaurant	Lump sum or, if financed, down payment of 15% if leased and 25% if purchased	Usually when ordered	3 rd parties
Credit card processing fees (See Note 11)	\$200 - \$2,000	As arranged	When incurred	3 rd parties

Type Of Expenditure	Amount (1)	Method of Payment	When Due	To Whom Payment Is To Be Made (1)
Training inventory (See Note 12)	\$2,000 <u>4,000</u> - \$6,000 <u>8,000</u> , for DQ Treat store \$6,000 - \$17,000 <u>12,000</u> , for DQ Grill & Chill restaurant	Lump sum	Before opening	ADQ (\$0-\$6,000 <u>8,000</u> , for DQ Treat store; \$0-\$10,000 <u>12,000</u> , for DQ Grill & Chill restaurant); 3rd parties
Opening inventory (See Note 12)	\$5,000 - \$12,000 <u>15,000</u> , for DQ Treat store \$16,000 <u>20,000</u> - \$40,000, for DQ Grill & Chill restaurant	Lump sum	Before opening	3 rd parties
Opening team pre-opening and opening assistance (See Note 13)	\$0 - \$25,000	Lump sum	As agreed	DQ MT/ND or ADQ
Utility deposits, business licenses and government charges (See Note 14)	\$4,000 - \$17,000	Lump sum	Before opening	3 rd parties; local municipality
Insurance (See Note 15)	\$6,000 - \$20,000	As arranged	As agreed	ADQ (\$0 to \$20,000); 3 rd parties
Professional fees (See Note 16)	\$4,000 - \$10,000	Lump sum	As incurred	3 rd parties
Supplies and uniforms	\$2,000 - \$3,000	Monthly	As agreed	3 rd parties
Additional funds (3-6 months) (See Note 17)	\$40,000 - \$155,000, for DQ Treat store \$50,000 - \$200,000, for DQ Grill & Chill restaurant	As incurred	As incurred	3 rd parties
TOTAL (See Note 18)	\$572,500<u>577,500</u> - \$1,635,200<u>1,652,200</u> for new DQ Treat store (does not include land and non-standard improvement costs; low and high estimates assume 3 trainees at initial training) \$1,539,200<u>1,543,200</u> - \$2,565,200<u>2,572,200</u> for new DQ Grill & Chill restaurant (does not include land and non-standard improvement costs; does not reflect lower or waived initial franchise fee for DQ Grill & Chill restaurant opened under ARD Program or Conversion Program; low and high estimates assume 3 trainees at initial training)			

Notes:

- (1) Except where otherwise noted, all fees that you pay to **DQ MT/ND**, ADQ and ADQ affiliates are non-refundable. Lessors, contractors and 3rd party suppliers will decide if payments to them are refundable.

The initial investment amounts in several categories will vary, depending on your building size and whether you lease or own the space or building.

- (2) The initial franchise fee is \$25,000. **DQ MT/ND** may waive or lower the initial franchise fee if you qualify under **DQ MT/ND**'s ARD Program. See Item 5 for conditions under which the initial franchise fee is refundable.
- (3) You must send at least 3 trainees to ADQ's initial training. ADQ charges a \$3,600 initial training fee for each trainee who attends all 3 phases of ADQ's initial training. If you are a current franchisee that already has at least one existing DQ store or restaurant open and operating for a minimum of 2 years and you are developing an additional store or restaurant under **DQ MT/ND**'s ARD Program, you may be permitted to have training candidates with a certain level of experience and operational approval test out of Product and Equipment Training (phase 1), in which case the cost of the remaining phases of ADQ's training program is \$2,300/person, or test out of both Product and Equipment Training, and Service, Management and Financial Basics Training (phases 1 and 2), in which case the cost of the remaining phase of ADQ's training program is \$1,000/person. If any person required to attend training does not pass People, PRIDE, and Profit Training (phase 3) within 6 months after phase 2 completion, you must pay an additional \$1,000/person for phase 3 completion.

Before attending ADQ's initial training, your trainees must pass an MTRA, which currently costs \$200 per trainee, and an additional \$200 for each retake or repeat of the assessment. If a trainee cancels a scheduled MTRA more than 1 business day before a scheduled MTRA, the fee will be applied to the next scheduled MTRA for that trainee. If a trainee fails to cancel at least 1 business day before a scheduled MTRA or fails to appear at the testing facility, the fee will be forfeited.

Each trainee is required to successfully complete a SERVSAFE course and have a current SERVSAFE certification before attending ADQ's initial training. ADQ estimates that the cost for your trainees to attend a SERVSAFE course will range from \$200 to \$400 per person. This cost is payable to a 3rd party.

ADQ's initial training, the MTRA and the SERVSAFE course are further described in Item 11.

Conversion subfranchisee training: If you are a conversion subfranchisee, ADQ will provide initial training that is customized to address your individual training needs. Unless currently certified, each of your trainees must successfully pass a SERVSAFE certification exam and have a current SERVSAFE certification before attending ADQ's initial training (see Item 11).

- (4) The total amount of travel and living expenses will vary depending on the training completed by your trainees. See Item 11 for further information regarding your training requirements. You may pay travel and living expenses of about \$2,600 to \$8,000 per person for a DQ Treat store, or about \$8,000 to \$12,000 per person for a DQ Grill & Chill restaurant, for all 3 phases of ADQ's training program. In addition, you may pay travel and living expenses of about \$0 to \$300 per person for the MTRA (the MTRA is generally available at locations reasonably close to prospective subfranchisees), and about \$0 to \$400 per person for the SERVSAFE course.

Conversion subfranchisee travel and living expenses: If you are a conversion subfranchisee, you must send at least 3 persons to ADQ's customized initial training. ADQ generally administers initial training at an existing DQ Grill & Chill restaurant or at another location that ADQ designates. ADQ estimates that the travel and living expenses for your trainees will fall within the range provided in the Item 7 table.

- (5) This estimate is for building construction, site work and leasehold improvements, but excludes the cost of land. The cost of your building construction, site work and leasehold improvements will depend in large part on the size of the building you select and other factors. The cost of the building construction, site work and leasehold improvements for a DQ Treat store generally ranges from \$225,000 to \$470,000 for a captive-venue location and \$390,000 to \$870,000 for a street location. Currently, there are 3 prototypical freestanding building models for DQ Grill & Chill restaurants:

the Next Gen Core 34, the Next Gen Core 46, and the Next Gen Core 60. The Next Gen Core 34 is 1,938 square feet, seats about 34, and requires a minimum lot size of 25,830 square feet. The cost of the building construction and leasehold improvements for the Next Gen Core 34 generally ranges from \$800,000 to \$1,100,000 or more. The Next Gen Core 46 is 2,208 square feet, seats about 46, and requires a minimum lot size of 32,026 square feet. The cost of the building construction, site work and leasehold improvements for the Next Gen Core 46 generally ranges from \$800,000 to \$1,200,000 or more. The Next Gen Core 60 is 2,396 square feet, seats about 66, and requires a minimum lot size of 38,736 square feet. The cost of the building construction, site work and leasehold improvements for the Next Gen Core 60 generally ranges from \$900,000 to \$1,400,000 or more. The actual cost for building construction, site work and leasehold improvements depends on many variables, including restaurant location and lot size; site improvement costs; soil and environmental conditions; federal, state and local building codes and fees; health department requirements; local labor costs; union labor requirements; materials; interest costs; inflation and other factors. You also may choose to add approved options to your restaurant that are not required, such as adding rear storage. Acquisition costs may be beyond the ranges identified above in certain cases or localities. Down payment requirements and initial financing or commitment expenses are negotiated individually and vary too widely to be realistically predicted.

If you purchase land, your investment for land generally will range from \$250,000 to \$800,000, depending on many variables, including the size of the property and land prices in your geographic market.

If you lease the land and/or building for your restaurant, the initial cost of leasehold improvements to a leased building may be more than the estimate, depending on many independent variables, including restaurant size, condition of existing space, demolition and landscaping, building code requirements and fees, as well as those factors listed in the paragraph above. The rental payments you make over the term of the lease, however, will likely total an amount equal to or greater than the total investment you would have made if you had purchased the land and building for your restaurant.

Payments for real property, leaseholds and construction ordinarily are not refundable, except possibly security deposits made with lessors. Investment obligations beyond the initial cash outlay requirements will be necessary and you may finance these and other obligations at your discretion. Market forces will determine loan repayment totals, interest rates and payments on borrowings at the time of any transaction.

- (6) You must pay for any additional costs due to deviations or escalations in any building construction, site work or leasehold improvement costs, including any additional costs to comply with all federal, state or local requirements.
- (7) You usually will be required to pay one month's base rent as a security deposit to the landlord and may be required to pay an additional security deposit under a sublease. ADQ estimates that: base rent for 750 square feet will be \$3,500 to \$7,000 or more per month, plus about 8% to 12% of gross sales in excess of a specified amount to which base rent is credited; and that actual rent will vary based on store size, geographic location, costs assumed by the landlord, and other economic factors. Leases also usually impose an obligation toward common area maintenance costs, insurance charges, real estate taxes and special assessments, HVAC charges, utility charges, water and sewer charges, security charges, trash removal charges, mall charges, promotional and marketing charges, food court charges and improvements, and charges for membership in a merchants association.
- (8) You must construct and equip your DQ restaurant according to **DQ MT/ND's** and ADQ's specifications. **DQ MT/ND** must approve the building plans for your restaurant before you begin construction. The building plans must be full architectural, structural, mechanical, electrical, plumbing, final site and grading plan and food service drawings showing equipment layout, manufacturer and

model numbers and bearing the seal of a registered architect in the state where your store or restaurant will be located. Because building plans typically go through 1 or more revisions before being approved, **DQ MT/ND** recommends that you submit preliminary designs for review before you prepare and submit your final building plans.

As stated in Item 5, you may purchase ADQ's prototypical design intent building plans for a freestanding DQ store or restaurant from ADQ for \$3,000. ADQ's standard design intent plans meet Minnesota Building Code requirements. You must conform the plans at your expense to local, state and federal requirements, including the Americans With Disabilities Act. These plans are valid for 6 months after date of issuance.

Architectural costs to conform your building plans to local, state and federal requirements will range from about \$7,000 to \$35,000 for a DQ Treat store, or from about \$15,000 to \$45,000 for a DQ Grill & Chill restaurant, including the cost of an architectural seal. **DQ MT/ND** and ADQ must approve any building plans for these types of developments. **DQ MT/ND** and ADQ must approve in writing any proposed alterations to **DQ MT/ND**'s or ADQ's standard design intent building plans or previously approved building plans. You must obtain any local building plan approval in addition to **DQ MT/ND**'s and ADQ's building plan approval. Further, if your local architect makes additional revisions to ADQ's prototypical design intent plans and/or any design criteria information, those revisions will become the property of ADQ. ADQ and its affiliates may use those plans in any manner in the future.

- (9) If you are building a DQ Grill & Chill restaurant, you may request ADQ to consult with and assist you on all pre-opening construction and equipment installation for the franchised premises. If ADQ agrees to provide construction consultation services, you will sign the construction consultation services agreement included in this disclosure document as Exhibit M. ADQ will not provide these services for projects for which you do not retain the services of a general contractor licensed to work in the city and state in which the project is located.
- (10) Your investment in equipment and fixtures is highly variable for your store or restaurant. The investment costs depend to a great extent on the size of the building and whether you lease or own. The equipment costs for a DQ Treat store generally range from \$220,000 to \$360,000 for a captive-venue location, or \$360,000 to \$420,000 for a street location. The equipment costs for a Next Gen Core 34 building generally range from \$575,000 to \$625,000, for a Next Gen Core 46 building generally range from \$625,000 to \$650,000, and for a Next Gen Core 60 building generally range from \$640,000 to \$700,000 (see descriptions in Note 5 above). The investment costs also depend on the location of your store or restaurant, the anticipated traffic through the store or restaurant, local labor costs, current prices charged by equipment suppliers, discretionary expenditures, inflation, financing costs, and similar factors beyond **DQ MT/ND**'s, ADQ's or your control. You also may choose to add some approved options to your store or restaurant that are not required, such as additional seating packages. These investment costs are subject to change.

Equipment payments generally are not refundable. Investment obligations beyond the initial cash outlay requirements will be necessary and you may finance at your discretion. Market forces will determine loan repayment totals and interest on borrowings at the time of any financing transaction.

- (11) Credit card processing service providers require compliance with the Payment Card Industry ("PCI") Data Security Standard assembled by the PCI Security Standards Council. The initial cost to engage a 3rd party contractor to ensure compliance with the PCI Data Security Standard may range from \$200 to \$2,000.
- (12) You must purchase the pre-opening training and opening inventory used by you and your store or restaurant personnel.

- (13) You also must contract with an Opening Team for additional on-site pre-opening and opening assistance. **DQ MT/ND's** and ADQ's pre-opening and opening assistance is subject to staff availability and **DQ MT/ND's** and ADQ's then-current policies, and is provided for a negotiated fee based on the services to be provided.
- (14) This amount includes utility and security deposits and business licenses. Deposits are generally refundable, but license fees are not. You may be required to submit an impact study to a local government agency to receive necessary local permits and approvals for your store or restaurant. These estimates may be significantly higher in some unique jurisdictions, where local authorities may require fees in excess of \$100,000 for electrical, sewer/water and/or other miscellaneous connections.
- (15) You must purchase and maintain, at your sole expense: general liability insurance at a minimum limit of liability that **DQ MT/ND** and/or ADQ designate periodically as may be necessary to reflect inflation, risk levels or other factors that **DQ MT/ND** and/or ADQ consider important, but not less than \$2,000,000 per occurrence, combined single limit (CSL), or any higher amount that a lessor of the premises may require; and business interruption insurance covering "actual losses sustained" during any period of not less than 12 months or during the maximum period permitted by law if less than 24 months. The general liability insurance coverage must insure you, **DQ MT/ND**, **DQ MT/ND's** affiliates, ADQ, ADQ's affiliates, and any other person that **DQ MT/ND** and/or ADQ designate by name from liability for any and all damage or injury. All insurance coverage must be written with a company rated no less than "A" by AM Best Insurance Rating. ADQ has made arrangements with a 3rd party insurer to make available to qualifying subfranchisees certain insurance (see Item 8). Costs for insurance vary widely depending on the value of the property, state laws governing insurance, type of structure in which the subfranchised business is located, and amounts of insurance required. You may make these insurance payments in whole or in part to 3rd parties. If you do not purchase and maintain the required insurance coverage, **DQ MT/ND** may procure insurance coverage for you and charge the same to you, together with a reasonable fee for the expenses **DQ MT/ND** incurs in doing so, payable by you immediately on notice. You must keep current certificates of insurance on file with **DQ MT/ND** at all times.
- (16) This amount is an estimate for attorneys' and other professional fees in connection with your purchase of the subfranchise and purchase or lease of the subfranchised premises.
- (17) The "Additional Funds" amount listed in this Table is an estimate, and **DQ MT/ND** cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as how much you follow **DQ MT/ND's** and ADQ's policies, systems and procedures, your management skills and experience, your business acumen, local economic conditions, the local market for DQ Treat and DQ Grill & Chill products, your competition, the compensation you pay your personnel, the number of personnel you engage, and the sales level reached during the initial period. This estimate includes managerial salaries, rent, debt service, local advertising, taxes, freight, office, supplies, security and/or authorized music systems. It does not include hourly labor costs or food costs beyond the opening inventory costs identified in the Table. You should anticipate that local lending institutions might require you to have at least a 20% equity position on all leasehold improvements and 25% on all equipment. You should allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs. You must bear any deviation or escalation in costs from the estimates in this Item 7 or estimates that **DQ MT/ND** or ADQ give during any period of the development process.
- (18) This total is an estimate of your initial investment and is based on **DQ MT/ND's** evaluation of costs and market conditions prevailing as of the date of this disclosure document, **DQ MT/ND's** and its predecessors' more than 60 years of experience in the business. You should review this amount carefully with a business advisor before making any decision to enter into an operating agreement. The

estimates in this table are for the development of a new DQ store or restaurant. If you are converting an existing building for use as a DQ Grill & Chill restaurant, you may not incur all of the expenses listed. Conversion costs may vary significantly, depending on the type and condition of the facility, the prior use of the building, and other costs that might be incurred to rectify deferred maintenance issues and/or to make other facility upgrades that are not directly related to the conversion but that are completed at the same time.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

You must maintain and comply with **DQ MT/ND's** and ADQ's quality standards to protect the uniformity and quality of products and services throughout the DQ system.

While you are not required to purchase or lease real estate from **DQ MT/ND**, ADQ, or their respective affiliates, **DQ MT/ND** must approve the location and type (freestanding, end-cap, etc.) of your store or restaurant (see Item 11), and **DQ MT/ND** has the right but not the obligation to approve the lease for the store or restaurant premises before execution. You must construct and equip your store or restaurant according to **DQ MT/ND's** and ADQ's then-current designs, specifications and standards. You must ensure that your building plans comply with the Americans With Disabilities Act and all other federal, state and local laws and regulations.

You only may use or purchase products approved by **DQ MT/ND** and ADQ that meet **DQ MT/ND's** and ADQ's specifications. For purposes of this Item 8, "products" include products, services, ingredients, supplies, signage, fixtures, furnishings, advertising and sales promotion materials, and equipment (including hardware and software for a computerized electronic point-of-sale ("EPOS") system and/or other computer systems, communications equipment or electronic services providers). Approved products must meet specifications and/or standards that **DQ MT/ND** and ADQ develop and are typically prepared, manufactured or provided by **DQ MT/ND**-approved and ADQ-approved manufacturers, suppliers or distributors. **DQ MT/ND** and ADQ periodically identify approved products for sale and use in DQ locations and have the right to periodically change the list of approved products, and to update and alter the specifications and standards for approved products.

ADQ always has the right to designate a single approved manufacturer, supplier or distributor for the following products: (1) soft drinks; (2) 3rd party branded products; (3) products relating to limited time offers and special promotions; (4) equipment, including EPOS [system](#) equipment and all related point-of-sale and web-based software and back-office hardware and software; (5) any product you purchase where ADQ does not receive a fee or payment from the manufacturer with respect to the sale of that product, other than payments from suppliers for marketing; and (6) the Orange Julius proprietary powders and frozen orange juice concentrate (if Orange Julius products are permitted to be sold at your store or restaurant). For other products not listed in (1) - (6) above, as long as there is not in place an agreement for a "unified purchasing program," a franchisee or subfranchisee may make written request for approval of a specific product, service or piece of equipment of an additional, qualified manufacturer, supplier or alternate distributor, pursuant to ADQ's then current policies and procedures. ADQ has received and offered proposals to create a unified purchasing program as a joint effort between ADQ and a

cooperative association of DQ restaurant and store operators, to benefit the entire DQ system in the United States. For any period during which there is an agreement for a unified purchasing program: (1) ADQ will designate as approved the manufacturers, suppliers or distributors properly selected within the structure of that program; and (2) ADQ has the right to designate a single approved manufacturer, supplier and/or distributor of any approved products.

ADQ has designated ParTech, Inc. as the sole supplier of the required EPOS [system](#) hardware and software that you must purchase for your [store or](#) restaurant. You must sign an agreement with ParTech, ~~Inc.~~ for the purchase of the equipment, software subscription services, and installation and other services (“ParTech Participation Agreement”), when you sign your operating agreement. ADQ also has designated: (a) ~~Restaurant Magic~~ [ParTech, Inc. Data Central](#) as the sole supplier of the back office software you must purchase for reporting and labor and inventory management; (b) Fiserv (formerly, ~~First-Data~~ [FirstData](#) Merchant Services) as the sole supplier of payment card processing and related services you must purchase; (c) Verifone as the sole supplier of certain payment card data encryption services that you must purchase; (d) ValueLink, LLC as the sole supplier of the gift cards and related services you must purchase; (e) Mobo Systems, Inc. aka Olo as the sole supplier of the DQ Mobile App system ([see Exhibit N](#)); (f) [Punchh](#) as the sole supplier of the mobile loyalty platform that you must purchase ([see Exhibit O](#)); and (g) Acumera as the sole supplier of managed firewall services you must purchase. When you sign the operating agreement, you also must sign agreements with each of these suppliers for their services. ADQ has the right to designate suppliers in place of or in addition to these suppliers.

The operating agreement requires you to purchase and maintain, at your expense, general liability insurance and business interruption insurance, as described in Item 6. The operating agreement permits **DQ MT/ND** periodically to require the same types of insurance with increased coverage minimums, and to require different or additional types of insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. You also must purchase and maintain any other insurance required by law or any agreement related to the franchised business. You must furnish copies of all insurance certificates to **DQ MT/ND**. ADQ has arranged with a 3rd party insurer to make certain insurance, including general liability insurance, available to qualifying franchisees and subfranchisees.

DQ MT/ND or ADQ may require you to periodically purchase restaurant training materials from ADQ. See Items 6 and 11 for more information.

DQ MT/ND estimates that the purchase or lease of equipment (including computer and EPOS system hardware and software), signage, fixtures, furnishings, products, ingredients, supplies, advertising and sales promotion materials (see Item 11 for information on advertising and sales promotion materials), and services which meet **DQ MT/ND** and ADQ's specifications represent about 65% to 85% of the cost to establish the franchised business (excluding land) and 30% to 50% of the cost to operate the franchised business.

Approval of Alternate Suppliers

DQ MT/ND and ADQ have the right to approve the manufacturer, supplier or distributor of any approved products you purchase. If there is no agreement in place for a unified purchasing program, you may request approval in writing of a specific product from an alternate manufacturer, supplier or distributor of products other than those listed in (1) - (6) in the "Required Purchases"

section above in this Item 8. **DQ MT/ND** and ADQ only approve alternate manufacturers for products if doing so will not create an inordinate number of manufacturers of the product, and the manufacturer meets **DQ MT/ND's** and ADQ's then-current requirements. ADQ will not make product specifications available to you, but upon request will provide summary specifications to you to provide to a manufacturer to determine if there is an interest in producing the product. ADQ will provide a manufacturer with detailed written specifications for the product, or, if detailed written specifications are not available, ADQ will provide the manufacturer with a parameter specification or information about a comparison product for purposes of obtaining approval of the alternate manufacturer. ADQ may require you and the manufacturer to sign a non-disclosure agreement before providing information on specifications.

DQ MT/ND and ADQ use the following criteria, which may change periodically, when evaluating an alternate product or manufacturer:

- Compliance with ADQ's specifications
- Ability to supply a large number of stores and restaurants or geographic areas
- Ability of facility to meet ADQ's requirements and accessibility for periodic evaluations
- Completion of a successful facility inspection by ADQ and/or a designated 3rd party auditor, depending on the product, may need to be certified by a Global Food Safety Initiative (GFSI) recognized scheme
- Acceptable food defense plan, supplier specification, HACCP plan, product recall process, 24 hour contact information, and allergen control program
- Manufacturer attendance at meeting with ADQ's Research & Development staff to review specifications and related procedures
- Compliance with other requirements as may be periodically implemented

DQ MT/ND and ADQ (or a 3rd-party product evaluator) may charge the evaluation cost to you or the manufacturer. ADQ also may charge the manufacturer for the cost of periodic reviews of existing products and manufacturing facilities, and may require the manufacturer to submit products and make payments to 3rd-party product or facility evaluators. Fees charged are based on a schedule of fees as may be established periodically by ADQ or the 3rd-party evaluator.

The manufacturer must provide samples (ultimately from a production run), product labels, and packaging for the alternate product. ADQ or a 3rd party product evaluator will conduct an evaluation of 1 or more samples to determine if the manufacturer's product conforms to ADQ's specifications. The evaluation may take from 90 ~~to~~ 180 days or significantly more days, depending on the complexity of the product, the specifications, the comparison product, and the manufacturing process, as well as the manufacturer's ability to provide samples and any required modifications on a timely basis. Before final approval, ADQ may require that a product successfully complete a field and distribution test within 1 or more DMAs where the product moves through a warehouse and is used in DQ stores and restaurants, which may take an additional 30 ~~to~~ 60 days or more. **DQ MT/ND** or ADQ will notify you and the manufacturer of the approval or rejection of the manufacturer or product. If the manufacturer or product is not approved, **DQ MT/ND**, ADQ or a 3rd party product evaluator will notify you and the manufacturer of the basis for the decision.

The manufacturer will be required to sign an approved products contract with ADQ that may be terminated on 90 days' notice, or that ADQ may terminate sooner if the manufacturer is in violation of any of the terms of the contract or if the product is discontinued for use in the DQ system.

Supply Chain

IDQ is involved in the purchasing and distribution business through its wholly-owned subsidiary, Unified Supply Chain, Inc. ("USCI"). In 2004, IDQ made the commitment to reduce its average margins over an 11-year period, culminating with a maximum average margin (as defined below) of 2.5%. In 2015, IDQ made an additional commitment that in 2016 it would permanently eliminate supply chain margin service fees received from manufacturers and distributors of equipment and smallwares, and that it would further reduce its maximum average supply chain margin to 1.5% by 2025. The 2004 and 2015 commitments are together referred to as the "margin commitment." This margin commitment refers to amounts received after deducting costs associated with developing and supplying products (such as tooling depreciation and rentals), technology tools, obsolete inventory and expedited freight. IDQ/ADQ made this margin commitment on a permanent basis to benefit all existing and future franchisees and subfranchisees. Under the margin commitment, USCI has received margins between 0% and 8.5%, and under the new commitment the margins will be between 0% and 6.5%. In ~~2023~~2024, the maximum average margin is ~~4.75~~1.625%. In addition, IDQ/ADQ made a commitment that should IDQ ever divest USCI, the buyer will be obligated to honor the margin commitment, unless the buyer, as a franchisee cooperative, chooses to establish a different margin structure supported by a majority of its members.

"Margin," for purposes of this Item, means the management service fee payments that USCI receives from suppliers based on the warehouse landed cost of products within the scope of the margin commitment, in place of the margin that IDQ/USCI historically realized when IDQ/USCI was in the buy-sell (inventory ownership) position with respect to products used in the operations of DQ stores and restaurants.

The scope of what is included in the margin commitment is food, paper, packaging, decorated cakes, Orange Julius proprietary powders (if Orange Julius products are permitted to be sold at your store or restaurant), and other products managed through the USCI authorized warehouse system in the U.S., but does not include IDQ supply products, uniforms, and items not used in the operation of a restaurant. Manufactured frozen novelties have been excluded from the scope, and instead are under a separate margin schedule. In ~~2023~~2024, service fee payments relating to manufactured frozen novelties will not exceed an average of ~~3.5~~2.5%. The 2015 margin commitment will systematically reduce the margin on these items further and fully include them in the scope by 2025. National payments from suppliers for marketing will flow through NMF and are not in the scope of the margin commitment.

USCI manages all of the components of the supply chain process, but is no longer in the purchase order process between distributors and suppliers related to most purchases in the U.S. distribution system. ADQ, USCI or its affiliates negotiate purchase and sale arrangements (including price terms) with suppliers and distributors that benefit the DQ system, which may include national account programs for products and services. However, ADQ and its affiliates do not negotiate on behalf of individual franchisees and subfranchisees.

USCI obtains commitments from strategically located, independently owned warehouses to carry approved products, and to make them available to DQ stores and restaurants within a particular area. USCI may require its authorized warehouses to carry a full line of products sourced by USCI, and may require that the warehouses sell to DQ franchisees and subfranchisees only those products that are sourced by USCI. Some products sourced and managed in the supply chain by USCI are the only approved products of their type because of a lack of subfranchisee and franchisee requests for approval of an alternate supplier, the lack of incentives for others to engage in the supply or distribution of the product, or for other similar reasons.

An independent accounting firm annually reviews certain performance measures of USCI and USCI shares this information with its advisory council made up of elected franchisees and subfranchisees, the Supply Chain Advisory Council ("SCAC"), which is further described in Item 20. The SCAC is given access to financial information of USCI to allow them to give valuable input to the management of USCI.

ADQ or its affiliates may sell advertising and sales promotion materials, and other food and non-food products used in the franchised business to franchisees and subfranchisees, to authorized warehouses, or otherwise for use in the DQ system.

There are 1 or more purchasing or distribution cooperatives in the DQ system that may be involved in the distribution of certain products used in the franchised business. One cooperative is the Dairy Queen Operators' Cooperative (DQOC), which is affiliated with the Dairy Queen Operators' Association (DQOA) (see www.dgoa-dqoc.com).

Revenue Derived from Suppliers

In ~~2022~~2023, **DQ MT/ND** had no revenue from subfranchisees' required purchases and leases from **DQ MT/ND**, or from ADQ.

IDQ and its affiliates receive fees or payments from some 3rd party suppliers that may or may not be reasonably related to services IDQ or its affiliates provide to the suppliers. Some arrangements with 3rd party suppliers require IDQ or its affiliates to perform services, such as administrative, technical, quality assurance, advisory, data collection, customer service, or promotion forecasting services. As of the date of this disclosure document, IDQ and its affiliates received fees and payments from 3rd party suppliers ranging from 0% to 10% of the suppliers' sales to franchisees, or of sales to warehouses in the U.S. of the following types of items used in the operation of DQ stores or restaurants: products, ingredients, supplies, equipment, uniforms, signage, fixtures, furnishings, advertising, and sales promotion materials. These fees and payments are calculated and paid to **DQ MT/ND** as a percentage or as a flat fee amount. The fees and payments, and the amounts listed below, may be adjusted in the future. Also, USCI authorized warehouses to pay a fee to USCI equal to up to 0.5% of their gross sales of products moving through the DQ system.

IDQ and its affiliates may receive fees and payments from 3rd party suppliers in greater amounts with respect to items not used in the operation of DQ stores or restaurants, such as items sold under merchandise licensing programs or other similar arrangements. For example, ADQ may grant a license to a manufacturer to allow it to place ADQ's trademarks on sportswear or advertising specialty products.

In ~~2022~~2023, IDQ derived revenue of \$~~46,411,606~~40,115,782 from the net sale of products, marketing kits, real estate finance and rental fees, insurance, and supplier service fees. This amount equaled about ~~20~~16% of IDQ's total revenue of \$~~236,936,858~~248,261,277, based on IDQ's consolidated and audited statement of income for the fiscal year ended December 31, ~~2022~~2023.

Although not considered revenue, ADQ and its affiliates received payments in ~~2022~~2023 from 3rd party suppliers that were accounted for as DQ national or DMA advertising fund receipts totaling about \$~~3,340,048~~2,597,714, which included \$~~2,041,071~~1,204,500 from various 3rd party suppliers, and \$~~1,298,977~~1,393,214 from soft drink suppliers. As of the date of this disclosure document, ADQ anticipates that ADQ and its affiliates will receive similar amounts from 3rd party suppliers in ~~2023~~2024. These payments may be percentage payments based on sales to franchisees, lump sums, reimbursements, or similar types of payments. ADQ or its affiliates also may receive payments in connection with conferences hosted by ADQ or its affiliates, or in connection with other unique activities or initiatives, and these payments may, in consultation with the franchisee SCAC, be used in various ways to benefit the DQ or Orange Julius systems.

Fee and payment arrangements in foreign countries may differ from arrangements in the U.S.

Ownership Interests in Suppliers.

As of December 31, ~~2022~~2023, there is no designated supplier in which any officer of **DQ MT/ND** owned an interest. Some **DQ MT/ND** officers do own shares of Berkshire Hathaway, Inc. ("Berkshire"), although no officer owns an interest in the individual subsidiaries. Depending on Berkshire's portfolio, certain subsidiaries may supply products or services to the DQ system.

As of December 31, ~~2022~~2023, some ADQ officers owned interests in the following companies that supply products or services to ~~DQ~~ADQ's franchisees: ~~Verizon Wireless, Hormel, C.H. Robinson Worldwide Inc.,~~ Microsoft Corporation, ~~Uber Eats, Olo, Coca-Cola,~~ ADP, Kimberly-Clark Corporation, and UPS. As noted in Item 1, ADQ's parent company is IDQ, which is a wholly-owned subsidiary of Berkshire Hathaway, Inc. ("Berkshire"), a holding company owning a large number of subsidiaries engaged in diverse businesses. ADQ officers may own shares of Berkshire, although officers do not own interests in the individual subsidiaries. Depending on Berkshire's portfolio, certain subsidiaries may supply products or services to the DQ system.

Lease Addendum

- If you intend to enter into a lease for your store or restaurant premises, or if you intend to enter into a modification to an existing lease for your store or restaurant premises, you must submit the lease or lease modification to **DQ MT/ND** before execution, and **DQ MT/ND** has the right to approve or disapprove the lease or lease modification before execution, taking into account, for example, the rental amount or percentage, the length of the term, your renewal rights, etc. Any lease for your store or restaurant premises must contain a Lease Addendum, a copy of which is included as an addendum to the operating agreement. If **DQ MT/ND** is the prime lessee of the franchised premises, **DQ MT/ND** may sublease the premises to you.

Additional Subfranchise-

You have no right to any additional subfranchise, and you have no right to expand to any location beyond the location of the DQ store or restaurant authorized in your operating agreement.

DQ MT/ND currently offers qualified existing subfranchisees the right to develop additional DQ stores or restaurants for no initial franchise fee, or for a reduced initial franchise fee, under its ARD Program. The ARD Program is wholly discretionary and may be altered or withdrawn at any time without notice. **DQ MT/ND** will not grant you another DQ subfranchise under the ARD Program: (a) if you already are directly or indirectly involved in the operation of a total number of business locations (food-oriented or otherwise) in the U.S. and Canada that exceeds 10% of the number of DQ stores and restaurants then operating in **DQ MT/ND**'s territory; (b) if you have not demonstrated an ability to operate one or more DQ stores and/or restaurants in a proficient, compliant and profitable manner during at least the previous 12-month period; (c) if you do not live in proximity to the DQ store or restaurant that is the subject of the additional DQ subfranchise, or if you are an entity, you do not have an owner who directly or indirectly has a 20% or greater ownership interest, and who also lives in proximity to and serves as the designated manager of the DQ store or restaurant; or (d) if you do not meet other qualifications established from time to time by **DQ MT/ND**.

Item 9

SUBFRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the operating 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 Operating or Other Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	2 & 5	5, 7 & 11
b.	Pre-opening purchases/lease	2, 5, 6.1-6.5, 6.15, Lease Addendum,	5, 7, & 8
c.	Site development and other pre-opening requirements	2.2, 5.1, Design Services Addendum	5, 7, 8 & 11
d.	Initial and ongoing training	2.2, 7 & 11.3	5 & 11
e.	Opening	2.2 & 7	5 & 11
f.	Fees	7.8, 8.1 & 9	5, 6 & 7
g.	Compliance with standards/policies/Operating Manual	5 & 6	11 & 16
h.	Trademarks and proprietary information	2.3(C), 3, 6.3, 6.12	13 & 14
i.	Restrictions on products/services offered	6	8, 11 & 16
j.	Warranty and customer service requirements	Not applicable	Not applicable
k.	Territorial development and sales quotas	Not applicable	Not applicable
l.	Ongoing product/service purchases	6.1 - 6.5	8 & 11
m.	Maintenance/appearance/remodeling requirements	5.1 - 5.5	6 & 11
n.	Insurance	10.3	5, 6 & 8
o.	Advertising	8 & 9.3	5, 6, 7 & 11
p.	Indemnification	10.2	Not applicable
q.	Owner's participation/management/staffing	7.1 - 7.7	11 & 15

Obligation		Section in Operating or Other Agreement	Disclosure Document Item
r.	Records/reports	9.6, 9.11-9.12	6
s.	Inspections/audits	6.8, 9.13	6
t.	Transfer	11	6 & 17
u.	Renewal	4.3	17
v.	Post-termination obligations	14	17
w.	Non-competition covenants	10.5 & 14.6	17
x.	Dispute resolution	3.5, 12, 15.8-15.10	17

Item 10

FINANCING

Neither **DQ MT/ND** nor any agent or affiliate offers direct or indirect financing to you, guarantees any of your notes, leases or obligations.

ADQ does not offer direct or indirect financing to you. You must obtain necessary financing through 3rd parties. Neither ADQ nor its affiliates finance any part of the initial franchise fee. Neither ADQ nor its affiliates will offer site acquisition, equipment or leasehold financing services to you for the establishment of your subfranchised business.

ADQ periodically arranges with 3rd party finance companies or banks to make financing programs available to you. These arrangements ordinarily involve no more than putting you in contact with sources of available financing. There is no assurance that financing will be offered to you in any particular instance. If financing is offered, the financial institution independently establishes the amount, terms, interest rate and duration. Neither **DQ MT/ND**, nor ADQ, nor any of their respective affiliates, receive any payments in exchange for these referrals or the placement of any financing. It is solely your responsibility to locate and obtain, on whatever terms you can arrange, any required financing.

Item 11

TERRITORY OPERATOR'S AND ADQ'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, neither DQ MT/ND nor ADQ are required to provide any assistance to you.

Pre-Opening Assistance:

Before you open your store or restaurant:

- (1) **DQ MT/ND** or ADQ will make available to you, through the ADQ website or otherwise, ADQ's confidential restaurant management resource guides and product preparation materials. You must keep these items confidential and return them on termination of the operating agreement (Sections 6.11, 6.12 and 14.7 of operating agreement).

- (2) **DQ MT/ND** or ADQ will make available to you, through the ADQ website or otherwise, confidential lists of approved equipment, signage, fixtures and furnishings (Sections 5.1 and 6 of operating agreement).
- (3) ADQ will provide the mandatory initial training described below (Sections 7.1 and 7.2 of operating agreement).
- (4) **DQ MT/ND** will approve or disapprove your design and restaurant location as described under Site Selection in this Item 11, and will assist you in selecting and evaluating the location for your store or restaurant and determining the type of store or restaurant appropriate for your market (freestanding, end-cap, etc.) (Section 5.1 of operating agreement).
- (5) **DQ MT/ND** will provide limited pre-opening and opening assistance (Section 7.9 of operating agreement).

Ongoing Assistance-

During the operation of your restaurant:

- (1) **DQ MT/ND** or ADQ will periodically furnish or make available to you, through the ADQ website or otherwise, updated and revised material for your copy of ADQ's confidential restaurant management resource guides (Sections 6.10 and 6.11 of operating agreement).
- (2) **DQ MT/ND** and ADQ will periodically furnish or make available to you, through the ADQ website or otherwise, updated confidential lists of approved supplies, ingredients, equipment, signage, and services periodically and a confidential list of approved products of approved manufacturers or distributors to assist you in purchasing approved products (Section 6 of operating agreement).
- (3) **DQ MT/ND** or ADQ will periodically furnish or make available to you, through the ADQ website or otherwise, various in-restaurant training materials for training your personnel (Section 7.4 of operating agreement).
- (4) **DQ MT/ND** or ADQ will periodically hold or sponsor various meetings for you and other subfranchisees (Section 7.7 of operating agreement).
- (5) **DQ MT/ND** or ADQ will periodically establish and conduct various advertising and sales promotion programs using revenue from the sales promotion program fee (Section 8.1 of operating agreement).
- (6) **DQ MT/ND** will consult with you and evaluate your store or restaurant to assist you in operating in compliance with its operating policies, which generally conform to ADQ's policies.

Advertising and Marketing

DQ MT/ND and ADQ establish and conduct sales promotion activities generally for the promotion of the DQ system, brand and products. ADQ also establishes and conducts sales promotion activities primarily for the promotion of the Orange Julius system, brand and products. ADQ establishes sales promotion activities for the promotion of DQ/Orange Julius products, all

of which may be entirely different from the activities relating to other DQ stores and restaurants. ADQ does not have any fiduciary obligations to franchisees and subfranchisees with respect to the sales promotion program fees. Nor does ADQ have any obligation to spend any amount on sales promotion in the area or territory where your store or restaurant is located, for a particular component or type of DQ business, or for any individual DQ store or restaurant. ADQ has the sole right to determine how the sales promotion program fees will be spent, and the sales promotion program fees are not held by ADQ in trust.

Fees. ADQ's sales promotion activities are funded by the sales promotion program fees you and other DQ franchisees and subfranchisees must pay. Depending on your sales promotion program fee rate, all or a portion of the sales promotion program fees you pay may go to the national marketing fund ("NMF"), and a portion may go to regional or designated TV market area ("DMA") level sales promotion activities, "pooled" accounts for the benefit of a certain type of DQ store or restaurant, or toward activities at an individual store or restaurant level. ADQ has the right to establish and periodically change how the sales promotion program fees are allocated and spent without notice to you.

You must pay a sales promotion program fee of 3% to 6% of Gross Sales as described in Item 6. If you are a conversion subfranchisee, **DQ MT/ND** will permit a negotiated phase-in of the sales promotion program fee on soft-serve treat items, if the sales promotion program fee specified in your current operating agreement or currently being paid by you is lower, subject to ADQ's approval. Other subfranchisees pay greater, lesser or no sales promotion program fees. Company-operated stores and restaurants will pay the sales promotion program fee on the same basis as similar subfranchisees for the DMA in which those stores and restaurants are located.

ADQ receives a portion of the sales promotion program fee payments made by franchisees and subfranchisees to compensate ADQ for the sales promotion, marketing and administrative services that ADQ provides (the "management fee"). Currently, the management fee is computed as 7% of the sales promotion program fees received from franchisees and subfranchisees who must pay sales promotion program fees. ADQ does not take a management fee on sales promotion program fees above 3% of gross sales. For subfranchisees that pay sales promotion program fees to territory operators, territory operators may remit all or some of those fees to ADQ, and may retain a portion of the management fee, depending on the arrangements the territory operators have with their subfranchisees. In addition, ADQ retains as a management fee 7% of all 3rd-party supplier payments received based on agreements negotiated by ADQ. As a voluntary corporate contribution, 1/7 of ADQ's total management fees are currently credited on an annual basis to the DQ national marketing program budget for use as ADQ designates. **DQ MT/ND** has no history of taking and currently does not take a portion of the management fee, but **DQ MT/ND** has the right to receive a portion of the management fee.

Sales Promotion Activities- ADQ. Sales promotion activities may be national, regional or local in scope. ADQ's marketing department is responsible for the development of the sales promotion activities for all DQ brands, including system marketing calendars ("SMCs"). The SMCs, and the creative and/or sales promotion materials created in support of the SMCs, are designed to increase consumer awareness of DQ products and promotions, build the customer base, increase customer visit frequency, and/or build the DQ brand overall. The SMCs consist of promotions and events designed to allow the DQ system, on a market by market and/or national basis as determined by ADQ, to convey a uniform marketing message. The SMCs are used as the

foundation for media plans in the DQ system. Other sales promotion activities include creative materials, tie-in promotions, new product introductions, and system promotions. ADQ uses various forms of media to promote the DQ system, brand and products, which may include broadcast or cable television, radio, glossy newspaper inserts, ads in newspapers/shoppers, magazines, billboards, various in-restaurant materials, exterior merchandising, various local restaurant marketing materials, electronic communication, social media, electronic or mobile media and new forms of media depending on the objectives. ADQ currently uses a national advertising agency to assist it in the strategic development, production and placement of many of the national media activities. ADQ also currently uses regional advertising agencies in connection with regional and local media placement and other sales promotion activities.

Currently, ADQ's regional sales promotion activities are carried out based on a DMA concept. A DMA is a geographic area of counties in which consumers within the area view a majority of their TV viewing via the home market stations also within that geographic area. There are currently 210 DMAs in the U.S. The DMA is determined by an independent research and ratings service called Nielsen Media Research, which conducts research on consumer TV viewing patterns in each county in the United States. All of the counties (and therefore all of the DQ stores and restaurants within these counties) that share the same TV influence are grouped into the same DMA. ADQ has the right to discontinue use of the DMA system for determining regional boundaries, or may determine that 2 or more DMAs will be grouped together for purposes of regional sales promotion activities.

ADQ also may spend sales promotion program fees by component or type of DQ store or restaurant, by local market or DMA market or region, or for concept-specific marketing, production, materials, programs and promotions. Further, ADQ or its advertising agency may develop and plan a grand opening or other local sales marketing program after the opening of a DQ store or restaurant. ADQ has the right to develop other specialized marketing pools or programs in the future. Finally, ADQ also may set aside some of the sales promotion program fees paid by individual restaurants to be spent by those individual restaurants at the local level, in accordance with a reimbursement program or online credit system. ADQ has the right to determine the allocation of sales promotion program fees, materials and activities as between national, regional, local, or individual store or restaurant efforts, and this allocation can change with or without notice to you.

You may use only the sales promotion or other advertising materials that **DQ MT/ND** and ADQ furnish or make available to you, or other materials that **DQ MT/ND** and ADQ approve for use in your sales promotion activities. Examples of sales promotion and other advertising materials that **DQ MT/ND** and ADQ must approve before you use them include menu board transparencies, counter mats, counter mat inserts, posters, billboard paper or vinyl, newspaper inserts, lawn signs, banners, menu board or register toppers, window clings, cake freezer merchandising, stanchions/display point-of-purchase, TV and radio creative, electronic communication, social media, electronic or mobile media, loyalty programs, and direct mail. **DQ MT/ND** and ADQ will not unreasonably withhold approval of any sales promotion or other advertising materials that you propose to use, as long as your materials are factually accurate, current, in good condition, in good taste and of like quality to and not in conflict with sales promotion and other advertising materials **DQ MT/ND** and ADQ furnish or make available to you, and as long as your materials accurately depict the DQ products and ADQ's trademarks. Any social media advertising or mobile marketing

you do must comply with **DQ MT/ND's** and ADQ's social media policies. ADQ owns, can use and permit others to use any sales promotion or other advertising materials, ideas, concepts or programs that you develop. As of the date of this disclosure document, ADQ does not require you to participate in any formal local or regional advertising cooperative.

Sales Promotion Activities – Territory Operator. You must pay **DQ MT/ND** a sales promotion program fee of 3-6% of Gross Sales, as described in Item 6. **DQ MT/ND** may change this percentage in the future and will let you know at least 90 days in advance of any increase in the fee within the 3-6% range. Except as described below, **DQ MT/ND** collects this fee and currently passes all of it on to ADQ to manage. **DQ MT/ND** reserves the right to retain the sales promotion program fees, and to manage the fees in a wholly different way than ADQ. **DQ MT/ND** or ADQ may change these practices in the future at **DQ MT/ND's** or ADQ's option.

DQ MT/ND does not use any portion of the sales promotion program fee for advertising principally directed at the sale of subfranchises.

If your store or restaurant is located within a 3-mile radius of an interstate highway exit, has U.S. highway frontage or is within a 3-mile radius of a U.S. highway, you must participate in roadside advertising, either through a state sponsored or approved roadside signage program which provides directional signs or through billboard advertising, the choice of advertising method to be at **DQ MT/ND's** discretion. **DQ MT/ND** will not unreasonably withhold approval of the advertising materials that you propose to use for roadside advertising, so long as your materials meet the requirements and specifications of the applicable signage or billboard program, are professionally designed, factually accurate, state approved (if required), current, in good condition, in good taste and of like quality to advertising materials that **DQ MT/ND** or ADQ furnish or make available to you. **DQ MT/ND** and ADQ own and have the right to use any advertising materials, ideas, concepts or programs developed by you.

National Marketing FundFunds. ADQ administers national sales promotion activities (including point of purchase materials) through ~~a~~ dedicated ~~NMF~~NMFs for the DQ and Orange Julius systems. Sales promotion program fees are used at the national level through the ~~NMF~~NMFs to develop and pay for the production of creative and other materials to support the SMCs, and also to fund national media and various other sales promotion activities at the national level, as well as other activities within the overall DQ ~~system~~and Orange Julius systems. The ~~NMF is~~NMFs are funded principally from an allocation of the sales promotion program fees paid by participating ~~DQ~~ stores and restaurants. The percentage allocated to the ~~NMF~~NMFs may vary between ~~DQ~~ stores and restaurants and between markets. ADQ has the right to establish and periodically change the amount of sales promotion program fees that are allocated to the ~~NMF~~NMFs with or without notice to you.

Sales promotion and other advertising and merchandising materials produced by the ~~NMF~~NMFs are, by design, licensed only to current NMF participating ~~DQ~~ stores and restaurants, and may not be transferred to or used in any way by or in non-NMF participating ~~DQ~~ stores and restaurants. This means that if a subfranchisee owns both participating-NMF and non-participating-NMF stores and restaurants, NMF materials may only be displayed in ~~those DQ~~the subfranchisee's participating-NMF stores and restaurants ~~paying the NMF fee.~~

Franchise Advisory Council. The franchise advisory council ("FAC") advises ADQ on marketing, advertising and other matters, but solely in an advisory capacity. As of the date of this

disclosure document, the FAC is comprised of members that are chosen or elected in the following manner: (1) DMA chairpersons (elected by franchisees) from each of 10 U.S. regions elect 1 DMA chairperson to serve as the region’s representative on the FAC; (2) the Canadian Franchise Advisory Council (“CFAC”), elected by Canadian franchisees, selects 2 representatives from the CFAC to represent the east and west regions of Canada; and (3) the DQ Territory Operators Organization (“DQTOO”) or the DQTOO board, elected by territory operators, chooses 2 territory operator representatives. ADQ reserves the right to appoint 2 “at large” franchisee members to the FAC. Further, ADQ reserves the right to form committees that will work with the FAC at any time on any matter. ADQ has the power to form, change, or dissolve the FAC or any of its committees, and has the right to change how franchisee membership on the FAC or any committee is determined.

Use of Funds. The accounting for the funds used for DQ national and DMA activities and materials is reviewed by an independent national accounting firm on an annual basis. This review consists principally of applying analytical procedures to the financial data and of making inquiries of persons responsible for financial and accounting matters. ADQ currently makes available to DQ franchisees copies of the annually prepared statements of contributions, expenditures and balance for the national (NMF), the consolidated DMA, and the individual DMAs in which ~~your store or restaurant is~~ the DQ franchisees’ stores or restaurants are located, along with the Independent Accountants’ Review Report. In addition, each DMA can request that an audit of its DMA activities be conducted at the expense of that DMA. Currently, Orange Julius sales promotion program fees are accounted for by ADQ on an annual basis, and a statement of contributions, expenditures and balance is prepared by ADQ and available for review. Currently, ADQ annually convenes a committee from the FAC to conduct its own review of the accounting for the marketing funds applicable to each system.

Use of the combined sales promotion payments from all types of DQ businesses in ~~2022~~2023 were as follows:

Percentage spent on Production	16.8 <u>15.6</u>	%
Percentage spent on Media Placement	70.2 <u>70.5</u>	%
Percentage spent on Administrative Expenses	4.3 <u>4.7</u>	%
Percentage spent on Other ⁽¹⁾	8.7 <u>9.2</u>	%
TOTAL	100.0	%

~~(1) — Includes amounts spent on audits, the Children’s Miracle Network, certain point-of-sale items, research, and FAC expenses.~~

~~— The above percentages vary if you calculate the allocations at the individual store or restaurant level, by area or group of stores or restaurants, or by type of DQ business.~~

Use of the payments made to Orange Julius sales promotion programs in ~~2022~~2023 were as follows:

Percentage spent on Production	59.6 51.8	%
Percentage spent on Media Placement	19.6 39.1	%
Percentage spent on Administrative Expenses	17.9 8.3	%
Percentage spent on Other	2.8 0.8	%
TOTAL	100 100.0	%

~~In 2022, sales promotion program fees were not used by ADQ for advertising principally to solicit new franchise sales~~The above amounts include amounts spent on audits, the Children's Miracle Network, certain point-of-sale items, research, and FAC.

The above percentages vary if you calculate the allocations at the individual restaurant level, by area or group of restaurants, or by type of DQ or Orange Julius business.

Except as described in this paragraph, sales promotion program fees that are not spent in any fiscal year will be carried over for future use. In addition to its other programs, ADQ has the right to offer a local reimbursement or online credit program to certain franchisees or subfranchisees if ADQ determines that the reimbursement is warranted for a particular store or restaurant. The availability of this program for a store or restaurant may be for a variable period of time and a variable amount of money, depending on the individual circumstances. If ADQ establishes such a program for your store or restaurant, you may request reimbursement (or online credit, depending on the system available) of all eligible types of local media, promotions and promotional items you purchase up to the amount that has been determined by ADQ for your store or restaurant. Unreimbursed funds at the end of the applicable period will not be carried over for future use by the particular store or restaurant, but will be used for other sales promotion activities in the DQ system as determined by ADQ.

Electronic Point-of-Sale System and Other Computer Systems

You must purchase, install and maintain an electronic point-of-sale ("EPOS") system at your DQ store or restaurant, as designated by **DQ MT/ND** and ADQ. The EPOS system includes designated hardware, software, peripherals, back office workstation, a managed firewall and installation. If you are opening a new DQ store or restaurant, you must purchase all of the components of the EPOS system from **DQ MT/ND's** and ADQ's designated suppliers (see Item 8). The estimated initial cost of the EPOS system, including hardware, the Acumera managed firewall, the Data Central back office software, and installation by ParTech, Inc., will range from about \$~~20,000~~20,400 to \$~~24,600~~25,200 for a DQ Treat store, or from about \$25,000 to \$~~30,000~~32,000 for a DQ Grill & Chill restaurant.

The EPOS system is an electronic cash and credit management system, which provides an interface for processing customer orders, collecting and managing information about the nature of sales transactions, providing financial records of those transactions, managing product inventory

and providing time and attendance functionality for your employees. The EPOS system will collect and report to **DQ MT/ND** and ADQ a variety of information including overall sales, sales levels by item, item menu pricing, product movement statistics, individual unit and category sales data (including by flavor and size), various financial information to prepare [store or](#) restaurant reports, and other information.

The EPOS system may contain components that support personnel-related functions, such as employee timekeeping, employee scheduling and payroll processing. Your use of those components is non-mandatory. You are permitted to use those non-mandatory components on terms **DQ MT/ND** specify, or you have the right to use alternate software of your choosing to handle personnel-related functions in any other manner that you choose.

Neither **DQ MT/ND**, nor ADQ, nor any of **DQ MT/ND**'s or ADQ's affiliates, is obligated to provide any ongoing maintenance, repairs, upgrades or updates to you. You must pay ADQ's designated supplier for ongoing hardware warranty services for the EPOS system, which cost about \$~~3445~~ to \$~~110116~~ per month for a DQ Treat store, or about \$~~4151~~ to \$~~133150~~ per month for a DQ Grill & Chill restaurant, depending on the warranty package you choose. In addition, as part of the ongoing software fees you will pay to some of the designated suppliers, the suppliers are obligated to provide certain maintenance and repair services for their software. You must make periodic upgrades and updates to the EPOS system, and there are no contractual limitations on the frequency and cost of this requirement.

~~In addition to paying the initial costs for the EPOS system, you must pay monthly service fees for the ParBrink and Data Central software for the EPOS system and back office systems, ranging from \$416 to \$439 per month. Help desk and software support costs are included in these monthly service fees.~~

To enable **DQ MT/ND** and ADQ to access the EPOS system, you must install one DSL or cable/broadband Internet connection, or other necessary communication access device, that is exclusively designated and permanently connected to the EPOS system. There are no contractual limitations on **DQ MT/ND**'s and ADQ's right to access the information generated by the EPOS system, although **DQ MT/ND** or ADQ may choose not to poll information from all stores and restaurants.

[In addition to paying initial costs for the EPOS system, you must pay monthly service fees for the ParBrink, Data Central, and Olo software for the EPOS system, back office systems, and mobile app ranging from \\$446 to \\$610 per month for a DQ Grill & Chill restaurant, or from \\$350 to \\$436 per month for a DQ Treat store. Help desk and software support costs are included in these monthly service fees.](#)

You must have access at all times to the Internet, must maintain and regularly use an active email account or other form of electronic communication that **DQ MT/ND** and ADQ designate, and must keep **DQ MT/ND** and ADQ informed of your contact information.

You must purchase and maintain a monthly subscription service for credit card processing, which includes the TransArmor solution encryption, from ADQ's designated supplier Fiserv (formerly, First Data). The cost for credit card processing is about 2% - 5% of the total amount of each sale made using an approved credit card, and the cost for the TransArmor Solution is \$19.95 per month. You also must purchase and pay for Verifone payment card data encryption services at

a cost of about **\$810** per terminal per month, and for a Verifone payment device warranty at a cost of about \$80 per device per 3-year warranty. You also must purchase and maintain a managed firewall service from ADQ's designated supplier Acumera. The cost for this service is about **\$5051** per month. Also, you must comply with Payment Card Industry (PCI) Data Security Standards: <https://www.pcisecuritystandards.org/>. While you are not required to engage a 3rd party supplier to ensure compliance with PCI Data Security Standards (unless otherwise required to do so by your card processor), **DQ MT/ND** and ADQ recommend that you do so, and ADQ estimates the initial cost of this to be \$200 - \$2,000, with an ongoing monthly fee of up to \$100.

You must participate in the system-wide gift card program administered by ValueLink, LLC and DQGC, and must sign the gift card participation agreement included in this disclosure document as Exhibit E. Gift card program fees are allocated based on a shared cost model between subfranchisees, franchisees and the NMF. Currently, franchisees and subfranchisees pay fees equaling 3% of total gift card redemptions, which ADQ estimates will be about \$200 per year per location. The NMF covers the balance of the gift card program's costs. In the future, the percentage allocation of costs between subfranchisees, franchisees and the NMF may change. These costs are in addition to any costs incurred by you in purchasing gift cards.

All of the fees referenced in this section are to subject to change from time to time.

Site Selection

You must locate and obtain a site for your store or restaurant which meets **DQ MT/ND's** standards, and that is acceptable to **DQ MT/ND**, within 90 days after the date you sign the operating agreement. If you already have a potential site for a DQ store or restaurant, you may propose the location to **DQ MT/ND**. **DQ MT/ND** may consent to the site after **DQ MT/ND** has evaluated it. If you do not have a proposed site, **DQ MT/ND** will furnish you with general site selection and evaluation criteria.

Each proposed site must receive **DQ MT/ND's** written consent. This is true even if **DQ MT/ND** identifies a site (as described below). The general site selection and evaluation criteria that you should consider include the quality of the trade area and strategic fit of the site within the trade area, residential and daytime employment, attributes of the trade area that generate potential traffic patterns, ease of ingress and egress, physical attractiveness of the real estate, demographic information and consumer behavior information, competition, signage, site and building design requirements or restrictions, end-cap with drive-thru capability on shopping centers, local marketing support and similar factors. You must obtain **DQ MT/ND's** and ADQ's approval of the building plans before beginning construction of the store or restaurant. In certain circumstances, **DQ MT/ND** may identify a site for a store or restaurant and may assist in purchase or lease negotiations. You are under no obligation to accept the proposed site. **DQ MT/ND's** identification of, consent to or acceptance of a site for a store or restaurant does not constitute a guarantee, recommendation, assurance or endorsement as to the success of the site or your store or restaurant. **DQ MT/ND's** consent indicates only that **DQ MT/ND** believes that the particular site falls within **DQ MT/ND's** criteria as of the time period encompassing the evaluation. Application of site criteria that have been effective for other sites does not predict the potential success of any specific site.

From the time you submit a site to **DQ MT/ND** for approval, **DQ MT/ND** will generally respond within 60 days, or less, depending on the status of negotiations to secure the site, the level

of **DQ MT/ND's** involvement in the identification of the site, and other factors. If **DQ MT/ND** and you are unable to agree to a site within 90 days of the date you sign the operating agreement, **DQ MT/ND** has the right to declare the operating agreement null and void and to refund ~~your deposit, including~~ your initial franchise fee, less a cancellation fee of \$10,000 ~~or DQ MT/ND's and ADQ's expenses, whichever is greater.~~

Development Time

If you are developing a store or restaurant through new construction, the typical length of time between **DQ MT/ND's** acceptance of the operating agreement and the opening of your business varies from 6 to 18 months. This period can be longer or shorter depending on the time of year, how quickly your site is identified and secured, availability of and securing financing, preparation of full building plans for permitting, municipality approval process, local construction delays, how soon your managers are selected and attend training or other factors.

You must then open your business within 270 days after you designate and **DQ MT/ND** approves the location for the business, unless **DQ MT/ND** authorizes in writing an extension of time.

If you are a conversion subfranchisee, the length of time necessary for the conversion of your store or restaurant to a DQ Grill & Chill restaurant will vary depending on the location, type of facility, the amount of work required for the conversion, how soon you can be scheduled for training, and other factors. **DQ MT/ND** estimates that it will typically take 2 to 6 months or more to complete a conversion.

You should not expend funds or make any other commitment in connection with the subfranchise and should not resign from existing employment, relocate or take any similar action until **DQ MT/ND's** final acceptance of your application and written approval of the subfranchise.

Training

There are currently 3 required components to initial training: (1) ADQ's initial training, which is made up of 3 phases; (2) a management training readiness assessment ("MTRA"); and (3) a SERVSAFE course. At least 3 people from each DQ Treat store or DQ Grill & Chill restaurant you develop, including your designated manager and 2 assistant managers (defined in Item 15 and referred to as your "trainees"), must complete all components. **DQ MT/ND** also may provide you with additional training at its option, including additional EPOS training. Other franchisees or subfranchisees may have different requirements.

ADQ's initial training programs are summarized in the tables below. ADQ has the right to periodically alter the initial training programs.

ADQ's DQ GRILL & CHILL RESTAURANT TRAINING PROGRAM

Subject ⁽¹⁾	Hours of Classroom Training	Hours of On-The-Job Training	Location ⁽²⁾
Product & Equipment Training (Phase 1)⁽³⁾			
Restaurant Operations (product preparation, equipment, shift positions work experience)	0	116	At an approved certified -DQ location (may be, optimally in Billings, MT)
Customer Service	0	3	
Sanitation	0	2	
Safety	0	2	
Service, Management, and Financial Basics Training (Phase 2)⁽⁴⁾			
Restaurant Operations (shift positions, customer service, managing shifts, management function modules)	0	104	At an approved certified -DQ location (may be, optimally in Billings, MT)
Financial Management (recordkeeping, controllables, cash management)	0	8	
Marketing	0	2	
Register/Back Office System	0	8	
People, PRIDE, and Profit Training (Phase 3)⁽⁵⁾			
Facility Management (service profit chain, DQ Capability Model function)	3	0	Classroom in Minneapolis, MN, or at other location ADQ designates
Human Resource Management (training, supervising, retaining, coaching, evaluating)	7	0	
Customer Service/PRIDE/Speed of Service/Local Marketing	4	0	
Situational Leadership	8	0	
Goals/Change Management/ Time Management	4	0	
Profitability Management (cost of goods sold, recordkeeping, labor cash management, controllables)	6	0	
Total:	32	245 245	

Notes:

- (1) The instructional materials used are reference material packets, workbooks, hands-on demonstrations and practice in the training location, reviews, lectures, exams, classroom discussions, product knowledge tests, and skill assessments. Phases 1 and 2 are taught by restaurant training specialists, and Phase 3 is taught by a field training consultant. Students are required to bring laptop computers or tablets capable of internet access to in-store training.
- (2) Phases 1 and 2 occur in DQ locations certified and designated by ADQ and owned by either franchisees or ADQ's affiliates. Currently, there is a certified location in Billings, Montana, and Phases 1 and 2 may occur at that location. In some circumstances, ADQ may require Phases 1 and 2 to occur at another location in the U.S. or Canada. Phase 3 occurs in a location in the U.S. or Canada designated by ADQ. **DQ MT/ND** and ADQ may, but are not required to, conduct training online or virtually if circumstances warrant.

- (3) Product & Equipment Training (Phase 1) is scheduled as close to the projected date of your opening as is reasonably possible, and lasts about 2 ½ weeks. If a trainee has at least 12 months' prior experience as a manager of another DQ store or restaurant, that individual may be given the opportunity to test out of some or all of Phases 1 and Phase 2; see Item 7 for further details.
- (4) Service, Management and Financial Basics Training (Phase 2) typically begins shortly after your required trainees complete Phase 1, must be completed within 6 months before your opening, and lasts about 2 1/2 weeks. If a trainee has at least 12 months' prior experience as a manager of another DQ store or restaurant, that individual may be given the opportunity to test out of some or all of Phase 2.
- (5) People, PRIDE and Profit Training (Phase 3) lasts 4 days and must be completed before opening.

ADQ's DQ TREAT STORE TRAINING PROGRAM

Subject ⁽¹⁾	Hours of Classroom Training	Hours of On-The-Job Training	Location ⁽²⁾
Product & Equipment <u>Training</u> and Service, Management, and Financial Basics Training (Phases 1 and 2)⁽³⁾			
Store Operations (product preparation, equipment, shift positions work experience)	0	32	At an <u>an approved</u> DQ location
Customer Service	0	2	
Store Operations (shift positions, managing shifts, management function modules)	0	92	
Sanitation	0	2	
Safety	0	2	
Marketing	0	2	
Financial Management (cash management, recordkeeping)	0	2	
Register/Back Office System	0	8	
People, PRIDE and Profit Training (Phase 3)⁽⁴⁾			
Facility Management (service profit chain, DQ Capability Model function)	3	0	Classroom in Minneapolis, MN, or <u>at</u> other location ADQ designates
Human Resource Management (training, supervising, retaining, coaching, evaluating)	7	0	
Customer Service/PRIDE/Speed of Service/Local Marketing	4	0	
Situational Leadership	8	0	
Goals/Change Management/ Time Management	4	0	
Financial Management (cost of goods sold, recordkeeping, labor cash management, controllables)	6	0	
Total:	32	142	

Notes:

- (1) The instructional materials used are reference material packets, workbooks, hands-on demonstrations and practice in the training location, reviews, lectures, exams, classroom discussions, product

[knowledge](#) tests, and skill assessments. Phases 1 and 2 are taught by restaurant training specialists, and Phase 3 is taught by a field training consultant. Students are required to bring a laptop computer or tablet capable with internet access to in-store training.

- (2) Phases 1 and 2 occur in DQ locations certified and designated by ADQ and owned by either franchisees or ADQ's affiliates. Currently, there is a certified location in Billings, Montana, and Phases 1 and 2 may occur at that location. In some circumstances, ADQ may require Phases 1 and 2 to occur at another location in the U.S. or Canada. Phase 3 occurs in a location in the U.S. or Canada designated by ADQ. **DQ MT/ND** and ADQ may, but are not required to, conduct [Phase 3](#) training online or virtually if circumstances warrant.
- (3) Product & Equipment [Training](#) and Service, Management, and Financial Basics Training (Phases 1 and 2) is scheduled as close to the projected date of your opening as is reasonably possible, must be completed within 6 months prior to your opening, and lasts about 2 1/2 weeks. For ARD locations, if a training attendee has at least [312](#) months prior experience as a manager of another DQ store or restaurant, that individual may be given the opportunity to test out of some or all of Phases 1 and Phase 2; (see Item 7 for costs).
- (4) People, PRIDE and Profit Training (Phase 3) lasts 4 days and must be completed before opening.

Your trainees must successfully complete each phase of ADQ's initial training to **DQ MT/ND's** and ADQ's satisfaction. ADQ will evaluate your trainees based on attendance, participation, presentations, progress in initial training, leadership, and other similar factors. Trainees who fail to fulfill these standards, or who violate ADQ's code of conduct for initial training, may be prohibited from completing ADQ's initial training. You will not be allowed to open and operate your store or restaurant until all required trainees complete all components of ADQ's required initial training.

If you are an existing subfranchisee who will operate multiple stores or restaurants as a multi-unit operator, you, your control person or your designated manager also must attend and successfully complete ADQ's MML training program. People, PRIDE and Profit Training (Phase 3) is a prerequisite. The MML training program lasts 5 days, and is taught by ADQ field training consultants and restaurant training specialists. The program is offered at least twice a year in various regional DQ locations certified and designated by ADQ, depending on the geographical demand for the training and the location of the majority of franchisees and subfranchisees who sign up for each class.

Daniel Kropp oversees all of ADQ's training programs and has done so in his capacity as Chief Operating Officer, or Executive Vice President, U.S. Operations, since November 2011. ADQ or IDQ has employed Mr. Kropp in various management positions since 1996. As of the date of this disclosure document, ADQ's training department consists of a Director of Training and 7 field training consultants, who have experience ranging from [107](#) to [3839](#) years, and 20 to 40 restaurant training specialists who may be employed by ADQ or a franchisee. Although experience varies among restaurant training specialists, all are required to successfully complete ADQ's certified trainer training program.

Before attending ADQ's initial training, your trainees must pass an MTRA, which is administered by a 3rd party at a location designated by ADQ. An MTRA measures leadership, customer service, decision-making, prioritizing and business math, and may be modified by ADQ

at any time. If a trainee fails an MTRA, the test may be repeated after 30 days; if the trainee fails an MTRA on the 2nd attempt, the test may be repeated after 1 year. No trainee may take an MTRA more than 3 times.

Your trainees must also have current SERVSAFE certifications, at the manager level, which will only be recognized by ADQ if received through a course that is part of or equivalent to the National Restaurant Association's SERVSAFE program. SERVSAFE courses are offered online, and at various universities, vocational schools and community colleges.

You must pay the fees for ADQ's initial training and an MTRA when you sign the operating agreement. You must pay travel expenses, living expenses, wages, benefits and other expenses associated with sending your trainees to ADQ's initial training, an MTRA, and a SERVSAFE course. See Item 7 for ~~an~~[cost](#) estimate.

ADQ evaluates trainees in ADQ's various training programs based on attendance, participation, presentations, progress in the training programs, leadership, and other similar factors. Trainees who fail to fulfill these standards, or who violate ADQ's code of conduct for the training programs, may not be allowed to complete training.

If you receive a default notice and the default relates, in whole or in part, to your failure to meet any operational standards, **DQ MT/ND** has the right to require you to comply with additional training requirements at your expense and at the then-current training fees as a condition of curing the default.

Your Controlling Owner (as defined in the operating agreement) must, at your expense, must attend all meetings **DQ MT/ND** and/or ADQ hold or sponsor in your area or region, including all DMA or other marketing area meetings, and all meetings relating to new products or product preparation procedures, new DQ system programs, new operational procedures or programs, training, [store or](#) restaurant management, financial management, sales or sales promotion, or similar topics.

Operations Manuals

DQ MT/ND and ADQ will furnish or make available to you, through the ADQ website or otherwise, ADQ's operations materials, which include manuals, resource guides, system bulletins, handbooks, product preparation materials, brand guidelines and other written materials relating to the development and operation of DQ Grill & Chill and DQ stores and restaurants (referenced collectively in this disclosure document as "operations manuals"). The operations manuals contain both mandatory standards, designs, specifications, menu items, recipes, techniques, procedures, methods, requirements, formats and management systems (sometimes referenced collectively in this disclosure document and the operating agreement as "standards"), and non-mandatory guidelines and recommendations. The operations manuals contain proprietary information, and you must keep this information confidential as stated in Item 14 of this disclosure document. The tables of contents of the operations manuals as of December 31, ~~2022~~-[2023](#) (469 pages for a DQ Grill & Chill restaurant, and 225 pages for a DQ Treat Center store) are disclosed in Exhibit L.

Item 12

TERRITORY

Rights under Operating Agreement:

You are granted the right to operate a single store or restaurant at an authorized location that **DQ MT/ND** has consented to in writing. You are not granted any minimum area or territory. If condemnation of the subfranchised premises or the exercise of a relocation right by your landlord requires you to relocate your store or restaurant, you are free to relocate within a radius of 500 meters of your authorized location, provided that the new store or restaurant does not infringe on the rights of any other franchisee or subfranchisee and is under construction, within 30 days if a captive-venue location or 180 days if a street location, after you discontinue operating. After construction begins, the new store or restaurant must be open and operating within 90 days if in a captive-venue location or 120 days if in a street location, all subject to **DQ MT/ND's** prior written consent and the other relocation standards contained in the operating agreement and any applicable lease (see Item 9).

You do not have any options, rights of first refusal or similar rights to acquire additional subfranchises within any particular territory. You will not receive an exclusive territory. You may face competition from other subfranchisees, from **DQ MT/ND**, ADQ, or their respective affiliates, or from other channels of distribution or brands that **DQ MT/ND** or ADQ control.

You must operate a DQ store or restaurant at an authorized location only, which **DQ MT/ND** has approved in writing. You should have no expectation that the economic and demographic factors that exist at the location at the time you open your store or restaurant will remain constant. You are not granted a protected territory within which **DQ MT/ND** agrees not to issue subfranchises or operate competing businesses or any right to exclude, control or impose conditions on the location or development of future stores or restaurants at any time. In addition, you are not granted any right to sell products and menu items identified by the DQ Treat and DQ Grill & Chill trademarks (i) at any location other than your store or restaurant, or (ii) through any other distribution channels or methods, including the internet (or any other existing or future form of electronic commerce, such as social media, mobile applications, third party platforms, and the metaverse), catalog sales, telemarketing or other direct marketing, or pre-packaged retail sales. There is no minimum sales quota that you must achieve.

DQ MT/ND's, ADQ's and its Affiliates' Rights:

Subject to any rights explicitly granted to you in a written agreement, and to any prohibitions in **DQ MT/ND's** Territory Agreement with ADQ: (1) **DQ MT/ND**, ADQ, and their respective affiliates, may issue competing franchises and subfranchises, or operate competing company-owned businesses, under the Dairy Queen, DQ, DQ Treat, DQ Grill & Chill, and/or other trademarks of ADQ or its affiliates, or any other trademarks for or at any type of location, as determined by **DQ MT/ND**, ADQ, or their respective affiliates, near your authorized location; and (2) you do not have any right to exclude, control or impose conditions on the location or development of future stores or restaurants franchised by others, or owned and operated by **DQ MT/ND**, ADQ or its affiliates. For example, if your authorized location is located adjacent to a shopping mall or center, **DQ MT/ND** or ADQ can operate or franchise another location within the shopping mall or center (similarly, if your authorized location is in a shopping mall or center, **DQ**

MT/ND or ADQ can operate or franchise a location adjacent to the shopping mall or center). Sales and customer patterns for a store or restaurant at any particular time are subject to change for many reasons, including **DQ MT/ND's** or ADQ's on-going development of stores and restaurants, and these patterns do not represent any continuing franchisee or subfranchisee entitlement or expectation. Without limiting the above, **DQ MT/ND** or ADQ may operate or franchise a store or restaurant outside of **DQ MT/ND's** Territory but still near your authorized location.

DQ MT/ND is periodically called on to decide whether to grant a franchise for a new DQ store or restaurant in proximity to an existing DQ store or restaurant. Except for certain rights granted in older operating agreements, **DQ MT/ND** does not as a rule grant a protected territory to any subfranchisee. Instead, under each operating agreement, **DQ MT/ND** grants to a subfranchisee the right to operate a store or restaurant at a particular location only, and makes no commitment to abstain from establishing a new DQ store or restaurant in proximity to the existing DQ store or restaurant. Nevertheless, there may be circumstances under which **DQ MT/ND**, acting within its exclusive and absolute right, may choose not to establish a new DQ store or restaurant in proximity to an existing DQ store or restaurant.

Outside of **DQ MT/ND's** Territory, ADQ has its own development and site clearance policies for franchises that it issues, which may differ from **DQ MT/ND's** current and future policies. In addition, certain franchisees and subfranchisees have older operating agreements with protected territories, and certain other territory operators have their own development and site clearance policies when developing new stores or restaurants in proximity to existing stores or restaurants that may differ from **DQ MT/ND's** policies.

ADQ may not issue competing franchises or operate competing company-owned businesses operating under the DQ Grill & Chill, DQ, Dairy Queen, and/or other related ADQ trademarks in **DQ MT/ND's** Territory, without **DQ MT/ND's** prior approval. However, ADQ affiliates, such as OJA, may issue franchises or operate competing company-owned businesses under other trademarks, such as the Orange Julius trademark, for or at any locations, including locations near your authorized location, as determined by ADQ's affiliates. ADQ and its affiliates, including OJA, also may distribute products and services in **DQ MT/ND's** Territory through other channels and methods of distribution using other trademarks, including the Orange Julius trademark.

DQ MT/ND and its affiliates, and ADQ and affiliates with **DQ MT/ND's** prior approval, also have the right to sell or distribute, themselves or through designees, products and services through any distribution channels and methods, including the internet (or any other existing or future form of electronic commerce, such as social media, mobile applications, 3rd party platforms, and the metaverse), catalog sales, telemarketing or other direct marketing, and pre-packaged retail sales, using the DQ Grill & Chill, Dairy Queen, DQ, Orange Julius and/or other ADQ or its affiliates' trademarks, or any other trademarks, without any compensation to franchisees or subfranchisees.

DQ MT/ND, ADQ, and **DQ MT/ND's** and ADQ's respective affiliates, have the right to issue franchises or subfranchises or operate competing company-owned businesses under any new or different trademarks, service marks, trade names and commercial symbols other than the DQ Grill & Chill, Dairy Queen, DQ, Orange Julius or any other trademarks for or at any locations.

There are no territorial or customer restrictions on your sales from your store or restaurant, and you are not required to compensate other franchisees or subfranchisees, nor are you entitled to receive compensation from other franchisees or subfranchisees, from **DQ MT/ND** or from ADQ based on sales from a store or restaurant.

As described in Item 1, ADQ and its affiliates offer franchises under different trademarks that sell some, but not all, products similar to those you will offer in your Restaurant.

- **DQ Treat.** ADQ offers single and multi-unit DQ Treat franchises under the DQ/Dairy Queen and DQ/Orange Julius trademarks, which sell substantially the same soft-serve treat items, with a limited number of substantially similar food items, and certain additional treat and snack products.
- **DQ Grill & Chill.** ADQ offers single and multiple unit franchises under the DQ Grill & Chill® trademarks, which sell substantially the same soft-serve treat items, but with a full food and beverages menu containing certain similar food products.
- **Texas DQ Restaurants.** ADQ offers single and multiple-unit DQ restaurant franchises in Texas under the DQ trademark, which sell substantially the same soft-serve treat items, but with a different food menu.

Neither ADQ nor its affiliates own or operate any DQ Treat stores, Texas DQ restaurants, or Orange Julius stores. ADQ's affiliate, DQTR, owns and operates DQ Grill & Chill restaurants, as described in Item 1. The DQ Grill & Chill, DQ Treat, Texas DQ Restaurant, and Orange Julius franchises are all site-only franchises with no territory rights granted to franchisees (although certain multiple-unit DQ Grill & Chill, DQ Treat or Texas DQ restaurant franchisees may have a development or trade area under a MultiTRA or other multiple-unit agreement). However, there are no territorial or customer restrictions on these franchisees' sales from their stores or restaurants. The principal business address for ADQ is 8000 Tower, Suite 700, 8331 Norman Center Drive, Bloomington, MN 55437, and the companies have their combined training facilities and offices at that address.

Although **DQ MT/ND** currently offers its existing subfranchisees an ARD Program and a Conversion Program, the programs are wholly discretionary and may be altered or withdrawn at any time without notice.

You are not granted an exclusive or protected territory, and you do not have any options, rights of first refusal or similar rights to acquire additional subfranchises in any particular territory.

Item 13

TRADEMARKS

The operating agreement licenses you the non-exclusive right to use the DQ, Dairy Queen, DQ Grill & Chill and other ADQ trademarks (the "Trademarks"). The chart below lists the principal trademarks that you are licensed to use, all of which are listed on the Principal Register of the United States Patent & Trademark Office ("PTO"). ADQ also claims common law trademark rights for all of the Trademarks. ADQ has filed or intends to file all required affidavits and renewals for the trademarks listed on the chart below.

Principal Trademarks	U.S. Reg. No.	Principal/ Supplemental Register	Date of Registration
DAIRY QUEEN	728,894	Principal	03/20/62
DQ GRILL & CHILL	2,592,944	Principal	07/09/02
GRILL & CHILL	2,592,943	Principal	07/09/02
	3,046,169	Principal	01/17/06
DQ	3,211,469	Principal	02/20/07
ORANGE JULIUS	3,247,123	Principal	05/29/07
	3,624,481	Principal	05/19/09

DQ MT/ND and ADQ identify the Trademarks that you are licensed to use in the operations manuals or otherwise in writing. ADQ has the right to change the Trademarks you are licensed to use periodically through changes to the operations manuals, through system bulletins, or otherwise in writing, any of which may be communicated electronically. Your use of the trademarks and any goodwill is to ADQ's exclusive benefit and you retain no rights in the trademarks other than a license to use the trademarks during the term of your operating agreement. You retain no rights in the trademarks on termination of your operating agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the trademarks unless ADQ directs in writing.

There are no currently effective material determinations by the PTO, any Trademark Trial and Appeal Board, or any state trademark administrator, nor are there any pending interference, infringement, opposition or cancellation proceedings or material litigation, involving any of the principal trademarks in any manner that is material to the subfranchised business. There are no decided infringement, cancellation or opposition proceedings in which **DQ MT/ND** or ADQ unsuccessfully fought to prevent registration of another trademark to protect the trademarks.

There are currently no effective agreements that significantly limit the rights of **DQ MT/ND** or ADQ to use or license the use of any trademarks in any manner material to the subfranchised business. Neither **DQ MT/ND** nor ADQ know of any superior rights or infringing uses that could materially affect your use of the principal trademarks.

Neither **DQ MT/ND** nor ADQ are obligated to protect your right to use the trademarks listed in this Item or to protect you against infringement or unfair competition claims arising out of your use of the trademarks, or to participate in your defense or indemnify you. ADQ may control any litigation related to the trademarks and has the right to decide to pursue or settle any infringement actions related to the trademarks. You must promptly notify **DQ MT/ND** and ADQ if you become aware of any infringement or unauthorized use of the trademarks. You must cooperate with any action that **DQ MT/ND** or ADQ undertake; however, **DQ MT/ND** and ADQ are not required by the operating agreement to take affirmative action, such as filing a lawsuit, when notified of such uses. If ADQ determines that a claim by a party that its rights to use the trademarks are superior and requires changes or substitutions to the trademarks, you must immediately make the changes or substitutions required by ADQ at your expense. You do not have any rights under the operating agreement if ADQ requires you to modify or discontinue using a trademark.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered or pending patent applications that are material to the subfranchises offered by **DQ MT/ND**, although ADQ claims copyright ownership and protection for the operations manuals and for various sales promotional and other materials published periodically.

There are no currently effective determinations of the Copyright Office (Library of Congress), PTO, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit ADQ's rights to use or license the use of any patents or copyrights in any manner material to the subfranchise. There are no infringing uses actually known to **DQ MT/ND** or ADQ that could materially affect your use of the patents or copyrights.

Neither **DQ MT/ND** nor ADQ is obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. ADQ may control any litigation related to any patents and copyrights and may decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify **DQ MT/ND** and ADQ promptly of any infringement or unauthorized use of the patents and copyrights of which you become aware and cooperate with any action that ADQ undertakes; however **DQ MT/ND** and ADQ are not required by the operating agreement to take affirmative action when notified of such uses. You do not have any rights under the operating agreement if ADQ requires you to modify or discontinue using any subject matter covered by a patent or copyright.

You must keep all proprietary information confidential during and after the term of the operating agreement, including the operations manuals and product preparation materials. You must not duplicate or disseminate any proprietary information to any party other than your personnel who need to know this proprietary information, and you must comply with all changes to the operations manuals at your cost. On termination of your operating agreement, you must return all proprietary information to **DQ MT/ND** or ADQ, including all copies of the manuals and the product preparation materials then in your possession or control or previously disseminated to your personnel, and all other copyright material. You must notify **DQ MT/ND** and ADQ immediately if you learn about an unauthorized use of proprietary information; however **DQ MT/ND** and ADQ are not required by the operating agreement to take any action, and have the right to determine the appropriate response to any unauthorized use of proprietary information.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE SUBFRANCHISED BUSINESS

If you are an individual, **DQ MT/ND** does not require, but strongly encourages, you to participate personally in the on-premises operation of the subfranchised store or restaurant. However, you must have a manager ("designated manager"), and 2 assistant managers for a DQ Grill & Chill restaurant (as those terms are defined in Section 16 of the operating agreement). If

you are a DQ Treat subfranchisee, you must have a designated manager and 1 assistant manager. Your designated manager and assistant managers must personally invest their full time and attention and devote their best efforts to the on-premises general management of the day-to-day operations of the store or restaurant, and must meet **DQ MT/ND's** prior restaurant or retail management experience requirements. Neither your designated manager nor any of your assistant managers may participate in the active operation or management of any business other than the store or restaurant.

You must also designate at least 1 person who is responsible for actively directing your business affairs regarding the store or restaurant and overseeing the general management of the day-to-day operation of the store or restaurant ("Controlling Owner"). You must identify your Controlling Owner and your designated manager in the ownership and management addendum attached to the operating agreement (the "Ownership Addendum"), and thereafter notify **DQ MT/ND** in writing of any change in such Controlling Owner or designated manager. A Controlling Owner and designated manager may be the same individual, provided the individual fulfills both roles. Your Controlling Owner, designated manager and assistant managers must attend and successfully complete all required training, described in Item 11.

Any new or replacement designated manager must meet **DQ MT/ND's** then-current prior restaurant or retail management experience requirements.

If you are a legal entity, each individual who owns an interest in you is considered an owner and must sign the personal undertaking and guarantee attached to the operating agreement. You must identify your owner(s) in the Ownership Addendum and, thereafter, notify **DQ MT/ND** in writing of any change in the owner(s). These people agree to discharge all obligations of the subfranchisee under the operating agreement and are bound by all its terms and conditions, including maintaining confidentiality of proprietary information described in Item 14 and abiding by the non-compete covenants described in Item 17.

Item 16

RESTRICTIONS ON WHAT THE SUBFRANCHISEE MAY SELL

You must offer and sell only those goods and services that **DQ MT/ND** and/or ADQ have approved for your DQ store or restaurant (see Items 8 and 9). In addition, you may offer and sell these approved goods and services only from your store or restaurant (see Item 12). Your failure to comply with these requirements may result in termination of your subfranchise (see Item 17).

You must offer the required menu items that **DQ MT/ND** and/or ADQ designate for your business. **DQ MT/ND** and/or ADQ may determine the authorized menu for your store or restaurant, based on **DQ MT/ND** and/or ADQ's evaluation of various factors, including customs or circumstances of a particular site or location, density of population, population of trade area, existing business practices, lease restrictions, and any other condition that **DQ MT/ND** and/or ADQ consider important to the operation of your store or restaurant or to the DQ system. If you are a conversion subfranchisee, you must cease selling non-system food. There are no limits on **DQ MT/ND's** or ADQ's right to make modifications to the approved menu and ingredients periodically through the operations manuals, by system bulletins or otherwise in writing, any of which may be communicated electronically. **DQ MT/ND** and/or ADQ may require you to be certified for specialized training and equipment or pledge additional funds if you want to carry

optional menu items. Other stores and restaurants may carry different menu items than you carry in your store or restaurant.

You must not sell, offer for sale or otherwise handle alcoholic or intoxicating beverages or controlled substances on the store or restaurant premises. You must not have or use or permit the presence or use of ATM, video game machines, vending machines, coin-operated or electronic devices or machines on the store or restaurant premises. Your store or restaurant must be smoke-free for all customers and employees, and you must post signs on all doors and throughout the store or restaurant that announce the smoke-free policy. You must not offer, sell, use or participate in any lottery or gambling device of any nature at or from the store or restaurant premises, and no part of the property on which your restaurant is located may be used for the operation of a liquor store, an adult-themed business or a casino (except that any separate facility, such as a convenience store, on the property may sell beer and wine and/or lottery tickets). If, while your restaurant is in operation, any part of the property on which it is located is to be converted to being used for the operation of an adult-themed business or a casino or for any other purpose related to gambling, you must notify **DQ MT/ND** in writing of the conversion within 30 days after becoming aware of it, and you must relocate the restaurant to another authorized location, within 300 days after receiving any written notice from **DQ MT/ND** requiring the relocation, in accordance with the radius, suitability, non-infringement and reasonable distance conditions set forth in Section 5.4 of the operating agreement and other relevant conditions in the operating agreement.

You must be open for business each week for minimum hours and days as stated in the operations manuals.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Operating Agreement	Summary
a.	Length of the subfranchise term	4.1	<p>For new franchise, term is 20 years or the term of the lease of the store or restaurant premises, whichever is shorter;</p> <p>For transfer, term is remaining term of transferring licensee's operating agreement, if new operating agreement is signed as a requirement of a transfer;</p> <p>For renewal, term is renewal term specified in expiring operating agreement, if new operating agreement is signed as a requirement of a renewal; or</p> <p>For conversion addendum, term is remaining term of existing operating agreement.</p>
b.	Renewal or extension of the term	4.3	Renewal for 1 additional term of 10 years or the term of the renewed lease, whichever is shorter.

	Provision	Section in Operating Agreement	Summary
c.	Requirements for you to renew or extend	4.3	<p>Your lease has been renewed; you You give DQ MT/ND written notice of your decision to renew at least 3 months but not more than 6 months before the end of the initial term; you sign DQ MT/ND's then-current form of renewal operating agreement, except that the sales promotion program fee will be not less than 3% nor more than 6% of Gross Sales; you have complied with Section 5.5 regarding your store or restaurant facility; you have been in good standing for at least 6 months, do not have a history of substantial non-compliance; if leasing, you have written proof of your ability to remain in possession of the store or restaurant premises throughout the renewal period; and you pay DQ MT/ND a renewal fee (see Item 6); <u>you sign a general release; and DQ MT/ND approves your location for the renewal term.</u></p> <p>If you seek to renew your subfranchise at the expiration of the initial term or any renewal term, you may be asked to sign a new operating agreement that contains terms and conditions materially different from those in your previous operating agreement.</p>
d.	Termination by you	13.3	Subject to state law, you may terminate the subfranchise before the expiration of its term only for a material breach by DQ MT/ND , provided you give written notice of the breach and allow DQ MT/ND 30 days to cure such breach and, if not cured, wait 60 days from the original notice of breach before terminating the subfranchise.
e.	Termination by DQ MT/ND without cause	Not applicable	
f.	Termination by DQ MT/ND with cause	13.1 & 13.2	DQ MT/ND can terminate the subfranchise before the expiration of its initial term only if you default.
g.	"Cause" defined – curable defaults	13.1 & 13.2	You have 10 days (24 hours if the issue deals with health or safety) to cure the making and submission of false reports, failure to submit the lease before execution (if applicable), non-submission of reports, non-payment of amounts due and owing. You have 30 days to cure a failure to abide by DQ MT/ND's or ADQ's standards in connection with the operation of your store or restaurant, the filing of voluntary or involuntary bankruptcy by or against you, a failure to meet any standards established by DQ MT/ND and/or ADQ, and any other default not listed in h below.

	Provision	Section in Operating Agreement	Summary
h.	"Cause" defined – non-curable defaults	13.1 & 13.2	Non-curable defaults: ADQ does not consent to the operating agreement; you do not select and/or DQ MT/ND does not approve a site within 90 days of approval of your application; you do not begin construction within 180 days of DQ MT/ND's approval of your location; your trainees fail to comply with all training requirements; abandonment, insolvency, unapproved assignments or transfers, conviction of offense directly related to subfranchised business, intentionally understating or underreporting Gross Sales or other fees, 3 defaults within a 12-month period even if cured, and failure to cure within 24 hours of notice thereof a default which materially impairs the goodwill associated with any of ADQ's trademarks, you are named a specially designated national or blocked person by the U.S. Department of the Treasury's Office of Foreign Assets Control.
i.	Your obligations on termination/non-renewal	13.2(D) & 14	Obligations include complete de-identification and payment of amounts due and, in the case of a termination of the subfranchise, payment of a termination fee (also see r below)
j.	Assignment of contract by DQ MT/ND	11.6	No restriction on DQ MT/ND's right to assign.
k.	"Transfer" by you - definition	11.2	Includes any transfer of your interest in the operating agreement or in the business conducted thereunder or any ownership change thereof listed in Section 11.2
l.	DQ MT/ND's approval of transfer by subfranchisee	11.1	DQ MT/ND must approve all transfers, but will not unreasonably withhold approval.
m.	Conditions for DQ MT/ND's approval of transfer	11.3	Transferee meets all of DQ MT/ND's then-current requirements for transferees, all amounts you owe are paid, required facility improvements made, training arranged, required guarantees signed, necessary financial reports and other data on subfranchised business prepared, general release signed by you, then-current transfer fee paid, and then-current agreement signed by transferee (also see r below)
n.	DQ MT/ND's right of first refusal to acquire your business	11.3(B)	DQ MT/ND (or, at DQ MT/ND's option, a qualified 3 rd party designated by DQ MT/ND) can match any offer for your subfranchise and business assets (including any leasehold interests) and, in the case of a proposed stock sale, DQ MT/ND (or, at DQ MT/ND's option, a qualified 3 rd party designated by DQ MT/ND) can purchase your subfranchise and business assets at a price determined by an appraiser, unless you and DQ MT/ND (or DQ MT/ND's designated buyer) agree otherwise. Appraiser fees and expenses will be shared equally by both parties.
o.	DQ MT/ND's option to purchase your business	14.5	On termination, DQ MT/ND may purchase or designate a 3 rd party that will purchase all or any portion of the assets of your restaurant, including the land, building, equipment, fixtures, signs, furnishings, supplies, leasehold improvements and inventory of your store or restaurant. Qualified appraiser will determine price which will be the reasonable fair market value of the assets based on their continuing use in, as, and for the operation of a store or restaurant. Appraiser fees and expenses will be shared equally by both parties.

	Provision	Section in Operating Agreement	Summary
p.	Your death or disability	11.7	You can transfer your subfranchise to your heir or successor in interest under Section 11, and if assignee is your spouse or child, no transfer fee is required.
q.	Non-competition covenants during the term of the subfranchise	10.5	No direct or indirect involvement in the operation of any quick service restaurant that serves hamburgers but does not serve alcohol, or any restaurant or business that generates more than 10% of its revenue from sales of ice cream, yogurt, frozen custard, soft serve or other frozen treats, other than one authorized in any Dairy Queen operating agreement, subject to state law.
r.	Non-competition covenants after the subfranchise is terminated or expires	14.6	No direct or indirect involvement in a competing business for 1 year within 500 meters of your restaurant, subject to state law.
s.	Modification of the agreement	6.1, 6.11, 15.2 & 15.4	No modifications generally, but DQ MT/ND and ADQ may periodically change operations manuals, list of authorized trademarks and menu items at DQ MT/ND's and/or ADQ's option.
t.	Integration/ merger clause	15.2	Only the terms of the operating agreement and its addenda are binding (subject to state law). Any representations or promises outside of this disclosure document and the operating agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	12	Any dispute must be arbitrated in Missoula, Montana, or at any other place that is mutually agreeable to you and DQ MT/ND , subject to state law.
v.	Choice of forum	12.1(D)	Any arbitration, action for injunctive relief or action by DQ MT/ND or ADQ to enforce the operating agreement, will take place in Missoula, Montana, unless you and DQ MT/ND agree otherwise, subject to state law.
w.	Choice of law	15.8(A)	The law of the state where your store or restaurant is located applies, subject to state law.

Item 18

PUBLIC FIGURES

Neither **DQ MT/ND** nor ADQ use any public figure to promote the franchise or subfranchise. No public figure is involved in the actual management or control of **DQ MT/ND** or of ADQ.

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 following historical sales information is included in this Item: the high, low, average and median ~~2022~~2023 Gross Sales of 37 subfranchised free-standing DQ Grill & Chill restaurants that operated in Montana and North Dakota during the entire ~~2022~~2023 calendar year (~~22~~21 in Montana and ~~15~~16 in North Dakota); and the high, low, average and median ~~2021~~2022 Gross Sales of 37 subfranchised free-standing DQ Grill & Chill restaurants that operated in Montana and North Dakota during the entire ~~2021~~2022 calendar year (~~21~~22 in Montana and ~~16~~15 in North Dakota).

As of December 31, 2023, another 36 subfranchised DQ stores or restaurants were operating in Montana and North Dakota (14 in Montana and 22 in North Dakota). As of December 31, 2022, another 34 subfranchised DQ stores or restaurants were operating in Montana and North Dakota (13 in Montana and 21 in North Dakota). ~~As of December 31, 2021, another 33 subfranchised DQ stores or restaurants were operating in Montana and North Dakota (14 in Montana and 19 in North Dakota).~~ Those other DQ stores and restaurants, however, did not operate as new or fully-remodeled free-standing DQ Grill & Chill restaurants throughout the 2023 or 2022 ~~or 2021~~ calendar years, were treat-centric stores with limited menus, were located in malls or strip centers (including fuel centers), ~~or~~ sold non-system foods, were seasonal stores open only part of the year, or were closed part of the year due to fires. The Gross Sales of those other DQ stores and restaurants were not used in preparing this financial performance representation.

In 2023, in Montana and North Dakota, 0 subfranchised stores ceased operations, 0 subfranchised DQ restaurant ceased operations, and 0 subfranchised DQ stores or restaurants both began and ceased operations.

In 2022, in Montana and North Dakota, 0 subfranchised stores ceased operations, 1 subfranchised DQ restaurant ceased operations, and 0 subfranchised DQ stores or restaurants both began and ceased operations.

~~In 2021, in Montana and North Dakota, no subfranchised DQ stores or restaurants ceased operations (0 stores and 0 restaurants), and no subfranchised DQ stores or restaurants both began and ceased operations.~~

2023 Historical Gross Sales Information. The table below contains the following historical Gross Sales information: the high, low, average and median 2023 Gross Sales of 37 subfranchised free-standing DQ Grill & Chill restaurants that operated in Montana and North Dakota during the entire 2023 calendar year (21 in Montana and 16 in North Dakota).

**High, Low, Average and Median Gross Sales
of 37 Subfranchised Free-Standing DQ Grill & Chill Restaurants
Operating in Montana and North Dakota in 2023**

<u>HIGH GROSS SALES</u>	<u>\$2,844,438</u>
<u>LOW GROSS SALES</u>	<u>\$599,640</u>
<u>AVERAGE GROSS SALES</u>	<u>\$1,560,104</u>
<u>MEDIAN GROSS SALES</u>	<u>\$1,556,087</u>

Notes:

1. This table contains sales information for new or fully-remodeled free-standing DQ Grill & Chill restaurants. It does not contain any sales information for DQ treat-centric stores with limited menus, DQ stores or restaurants that were located in malls or strip centers (including fuel centers), or DQ stores or restaurants that were selling non-system foods.
2. "Gross Sales" include the total revenue and receipts from the sale of all products sold by the restaurant, including sales of all products under any of ADQ's trademarks, as well as sales of other products, services and merchandise, whether or not identified by other brand names, and excluding sales taxes and revenue and receipts arising directly from the sale of gift cards. Gross Sales do not reflect cost of goods or services sold; operating expenses such as payroll, rent and office expenses; or other expenses, such as amortization, depreciation, income tax, or other tax or debt service expenses.
3. An "average" is calculated by adding the numerical values of all data points in a set, and dividing by the number of data points in the set. Of the 37 subfranchised free-standing DQ Grill & Chill restaurants operating for the entire 2023 calendar year, 18, or 49%, exceeded the average.
4. A "median" is the numerical value of the data point in the middle of all data points in a set. If a set contains an even number of data points, the median is calculated by identifying the 2 data points in the middle of the set, adding their numerical values, and dividing by 2.

2022 Historical Gross Sales Information. The table below contains the following historical Gross Sales information: the high, low, average and median 2022 Gross Sales of 37 subfranchised free-standing DQ Grill & Chill restaurants that operated in Montana and North Dakota during the entire 2022 calendar year (22 in Montana and 15 in North Dakota).

**High, Low, Average and Median Gross Sales
of 37 Subfranchised Free-Standing DQ Grill & Chill Restaurants
Operating in Montana and North Dakota in 2022**

HIGH GROSS SALES	\$2,584,057
LOW GROSS SALES	\$743,575
AVERAGE GROSS SALES	\$1,506,360
MEDIAN GROSS SALES	\$1,535,617

Notes:

1. This table contains sales information for new or fully-remodeled free-standing DQ Grill & Chill restaurants. It does not contain any sales information for DQ treat-centric stores with limited menus, DQ stores or restaurants that were located in malls or strip centers (including fuel centers), or DQ stores or restaurants that were selling non-system foods.
2. "Gross Sales" include the total revenue and receipts from the sale of all products sold by the restaurant, including sales of all products under any of ADQ's trademarks, as well as sales of other products, services and merchandise, whether or not identified by other brand names, and excluding sales taxes and revenue and receipts arising directly from the sale of gift cards. Gross Sales do not reflect cost of goods or services sold; operating expenses such as payroll, rent and office expenses; or other expenses, such as amortization, depreciation, income tax, or other tax or debt service expenses.
3. An "average" is calculated by adding the numerical values of all data points in a set, and dividing by the number of data points in the set. Of the 37 subfranchised free-standing DQ Grill & Chill restaurants operating for the entire 2022 calendar year, 19, or 51%, exceeded the average.
4. ~~A "median" is the numerical value of the data point in the middle of all data points in a set. If a set contains an even number of data points, the median is calculated by identifying the 2 data points in the middle of the set, adding their numerical values, and dividing by 2.~~

~~**2021 Historical Gross Sales Information.** The table below contains the following historical Gross Sales information: the high, low, average and median 2021 Gross Sales of 37 subfranchised free-standing DQ Grill & Chill restaurants that operated in Montana and North Dakota during the entire 2021 calendar year (21 in Montana and 16 in North Dakota).~~

~~**High, Low, Average and Median Gross Sales
of 37 Subfranchised Free-Standing DQ Grill & Chill Restaurants
Operating in Montana and North Dakota in 2021**~~

HIGH GROSS SALES	\$2,482,188
LOW GROSS SALES	-\$763,377
AVERAGE GROSS SALES	\$1,487,307
MEDIAN GROSS SALES	\$1,465,894

Notes:

- ~~1. This table contains sales information for new or fully remodeled free-standing DQ Grill & Chill restaurants. It does not contain any sales information for DQ treat-centric stores with limited menus, DQ stores or restaurants that were located in malls or strip centers (including fuel centers), or DQ stores or restaurants that were selling non-system foods.~~
- ~~2. "Gross Sales" include the total revenue and receipts from the sale of all products sold by the restaurant, including sales of all products under any of ADQ's trademarks, as well as sales of other products, services and merchandise, whether or not identified by other brand names, and excluding sales taxes and revenue and receipts arising directly from the sale of gift cards. Gross Sales do not reflect cost of goods or services sold; operating expenses such as payroll, rent and office expenses; or other expenses, such as amortization, depreciation, income tax, or other tax or debt service expenses.~~
- ~~3. An "average" is calculated by adding the numerical values of all data points in a set, and dividing by the number of data points in the set. Of the 37 subfranchised free-standing DQ Grill & Chill restaurants operating for the entire 2021 calendar year, 18, or 49%, exceeded the average.~~
4. A "median" is the numerical value of the data point in the middle of all data points in a set. If a set contains an even number of data points, the median is calculated by identifying the 2 data points in the middle of the set, adding their numerical values, and dividing by 2.

General:

The Gross Sales information shown in the tables above for subfranchised DQ Grill & Chill restaurants is compiled from information submitted to **DQ MT/ND** by the franchisees in their [2022](#)~~2023~~ and [2021](#)~~2022~~ unaudited sales reports. The reports submitted to **DQ MT/ND** were not audited, and **DQ MT/ND** has not undertaken to independently verify the accuracy of the information in the reports or determine whether the reports were prepared in accordance with generally accepted accounting principles. However, **DQ MT/ND** is not aware of any instance in which any subfranchised DQ Grill & Chill restaurant overstated Gross Sales in any report.

Of the subfranchised free-standing DQ Grill & Chill restaurants operating in [2022](#)~~2023~~ and [2021](#)~~2022~~, some were converted rather than newly built, and all had layouts and production cores that varied somewhat depending on their sites and the prototypes used when they were converted or newly built. Otherwise, **DQ MT/ND** is not aware of any material differences between the subfranchised DQ Grill & Chill restaurants for which information is shown in this Item 19, and the subfranchised DQ Grill & Chill restaurants described in this disclosure document.

Written substantiation for the financial performance representation will be made available to you on reasonable request. **DQ MT/ND** urges you to consult with your financial, business and legal advisors in connection with the Gross Sales information shown in this Item 19.

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

Other than the preceding financial performance representation, **DQ MT/ND** does not make any financial performance representations. **DQ MT/ND** also does not authorize its employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, **DQ MT/ND** 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 **DQ MT/ND**'s management by contacting Inoshi Denizen, P.O. Box 9137, Missoula, MT 59807, (917) 536-6291, the Federal Trade Commission, and any appropriate state regulatory agencies.

Item 20

OUTLETS AND SUBFRANCHISEE AND FRANCHISEE INFORMATION

TERRITORY OPERATOR

TABLE NO. 1

Systemwide Outlet Summary For Years ~~2020~~2021 to ~~2022~~2023

Outlet Type	Year	Outlets At Start Of Year	Outlets At End Of Year	Net Change
Subfranchised	2020	69	70	+1
	2021	70	70	0
	2022	70	71	+1
	<u>2023</u>	<u>71</u>	<u>73</u>	<u>+2</u>
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Outlets	2020	69	70	+1
	2021	70	70	0
	2022	70	71	+1
	<u>2023</u>	<u>71</u>	<u>73</u>	<u>+2</u>

TABLE NO. 2

**Transfers of Outlets From Subfranchisees to New Owners
(Other Than Territory Operator or An Affiliate) For Years ~~2020~~2021 to ~~2022~~2023**

State	Year	Number Of Transfers
Montana	2020	+0
	2021	1
	2022	1
	<u>2023</u>	<u>2</u>
North Dakota	2020	0
	2021	2
	2022	2
	<u>2023</u>	<u>2</u>
Totals	2020	+0
	2021	3
	2022	3
	<u>2023</u>	<u>4</u>

TABLE NO. 3

Status of Subfranchised Outlets For Years ~~2020~~2021 to ~~2022~~2023

State	Year	Outlets At Start Of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Territory Operator	Ceased Operations – Other Reasons	Outlets At End Of Year
MT	2020	36	0	0	0	0	1	35
MT	2021	35	0	0	0	0	0	35
	2022	<u>35</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>35</u>
	2023	35	0	0	0	0	0	35
ND	2020	33	2	0	0	0	0	35
ND	2021	35	0	0	0	0	0	35
	2022	35	2	0	0	0	1	36
	2023	<u>36</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>38</u>
Totals	2020	69	2	0	0	0	1	70
	2021	70	0	0	0	0	0	70
	2022	70	2	0	0	0	1	71
	2023	<u>71</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>73</u>

NOTE: The table above does not reflect 2 DQ Treat stores in the **DQ MT/ND** territory that are direct licensees of ADQ. Those 2 North Dakota locations are reflected in the Head Franchisor tables below.

TABLE NO. 4

Status of Territory Operator-Owned Outlets For Years ~~2020~~2021 to ~~2022~~2023

State	Year	Outlets At Start Of Year	Outlets Opened	Outlets Re-Acquired From Subfranchisees	Outlets Closed	Outlets Sold To Subfranchisees	Outlets At End Of Year
MT and ND	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

TABLE NO. 5

Projected Openings as of December 31, ~~2022~~2023

State	Operating Agreements Signed But Outlets Not Open as of 12/31/22 12/31/23	Projected New Subfranchised Outlets as of 12/31/2212/31/23 (In 20232024)	Projected New Territory Operator-Owned Outlets as of 12/31/2212/31/23 (In 20232024)
Montana	1	+2	0
North Dakota	20	21	0
TOTALS	31	3	0

Exhibit F contains the names of **DQ MT/ND's** subfranchisees, and the addresses and telephone numbers of their outlets, as of December 31, ~~2022~~2023.

Exhibit G contains the name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of **DQ MT/ND's** subfranchisees: who transferred in ~~2022~~2023 (~~34~~); who had subfranchises terminated (0), not renewed (0) or reacquired (0) in ~~2022~~2023; who otherwise voluntarily or involuntarily ceased to do business in ~~2022~~2023 (~~40~~); or who had not communicated with **DQ MT/ND** within 10 weeks of the date of this disclosure document (0).

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

During the last 3 fiscal years, **DQ MT/ND** has not signed any confidentiality clauses with current or former subfranchisees which would restrict them from speaking openly with you about their experience with **DQ MT/ND**.

HEAD FRANCHISOR

Note: The numbers in the following tables are given to DQ MT/ND by ADQ, and DQ MT/ND has not independently verified these numbers.

Included in this Item are tables for the following concepts: direct-licensed and subfranchised DQ Grill & Chill restaurants, direct-licensed and subfranchised Dairy Queen/Brazier restaurants, Texas DQ restaurants, direct-licensed and subfranchised DQ Treat, DQ soft-serve-only and Dairy Queen/Limited Brazier stores.

**DQ Grill & Chill & Dairy Queen/Brazier Direct-Licensed Outlets
Systemwide Outlet Summary
For Years ~~2020~~2021 to ~~2022~~2023⁽¹⁾**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	1913	1926	13
	2021	1926	1952	26
	2022	1952	1965	13

	<u>2023</u>	<u>1965</u>	<u>1967</u>	<u>2</u>
Company-Owned	2020	2	2	0
	2021	2	2	0
	2022	2	2	0
	<u>2023</u>	<u>2</u>	<u>2</u>	<u>0</u>
Total Outlets	2020	1915	1928	+13
	2021	1928	1954	+26
	2022	1954	1967	+13
	<u>2023</u>	<u>1967</u>	<u>1969</u>	<u>+2</u>

(1) The totals do not include Texas DQ restaurants, subfranchised outlets operating under agreements with territory operators (“subfranchised restaurants”), or outlets for other franchise programs described in Item 1.

**DQ Grill & Chill & Dairy Queen/Brazier Direct Licensed Outlets
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years ~~2020~~2021 to ~~2022~~2023**

State	Year	Number of Transfers
Alabama	2020	3
	2021	2
	2022	6
	<u>2023</u>	<u>0</u>
Arizona	2020	7
	2021	5
	2022	1
	<u>2023</u>	<u>2</u>
Arkansas	2020	6
	2021	0
	2022	2
	<u>2023</u>	<u>0</u>
California	2020	2
	2021	2
	2022	1
	<u>2023</u>	<u>4</u>
Colorado	2020	2
	2021	1
	2022	0
	<u>2023</u>	<u>0</u>
Delaware	2020	2
	2021	2
	2022	0
	<u>2023</u>	<u>0</u>
Florida	2020	8
	2021	5
	2022	4
	<u>2023</u>	<u>3</u>

State	Year	Number of Transfers
Georgia	2020	3
	2021	10
	2022	8
	<u>2023</u>	<u>6</u>
Idaho	2020	1
	2021	2
	2022	10
	<u>2023</u>	<u>0</u>
Illinois	2020	9
	2021	10
	2022	9
	<u>2023</u>	<u>9</u>
Indiana	2020	7
	2021	10
	2022	13
	<u>2023</u>	<u>10</u>
Iowa <u>Iowa</u>	2020	0
	2021	1
	2022	0
	<u>2023</u>	<u>1</u>
Kansas	2020	0
	2021	0
	2022	3
	<u>2023</u>	<u>9</u>
Kentucky	2020	2
	2021	3
	2022	2
	<u>2023</u>	<u>0</u>
Louisiana	2020	0
	2021	10
	2022	0
	<u>2023</u>	<u>2</u>
Maine <u>Maryland</u>	2020	1
	2021	0
	2022	0
	<u>2023</u>	<u>1</u>
Massachusetts	2020	0
	2021	0
	2022	1
	<u>2023</u>	<u>0</u>
Michigan	2020	1
	2021	2
	2022	2
	<u>2023</u>	<u>3</u>
Minnesota	2020	6
	2021	4
	2022	7

State	Year	Number of Transfers
	<u>2023</u>	<u>5</u>
Mississippi	2020	0
	2021	2
	2022	0
	<u>2023</u>	<u>1</u>
Missouri	2020	5
	2021	6
	2022	5
	<u>2023</u>	<u>8</u>
Nebraska	2020	4
	2021	0
	2022	3
	<u>2023</u>	<u>1</u>
New Mexico	2020	0
	2021	0
	2022	2
	<u>2023</u>	<u>0</u>
New York	2020	0
	2021	1
	2022	0
	<u>2023</u>	<u>2</u>
North Carolina	2020	0
	2021	4
	2022	2
	<u>2023</u>	<u>4</u>
Ohio	2020	4
<u>Ohio</u>	2021	3
	2022	5
	<u>2023</u>	<u>7</u>
Oklahoma	2020 <u>2021</u>	4 <u>10</u>
	<u>2022</u>	<u>1</u>
	<u>2023</u>	<u>2</u>
<u>Oregon</u>	2021	0
	2022	4
	<u>2023</u>	<u>1</u>
Pennsylvania	2020	3
	2021	2
	2022	1
	<u>2023</u>	<u>3</u>
Rhode Island	2020	0
	2021	0
	2022	1
	<u>2023</u>	<u>0</u>
South Carolina	2020	1
	2021	2
	2022	0

State	Year	Number of Transfers
	<u>2023</u>	<u>2</u>
Tennessee	2020	6
	2021	2
	2022	1
	<u>2023</u>	<u>5</u>
Washington	2020	1
	2021	3
	2022	7
	<u>2023</u>	<u>0</u>
West Virginia	2020	4
	2021	0
	2022	5
	<u>2023</u>	<u>6</u>
Wisconsin	2020	3
	2021	9
	2022	6
	<u>2023</u>	<u>3</u>
Wyoming	2020	1
	2021	0
	2022	0
	<u>2023</u>	<u>1</u>
Total	2020	93
<u>Total</u>	2021	103
	2022	108
	<u>2023</u>	<u>101</u>

**DQ Grill & Chill & Dairy Queen/Brazier Direct-Licensed Outlets
Status of Franchised Outlets
For Years ~~2020~~2021 to ~~2022~~2023**

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
Alabama	2020	68		2				66
<u>Alabama</u>	2021	66		1				65
	2022	65	1					66
	<u>2023</u>	<u>66</u>		<u>2</u>				<u>64</u>
Alaska	2020	5						5
	2021	5						5
	2022	5						5
	<u>2023</u>	<u>5</u>						<u>5</u>
Arizona	2020	34						34
	2021	34						34
	2022	34						34
	<u>2023</u>	<u>34</u>	<u>1</u>					<u>35</u>
Arkansas	2020	25	3					28
	2021	28	3					31

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
	2022	31	2	1				32
	2023	32	3	2				33
California	2020	38	1					39
	2021	39		1				38
	2022	38	1	2				37
	2023	37	1	1				37
Colorado	2020	30						30
	2021	30	2					32
	2022	32						32
	2023	32		2				30
Connecticut	2020	10	1					11
	2021	11	1					12
	2022	12	1					13
	2023	13						13
Delaware	2020	10	1					11
	2021	11		1				10
	2022	10						10
	2023	10	1					11
Florida	2020	89	2	2				89
Florida	2021	89	5	3				91
	2022	91	3					94
	2023	94	5	3				96
Georgia	2020	199	2	1				200
	2021	200	3	4				199
	2022	199	5	2				202
	2023	202	2	2				202
Idaho	2020	20						20
	2021	20						20
	2022	20	3					23
	2023	23						23
Illinois	2020	136		1				135
	2021	135	2	1				136
	2022	136						136
	2023	136	2	4				134
Indiana	2020	158	3					161
Indiana	2021	161	2					163
	2022	163		4				159
	2023	159	1	4				156
Iowa	2020	26	1	1				26
Iowa	2021	26						26
	2022	26						26
	2023	26	1	1				26
Kansas	2020	46						46
Kansas	2021	46	1	1				46

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
	2022	46		1				45
	2023	45	2	1				46
Kentucky	2020	127	3					130
	2021	130		1				129
	2022	129	2					131
	2023	131	2	1				132
Louisiana	2020	29	1					30
	2021	30	2					32
	2022	32						32
	2023	32						32
Maine	2020	9						9
	2021	9						9
	2022	9						9
	2023	9						9
Maryland	2020	13						13
	2021	13						13
	2022	13	2					15
	2023	15	3					18
Massachusetts	2020	11						11
	2021	11	1					12
	2022	12						12
	2023	12		1				11
Michigan	2020	40						40
	2021	40	3					43
	2022	43	3					46
	2023	46	3	1				48
Minnesota	2020	138	2					140
Minnesota	2021	140	1	1				140
	2022	140	2	7				135
	2023	135	2	3				134
Mississippi	2020	25	1					26
	2021	26						26
	2022	26						26
	2023	26	1					27
Missouri	2020	97	1	1				97
	2021	97	1	2				96
	2022	96	2	1				97
	2023	97	1	1				97
Nebraska	2020	40						40
	2021	40	2	2				40
	2022	40						40
	2023	40						40
Nevada	2020	5						5
	2021	5						5

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
	2022	5						5
	2023	5						5
New Hampshire	2020	6						6
	2021	6						6
	2022	6						6
	2023	6						6
New Jersey	2020	1						1
	2021	1						1
	2022	1						1
	2023	1						1
New Mexico	2020	27						27
	2021	27						27
	2022	27	1	1				27
	2023	27						27
New York	2020	24	1	2				23
	2021	23						23
	2022	23						23
	2023	23	2	3				22
North Carolina	2020	37	2					39
	2021	39	2	1				40
	2022	40		1				39
	2023	39	1	3				37
Ohio	2020	69	3				72	
Ohio	2021	72	2				74	
	2022	74	3				77	
	2023	77	7	1			83	
Oklahoma	2020	13	1	1				13
	2021	13						13
	2022	13		1				12
	2023	12						12
Oregon	2020	4						4
	2021	4						4
	2022	4						4
	2023	4						4
Pennsylvania	2020	25						25
	2021	25	7	2				30
	2022	30	1					31
	2023	31		1				30
Rhode Island	2020	1						1
	2021	1						1
	2022	1						1
	2023	1						1
South Carolina	2020	18	1					19
	2021	19	1	1				19

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
	2022	19	1	1				19
	<u>2023</u>	<u>19</u>						<u>19</u>
South Dakota	2020	5						5
	2021	5						5
	2022	5	2					7
	<u>2023</u>	<u>7</u>						<u>7</u>
Tennessee	2020	75	1	3				73
	2021	73	2					75
	2022	75	3	1				77
	<u>2023</u>	<u>77</u>						<u>77</u>
Washington	2020	33						33
	2021	33						33
	2022	<u>33</u>						<u>33</u>
	<u>2023</u>	<u>33</u>						<u>33</u>
West Virginia	2020	51		2				49
	2021	49	1					50
	2022	<u>50</u>						<u>50</u>
	<u>2023</u>	<u>50</u>						<u>50</u>
Wisconsin	2020	88	1	1				88
	2021	88	3	1				90
	2022	90		2				88
	<u>2023</u>	<u>88</u>		<u>2</u>				<u>86</u>
Wyoming	2020	8						8
	2021	8						8
	2022	8						8
	<u>2023</u>	<u>8</u>						<u>8</u>
Totals	2020	1913	32	17	0	0	0	1928
<u>Totals</u>	2021	1928	47	23	0	0	0	1952
	2022	1952	38	25	0	0	0	1965
	<u>2023</u>	<u>1965</u>	<u>41</u>	<u>39</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1967</u>

The following openings were conversions from another DQ concept, acquisitions of a territory operator's rights in the store franchise agreements, or conversion of company-owned to a direct-license outlet: ~~3~~ in ~~2020~~, 8 in 2021, ~~and~~ 1 in 2022, and 4 in 2023.

**DQ Grill & Chill & Dairy Queen/Brazier Direct-Licensed Outlets
Status of Company-Owned Outlets
For Years ~~2020~~2021 to ~~2022~~2023**

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
Minnesota	2020	<u>2</u>	0	0	0	0	<u>2</u>
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Totals	2020	<u>2</u>	0	0	0	0	<u>2</u>
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>

**DQ Grill & Chill & Dairy Queen/Brazier Direct-Licensed Outlets
Projected Openings ⁽¹⁾
As Of December 31, ~~2022~~2023**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
<u>Alabama</u>		<u>1</u>	
Arizona	1	<u>20</u>	0
Arkansas	3	6	0
California	1	<u>30</u>	0
<u>Connecticut</u>	<u>0</u>	<u>1</u>	
Colorado	0	1	0
Delaware	<u>21</u>	<u>20</u>	0
Florida	<u>61</u>	13	<u>03</u>
Georgia	<u>31</u>	6	<u>02</u>
Idaho	<u>01</u>	1	0
Illinois	3	<u>40</u>	0
<u>Kansas</u>	<u>0</u>	<u>1</u>	
Indiana	1	2	0
Kentucky	1	4	<u>01</u>
Maryland	<u>41</u>	4	<u>01</u>
Michigan	3	4	<u>02</u>
Minnesota	1	<u>30</u>	0
Mississippi	1	1	0
Missouri	1	<u>10</u>	0
Nebraska	<u>01</u>	2	<u>01</u>
<u>Nevada</u>	<u>1</u>	<u>0</u>	
New York	2	0	0
North Carolina	<u>10</u>	3	0

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
Ohio	43	0	0
Oklahoma	0	1	0
Pennsylvania	0	1	0
South Carolina	2	3	0
South Dakota	0	1	0
Tennessee	0	1	0
Texas	34	8	0
Washington	1	0	0
West Virginia	0	1	0
Wisconsin	0	0	0
Wyoming	0	1	0
Total	44	87	0

The information provided below regarding subfranchised outlets is provided by territory operators and is not independently verified by ADQ.

**DQ Grill & Chill & Dairy Queen/Brazier Subfranchised Territory Operator Outlets
Systemwide Outlet Summary
For Years 2020 to 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	575	577	2
	2021	577	569	-8
	2022	569	572	3
	2023	572	566	-6
Company-Owned	2020	0	0	+0
	2021	0	0	+0
	2022	0	0	+0
	2023	0	0	+0
Total Outlets	2020	575	577	2
	2021	577	569	-8
	2022	569	572	3
	2023	572	566	-6

**DQ Grill & Chill & Dairy Queen/Brazier Subfranchised Territory Operator Outlets
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2020 to 2023**

State	Year	Number of Transfers
Arizona	2020	1
	2021	1
	2022	0

State	Year	Number of Transfers
	<u>2023</u>	<u>0</u>
Montana	2020	9
	2021	1
	2022	4
	<u>2023</u>	<u>2</u>
Nebraska	2020	1
	2021	0
	2022	1
	<u>2023</u>	<u>0</u>
Nevada	2020	2
	2021	0
	2022	4
	<u>2023</u>	<u>1</u>
New Jersey	2020	1
	2021	0
	2022	0
	<u>2023</u>	<u>2</u>
North Dakota	2020	2
	2021	2
	2022	1
	<u>2023</u>	<u>2</u>
Ohio	2020	4
<u>Ohio</u>	2021	2
	2022	4
	<u>2023</u>	<u>0</u>
Oregon	2020	5
	2021	5
	2022	3
	<u>2023</u>	<u>5</u>
Pennsylvania	2020	4
	2021	5
	2022	1
	<u>2023</u>	<u>2</u>
<u>South Dakota</u>	<u>2021</u>	<u>0</u>
	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>1</u>
Utah	2020	3
<u>Utah</u>	2021	0
	2022	1
	<u>2023</u>	<u>3</u>
Virginia	2020	3
	2021	3
	2022	6
	<u>2023</u>	<u>1</u>
Washington	2020	4
	2021	3
	2022	2

State	Year	Number of Transfers
	<u>2023</u>	<u>0</u>
<u>Wisconsin</u>	<u>2021</u>	<u>0</u>
	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>1</u>
Total	2020	39
<u>Total</u>	2021	22
	2022	27
	<u>2023</u>	<u>20</u>

**DQ Grill & Chill & Dairy Queen/Brazier Subfranchised Territory Operator Outlets
Status of Franchised Outlets
For Years ~~2020~~2021 to ~~2022~~2023**

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	2020	17						17
	2021	17						17
	2022	17						17
	<u>2023</u>	<u>17</u>		<u>1</u>				<u>16</u>
Colorado	2020	3						3
	2021	3						3
	2022	3						3
	<u>2023</u>	<u>3</u>						<u>3</u>
Delaware	2020	0		+				-1
	2021	-1						-1
	2022	<u>-1</u>						<u>-1</u>
	<u>2023</u>	<u>-1</u>						<u>-1</u>
Florida	2020	+						+
	2021	1						1
	2022	1						1
	<u>2023</u>	<u>1</u>						<u>1</u>
Illinois	2020	2						2
	2021	2						2
	2022	2						2
	<u>2023</u>	<u>2</u>						<u>2</u>
Indiana	2020	+						+
	2021	1						1
	2022	1	1					2
	<u>2023</u>	<u>2</u>						<u>2</u>
Iowa	2020	22						22
	2021	22						22
	2022	22		1				21
	<u>2023</u>	<u>21</u>						<u>21</u>
Kansas	2020	2						2
	2021	2						2
	2022	2						2

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
	2023	2						2
Kentucky	2020	2						2
	2021	2						2
	2022	2						2
	2023	2						2
Montana	2020	31						31
	2021	31	1					32
	2022	32						32
	2023	32						32
Nebraska	2020	8						8
	2021	8		1				7
	2022	7						7
	2023	7		1				6
Nevada	2020	12						12
Nevada	2021	12	2					14
	2022	14		1				13
	2023	13		1				12
New Jersey	2020	7						7
	2021	7						7
	2022	7						7
	2023	7						7
North Carolina	2020	2						2
	2021	2						2
	2022	2						2
	2023	2						2
North Dakota	2020	29	+					30
	2021	30						30
	2022	30	2					32
	2023	32	2	1				33
Ohio	2020	92	+					93
Ohio	2021	93	1					94
	2022	94	2	2				94
	2023	94		1				93
Oregon	2020	89	+	+				89
Oregon	2021	89		1				88
	2022	88	1					89
	2023	89		1				88
Pennsylvania	2020	78						78
	2021	78		8				70
	2022	70	1	1				70
	2023	70	2	3				69
South Dakota	2020	32						32
	2021	32		1				31
	2022	31						31

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
	<u>2023</u>	<u>31</u>	<u>1</u>					<u>32</u>
Utah	2020	22						22
<u>Utah</u>	2021	22		1				21
	2022	21	2					23
	<u>2023</u>	<u>23</u>		<u>2</u>				<u>21</u>
Virginia	2020	62	4					63
	2021	63	1	1				63
	2022	63		2				61
	<u>2023</u>	<u>61</u>	<u>3</u>	<u>4</u>				<u>60</u>
Washington	2020	60						60
	2021	60						60
	2022	60	1					61
	<u>2023</u>	<u>61</u>	<u>1</u>					<u>62</u>
Wisconsin	2020	4						4
	2021	1						1
	2022	1						1
	<u>2023</u>	<u>1</u>						<u>1</u>
Totals	2020	575	4	2	0	0	0	577
<u>Totals</u>	2021	577	5	13	0	0	0	569
	2022	569	10	7	0	0	0	572
	<u>2023</u>	<u>572</u>	<u>9</u>	<u>15</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>566</u>

- (1) The following openings were conversions from another DQ concept: ~~5 in 2020~~, 1 in 2021, 1 in 2022, and 1 in 20222023.
- (2) The following closings were conversions to another DQ concept or acquisitions of a territory operator's rights in the store franchise agreements: ~~0 in 2020~~, 7 in 2021, 0 in 2022, and 0 in 20222023.

DQ Grill & Chill & Dairy Queen/Brazier Subfranchised Territory Operator Outlets

Status of Company-Owned Outlets

For Years ~~2020~~2021 to ~~2022~~2023

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
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**DQ Grill & Chill & Dairy Queen/Brazier Subfranchised Territory Operator Outlets
Projected Openings
As Of December 31, ~~2022~~2023⁽¹⁾**

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
Totals	--	--	--

(1) ~~(+)~~ Territory operators are not contractually required to provide ADQ with information for their projected openings. Therefore, ~~DQ-MT/ND is~~we are unable to provide this information.

**Texas DQ Restaurant Direct-Licensed Outlets
Systemwide Outlet Summary
For Years ~~2020~~2021 to ~~2022~~2023⁽¹⁾**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	581	584	3
	2021	584	586	2
	2022	586	585	-1
	<u>2023</u>	<u>585</u>	<u>579</u>	<u>-6</u>
Company-Owned	2020	0	0	+0
	2021	0	0	+0
	2022	<u>0</u>	<u>0</u>	<u>+0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>+0</u>
Total Outlets	2020	581	584	3
	2021	584	586	2
	2022	586	585	-1
	<u>2023</u>	<u>585</u>	<u>579</u>	<u>-6</u>

(1) In 1980, ADQ acquired the Texas territory operator’s subfranchisor rights in over 900 subfranchised Dairy Queen restaurants, none of which carry the Dairy Queen/Brazier or DQ Grill & Chill food lines because of various arrangements. The majority of the Texas DQ restaurants have a non-system food called “Texas Country Food.”

**Texas DQ Restaurant Direct-Licensed Outlets
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years ~~2020~~2021 to ~~2022~~2023**

State	Year	Number of Transfers
Texas	2020	52
	2021	6
	2022	8
	<u>2023</u>	<u>11</u>
Total	2020	52
	2021	6
	2022	8
	<u>2023</u>	<u>11</u>

**Texas DQ Restaurant Direct-Licensed Outlets
Status of Franchised Outlets
For Years ~~2020~~2021 to ~~2022~~2023**

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
Texas	2020	581	8	5	0	0	0	584
Texas	2021	584	6	4	0	0	0	586
	2022	586	6	4 7	0	0	0	588 585
Totals	2020							
Totals	2023	581 585	83	5 9	0	0	0	584 579
Totals	2021	584	6	4	0	0	0	586
	2022	586	6	7	0	0	0	585
	2023	585	3	9	0	0	0	579

**Texas DQ Restaurant Direct-Licensed Outlets
Status of Company-Owned Outlets
For Years ~~2020~~2021 to ~~2022~~2023**

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
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

**Texas DQ Restaurant Direct-Licensed Outlets
Projected Openings
As Of December 31, ~~2022~~2023**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Texas	34 34	85 85	0
Totals	34 34	85 85	0

Included in this Item are tables for the following concepts: direct licensed and subfranchised DQ Treat, DQ soft-serve only, and Dairy Queen/Limited Brazier stores.

~~Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only Direct-Licensed Outlets~~

(1) The totals include DQ Treat, Dairy Queen/Limited Brazier and Dairy Queen soft-serve only locations, which may have non-system food. The totals do not include

subfranchised outlets operating under agreements with territory operators or outlets for any other franchise programs described in Item 1.

Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only Direct-Licensed Outlets

**Systemwide Outlet Summary
For Years ~~2020~~2021 to ~~2022~~2023⁽¹⁾**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	885	858	-27
	2021	858	828	-30
	2022	828	789	-39
	<u>2023</u>	<u>789</u>	<u>748</u>	<u>-41</u>
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Outlets	2020	885	858	-27
	2021	858	828	-30
	2022	828	789	-39
	<u>2023</u>	<u>789</u>	<u>748</u>	<u>-41</u>

The totals include DQ Treat, Dairy Queen/Limited Brazier and Dairy Queen soft-serve only locations, which may have non-system food. The totals do not include subfranchised outlets operating under agreements with territory operators or outlets for any other franchise programs described in Item 1.

Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only Direct-Licensed Outlets
Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only Direct-Licensed Outlets

**Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years ~~2020~~2021 to ~~2022~~2023**

State	Year	Number of Transfers
Arizona	2020	1
	2021	7
	2022	0
	<u>2023</u>	<u>1</u>
California	2020	1
	2021	1
	2022	3
	<u>2023</u>	<u>2</u>
Colorado	2020	2
	2021	4
	2022	7
	<u>2023</u>	<u>3</u>
Connecticut	2020	0
	2021	2
	2022	2
	<u>2023</u>	<u>1</u>
Delaware	2020	0
	2021	1

State	Year	Number of Transfers
	2022	0
	2023	0
Florida	2020	2
	2021	2
	2022	5
	2023	4
Hawaii	2020	0
	2021	0
	2022	1
	2023	0
Illinois	2020	6
	2021	1
	2022	2
	2023	3
Indiana	2020	1
	2021	0
	2022	2
	2023	6
Iowa	2020	1
	2021	1
	2022	2
	2023	0
Maine	2020	0
	2021	2
	2022	0
	2023	0
Maryland	2020	1
	2021	2
	2022	0
	2023	1
Massachusetts	2020	0
	2021	2
	2022	0
	2023	2
Michigan	2020	6
	2021	4
	2022	2
	2023	4
Minnesota	2020	2
	2021	5
	2022	2
	2023	1
Missouri	2020	2
	2021	0
	2022	1
	2023	0

State	Year	Number of Transfers
New Hampshire	2020	0
	2021	0
	2022	2
	<u>2023</u>	<u>0</u>
New Mexico	2020	0
	2021	0
	2022	1
	<u>2023</u>	<u>1</u>
New York	2020	0
	2021	1
	2022	2
	<u>2023</u>	<u>2</u>
North Carolina	2020	4
	2021	8
	2022	2
	<u>2023</u>	<u>0</u>
North Dakota	2020	0
	2021	1
	2022	0
	<u>2023</u>	<u>0</u>
Ohio	2020	2
<u>Ohio</u>	2021	4
	2022	0
	<u>2023</u>	<u>0</u>
Oklahoma	2020	0
	2021	0
	2022	1
	<u>2023</u>	<u>0</u>
Pennsylvania	2020	1
	2021	1
	2022	4
	<u>2023</u>	<u>2</u>
West Virginia	2020	1
	2021	0
	2022	0
Wisconsin	2020	4
	2021	1
	2022	2
	<u>2023</u>	<u>6</u>
Total	2020	37
<u>Total</u>	2021	50
	2022	43
	<u>2023</u>	<u>39</u>

**Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only Direct-Licensed Outlets
Status of Franchised Outlets
For Years ~~2020~~2021 to ~~2022~~2023**

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	2020	22		1	1			20
	2021	20						20
	2022	<u>20</u>						<u>20</u>
	2023	20						20
Arkansas	2020	1						1
	2021	1						1
	2022	1						1
	2023	<u>1</u>						<u>1</u>
California	2020	38						38
	2021	38		1				37
	2022	37		1	2			34
	2023	<u>34</u>			<u>1</u>			<u>33</u>
Colorado	2020	53			1			52
	2021	52		4	1			47
	2022	47						47
	2023	<u>47</u>		<u>1</u>	<u>1</u>			<u>45</u>
Connecticut	2020	26						26
	2021	26						26
	2022	<u>26</u>						<u>26</u>
	2023	26						26
Delaware	2020	4						4
	2021	4		1				3
	2022	3		1				2
	2023	<u>2</u>						<u>2</u>
Florida	2020	47		3				44
	2021	44		1				43
	2022	43						43
	2023	<u>43</u>		<u>6</u>				<u>37</u>
Georgia	2020	11		1				10
	2021	10			1			9
	2022	9		2	1			6
	2023	<u>6</u>		<u>1</u>				<u>5</u>
Hawaii	2020	7						7
	2021	7						7
	2022	7			1			6
	2023	<u>6</u>						<u>6</u>
Idaho	2020	1						1
	2021	1						1
	2022	1						1
	2023	<u>1</u>						<u>1</u>
Illinois	2020	44		1				43
	2021	43			2			41
	2022	41		2	1			38
	2023	<u>38</u>		<u>2</u>				<u>36</u>

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
Indiana	2020	47						47
	2021	47		1				46
	2022	46		2				44
	<u>2023</u>	<u>44</u>		<u>1</u>				<u>43</u>
Iowa	2020	30						30
	2021	30						30
	2022	30						30
	<u>2023</u>	<u>30</u>		<u>2</u>				<u>28</u>
Kansas	2020	16		1				15
<u>Kansas</u>	2021	15						15
	2022	<u>15</u>						<u>15</u>
	<u>2023</u>	<u>15</u>						<u>15</u>
Kentucky	2020	6						6
	2021	6		1				5
	2022	5						5
	<u>2023</u>	<u>5</u>						<u>5</u>
Louisiana	2020	3						3
	2021	3						3
	2022	3		1				2
	<u>2023</u>	<u>2</u>						<u>2</u>
Maine	2020	15		1				14
<u>Maine</u>	2021	14		1				13
	2022	<u>13</u>						<u>13</u>
	<u>2023</u>	<u>13</u>						<u>13</u>
Maryland	2020	20		3				17
	2021	17		1				16
	2022	16		2	3			11
	<u>2023</u>	<u>11</u>		<u>1</u>				<u>10</u>
Massachusetts	2020	18						18
	2021	18						18
	2022	<u>18</u>						<u>18</u>
	<u>2023</u>	<u>18</u>						<u>18</u>
Michigan	2020	116			1			115
<u>Michigan</u>	2021	115		4	1			110
	2022	110		2				108
	<u>2023</u>	<u>108</u>		<u>1</u>	<u>1</u>			<u>106</u>
Minnesota	2020	69		1				68
	2021	68						68
	2022	68		1				67
	<u>2023</u>	<u>67</u>	<u>1</u>	<u>2</u>	<u>2</u>			<u>64</u>
Missouri	2020	12		1	2			9
	2021	9						9
	2022	9						9
	<u>2023</u>	<u>9</u>			<u>1</u>			<u>8</u>

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
Nebraska	2020	2						2
	2021	2						2
	2022	2						2
	2023	2						2
Nevada	2020	6						6
	2021	6		1	1			4
	2022	4		1				3
	2023	3		1				2
New Hampshire	2020	6						6
	2021	6						6
	2022	6						6
	2023	6						6
New Mexico	2020	7		1				6
	2021	6		1				5
	2022	5						5
	2023	5	1					6
New York	2020	17						17
	2021	17						17
	2022	17						17
	2023	17		1				16
North Carolina	2020	43		2	1			40
	2021	40			1			39
	2022	39						39
	2023	39		2				37
North Dakota	2020	2						2
	2021	2						2
	2022	2						2
	2023	2						2
Ohio	2020	56		1				55
<u>Ohio</u>	2021	55		2				53
	2022	53		4	1			52 48
	2023	48		1			4	43
Oklahoma	2020	8						8
	2021	8		1				7
	2022	7						7
	2023	7						7
Oregon	2020	1						1
	2021	1						1
	2022	1						1
	2023	1						1
Pennsylvania	2020	41		2				39
	2021	39	4	2	1			40
	2022	40		3	1			36
	2023	36		1				35

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
Rhode Island	2020	1						1
	2021	1						1
	2022	1						1
	2023	1						1
South Carolina	2020	13		2				11
	2021	11						11
	2022	11		5				6
	2023	6		4				2
South Dakota	2020	2						2
	2021	2						2
	2022	2						2
	2023	2						2
Tennessee	2020	6						6
	2021	6						6
	2022	6		1				5
	2023	5						5
Texas	2020	2						2
<u>Texas</u>	2021	2		1				1
	2022	1						1
	2023	1			1			0
Utah	2020	4						4
<u>Utah</u>	2021	4						4
	2022	4			1			3
	2023	3						3
Washington	2020	8		1				7
	2021	7		3				4
	2022	4			1			3
	2023	3						3
West Virginia	2020	19						19
	2021	19						19
	2022	19		1				18
	2023	18		1				17
Wisconsin	2020	35						35
	2021	35						35
	2022	35		2				33
	2023	33						33
Wyoming	2020	1						1
	2021	1						1
	2022	1						1
	2023	1						1
Totals	2020	886	0	22	6	0	0	858
<u>Totals</u>	2021	858	4	26	8	0	0	828
	2022	828	0	273 1	12	0	0	789 785
	2023	785	2	28	7	0	4	748

- (1) The following openings were conversions from another DQ concept or acquisitions of a territory operator's rights in the store franchise agreements: ~~0 in 2020~~, 4 in 2021, ~~0 in 2022~~, and 0 in ~~2022~~2023.
- (2) The following closings were conversions to another DQ concept or acquisitions by a territory operator of the store franchise agreements: ~~3 in 2020~~, 1 in 2021 ~~and~~, 0 in 2022, ~~and 4 in 2023~~.

**Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only
Direct-Licensed Outlets Status of Company-Owned Outlets**

For years ~~2020~~ Years 2021 to ~~2022~~2023

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
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only
Direct-Licensed Outlets Projected Openings**

As of December 31, ~~2022~~2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Total	0	0	0

The information provided below regarding subfranchised outlets is provided by territory operators and is not independently verified by ADQ.

**Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only
Subfranchised Territory Operator Outlets**

Systemwide Outlet Summary

For Years ~~2020~~2021 to ~~2022~~2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	394	397	3
	2021	397	389	-8
	2022	389	382 <u>376</u>	-7 <u>-13</u>
	<u>2023</u>	<u>376</u>	<u>371</u>	<u>-5</u>

Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2020	394	397	3
	2021	397	389	-8
	2022	389	382 376	-7 -13
	2023	376	371	-5

**Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only
Subfranchised Territory Operator Outlets
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years ~~2020~~2021 to ~~2022~~2023**

State	Year	Number of Transfers
Arizona	2020 2021	1
	2022	1
	2023	5
Florida	2021	+0
	2022	+0
	2023	3
Illinois	2020	6
	2021	2
	2022	5
	2023	4
Iowa	2020	0
Iowa	2021	1
	2022	1
	2023	0
Minnesota	2020	0
	2021	0
	2022	1
	2023	0
Montana	2020	1
	2021	0
	2022	0
Nevada	2020	1
	2021	1
	2022	1
	2023	1
New Jersey	2020	4
	2021	5
	2022	6
	2023	2
North Carolina	2020	1
	2021	0
	2022	0

State	Year	Number of Transfers
Ohio	2020	1
	2021	1
	2022	0
	<u>2023</u>	<u>0</u>
Pennsylvania	2020	1
	2021	3
	2022	3
	<u>2023</u>	<u>6</u>
Wisconsin	2020	1
	2021	0
	2022	0
Total	2020	17
<u>Total</u>	2021	14
	2022	18
	<u>2023</u>	<u>21</u>

Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only
Subfranchised Territory Operator Outlets
Status of Franchised Outlets
For Years ~~2020~~2021 to ~~2022~~2023

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	2020	34	4					38
Arizona	2021	38	1	1				38
	2022	38	1					39
	2023	39	1	1				39
Colorado	2020	1						1
	2021	1						1
	2022	1						1
	2023	1						1
Florida	2020	15		1				14
	2021	14						14
	2022	14		1				13
	2023	13						13
Illinois	2020	78						78
	2021	78	1	1				78
	2022	78		1				77
	2023	77						77
Iowa	2020	26						26
	2021	26						26
	2022	26						26
	2023	26						26
Massachusetts	2020	3						3
	2021	3						3
	2022	3						3
	2023	3						3
Minnesota	2020	14						14
	2021	14						14
	2022	14		1				13
	2023	13						13
Montana	2020	5		1				4
	2021	4		1				3
	2022	3						3
	2023	3						3
Nebraska	2020	5						5
	2021	5		1				4
	2022	4		1				3
	2023	3						3
Nevada	2020	10	2					12
Nevada	2021	12	1					13
	2022	13					2	13 11
	2023	11			1			10

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
New Jersey	2020	67	1					68
	2021	68		2				66
	2022	66		2				64
	<u>2023</u>	<u>64</u>	<u>1</u>					<u>65</u>
North Carolina	2020	12					3	9
	2021	9						9
	2022	9						9
	<u>2023</u>	<u>9</u>		<u>1</u>				<u>8</u>
North Dakota	2020	5						5
	2021	5						5
	2022	5						5
	<u>2023</u>	<u>5</u>						<u>5</u>
Ohio	2020	35	1					36
	2021	36		1				35
	2022	35					<u>2</u>	35 <u>33</u>
	<u>2023</u>	<u>33</u>		<u>1</u>		<u>1</u>		<u>31</u>
Pennsylvania	2020	48	2	1				49
	2021	49	1	4				46
	2022	46		2			<u>1</u>	44 <u>43</u>
	<u>2023</u>	<u>43</u>					<u>1</u>	<u>42</u>
South Dakota	2020	3		1				2
	2021	2						2
	2022	2						2
	<u>2023</u>	<u>2</u>						<u>2</u>
Virginia	2020	30						30
	2021	30		1				29
	2022	29		1				28
	<u>2023</u>	<u>28</u>		<u>1</u>				<u>27</u>
Wisconsin	2020	3						3
	2021	3						3
	2022	3						3
	<u>2023</u>	<u>3</u>						<u>3</u>
Totals	2020	394	10	4	0	0	3	397
<u>Totals</u>	2021	397	4	12	0	0	0	389
	2022	389	1	9	0	0	<u>05</u>	381 <u>376</u>
	<u>2023</u>	<u>376</u>	<u>2</u>	<u>4</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>371</u>

(1) The following openings were conversions from another DQ concept or acquisitions by a territory operator of the store franchise agreements: ~~0 in 2020~~, 1 in 2021, 0 in 2022, and 0 in ~~2022~~2023.

(2) The following closings were conversions to another DQ concept or acquisitions of a territory operator's rights in the store franchise agreements: ~~5 in 2020~~, 4 in 2021, 1 in 2022, and 1 in ~~2022~~2023.

**Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only
Subfranchised Territory Operator Outlets
Status of Company-Owned Outlets
For years ~~2020~~ Years 2021 to ~~2022~~2023**

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
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

**Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only
Subfranchised Territory Operator Outlets Projected Openings
As Of December 31, ~~2022~~2023⁽¹⁾**

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
Totals	--	--	--

States not listed in the tables above had no activity of the kind described. Except as noted in this Item, neither ADQ nor any of its affiliates operate any company-owned outlets substantially similar to that offered under this disclosure document. In addition, no person listed in Item 2, their immediate families or any business entities owned by them operate any company-owned outlets.

Included as Exhibit H is a list ADQ's DQ Grill & Chill, Dairy Queen/Brazier, DQ Treat and Dairy Queen/Limited Brazier franchises in Minnesota as of December 31, ~~2022~~2023. Also included in Exhibit H are 2 Treat Center franchises located in **DQ MT/ND's** territory in North Dakota that are directly licensed by ADQ.

Exhibit I is a list of all DQ Grill & Chill, Dairy Queen/Brazier, DQ Treat and DQ soft-serve only licensees of ADQ and subfranchisees of territory operators: who had franchises terminated, canceled or not renewed in ~~2022~~2023; who otherwise voluntarily or involuntarily ceased to do business in ~~2022~~2023; or who had not communicated with ADQ or their territory operators within 10 weeks of the issuance date of this disclosure document. Exhibit I does not include licensees who closed their seasonal stores or restaurants in ~~2022~~2023, licensees who went from subfranchised to direct-licensed by ADQ in ~~2022~~2023, or licensees with old operating agreements who were not required to pay fees or submit reports to ADQ in ~~2022~~2023.

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

In some instances, during the last three fiscal years, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with ADQ. You may want to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you about certain aspects of a dispute or their experience with ADQ.

The Franchise Advisory Council (“FAC”) is sponsored by ADQ. You can reach the organization at 8000 Tower, Suite 700, 8331 Norman Center Drive, Bloomington, MN 55437, ADQ contact: Maria Hokanson, (952) 830-0200, maria.hokanson@idq.com (no website dedicated to council). ADQ also sponsors the Supply Chain Advisory Council (“SCAC”), currently with all members elected by franchisees, although ADQ may appoint an “at large” member. The business address for the SCAC is the same as for the FAC, and the ADQ contact is Scott Muyres, (952) 830-0200, scott.muyres@idq.com (no website dedicated to council).

The following independent franchisee organizations have asked to be included in this disclosure document: Dairy Queen Operators’ Association, Inc., 1719 Lake Drive West, Chanhassen, MN 55317, 952-556-5511, dqoa@dqoa-dqoc.com, website: www.dqoa-dqoc.com; Dairy Queen Operators’ Cooperative, 1719 Lake Drive West, Chanhassen, MN 55317, 952-556-5511, dqoa@dqoa-dqoc.com, website: www.dqoa-dqoc.com; and Texas Dairy Queen Operators’ Council, 2120 Forum Parkway, Bedford, TX 76021, 817-283-2619, lromanus@dqtxexas.com; website: www.dqtxexas.com; DQ Territory Operators Organization, 606 Wills Road, Connellsville, Pennsylvania 15425, (724) 628-3252, blizzard@zoominternet.net.

Item 21

FINANCIAL STATEMENTS

DQ MT/ND and ADQ are independent business organizations, and neither is responsible for the financial condition or financial statements of the other. **DQ MT/ND** does not guarantee ADQ's performance to you. Neither ADQ nor IDQ guarantees **DQ MT/ND's** performance to you.

Exhibit J includes DQ MT/ND’s audited financial statements as of December 31, 2023 and 2022, and for the three years in the period ended December 31, ~~2022, 2021, and 2020.~~ ~~**DQ MT/ND's** fiscal year end is December 31~~2023. Exhibit J also includes **DQ MT/ND’s** unaudited financial statement for the period from January 1, ~~2023~~2024 to April 30, ~~2023~~2024.

Exhibit K includes IDQ’s audited financial statements as of December 31, 2023 and 2022, and for the three years in the period ended December 31, ~~2020, 2021, and 2022~~2023. IDQ’s audited financial statements are the consolidated financial statements of IDQ, the parent corporation of ADQ and other subsidiaries. ADQ’s separate financial statements are not included in this disclosure document. IDQ's fiscal year end is December 31.

Item 22

CONTRACTS

This disclosure document includes a sample of the following contracts:

- Exhibit B - Operating Agreement and Addenda
- Exhibit C - Design Services Agreement
- Exhibit D - Draft Authorization Form

Exhibit E - Gift Card Participation Agreement
Exhibit M - Construction Consultation Services Agreement
[Exhibit N – Olo Participation Agreement \(Digital Ordering\)](#)
[Exhibit O – Punchh Participation Agreement \(DQ Rewards\)](#)

Item 23

RECEIPTS

Exhibit [EQ](#) includes detachable documents acknowledging your receipt of this disclosure document.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

- 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.
- 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.
- 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 Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- 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.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.
- The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. Item 1 of this disclosure document is modified to include the following paragraph:

The Head Franchisor does not guarantee performance by **DQ MT/ND** of its subfranchise obligations. **DQ MT/ND** does not guarantee performance by the Head Franchisor of its franchise obligations. However, the territorial subfranchising contracts between Head Franchisor and **DQ MT/ND** provide that, upon termination of the territorial subfranchising contracts, all right, title and interest of **DQ MT/ND** in and to the contracts and as subfranchisor in and to subfranchise agreements issued under the contracts shall become the property of Head Franchisor, **DQ MT/ND's** right and license to conduct the subfranchising business described in the contracts shall revert to Head Franchisor, and Head Franchisor shall assume **DQ MT/ND's** obligations under the subfranchise agreements from the dates of termination.

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

Except as provided above, with regard to **DQ MT/ND**, Head Franchisor, their predecessors, 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.

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" section of Item 17(j), titled **"Assignment of contract by DQ MT/ND"**:

However, no transfer or assignment will be made except to a person who, in **DQ MT/ND's** good faith judgment, is willing and able to assume its obligations under the operating agreement.

7. 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.

8. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

1. The Summary column of Item 17(c) of this Disclosure Document is modified to read as follows:

You may renew your license, subject to **DQ MT/ND** approving the location of your store or restaurant during the renewal period, if you: give advance written notice of intent to renew; sign then-current form of operating agreement; have complied with modernization ~~and~~, replacement ~~provisions~~ and upgrade requirements; have been in good standing for at least 6 months; have right to maintain possession; pay renewal fee; and sign (together with each Principal Owner) general release, except as to claims arising under the North Dakota Franchise Investment Law.

2. The Section in Operating Agreement column of Item 17(i) of this Disclosure Document is modified to read as follows: 14.

3. The Summary column of Item 17(i) of this Disclosure Document is modified to read as follows:

Obligations include complete de-identification and payment of amounts; also see r below.

34. The Summary column of Item 17(r) of this Disclosure Document is modified by adding the following sentence:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

45. The Summary column of Item 17(u) of this Disclosure Document is modified by adding the following sentences:

Under the North Dakota Law, if applicable, the site of arbitration must be agreeable to all parties and may not be remote from your place of business.

56. The Summary column of Item 17(v) of this Disclosure Document is modified to read as follows:

The North Dakota Law, if applicable, prohibits **DQ MT/ND** from requiring you to consent to the jurisdiction of courts outside North Dakota, including courts in Montana.

67. The Summary column of Item 17(w) of this Disclosure Document is modified to read as follows:

If the North Dakota Law applies, the law of North Dakota.

78. If the North Dakota Law applies, **DQ MT/ND** is prohibited from requiring you to waive trial by jury for any claims arising under the North Dakota Law.

89. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

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

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There also may 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.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchise, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder 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.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

Pursuant to RCW 19.100.010(F), any person who receives financial incentives to refer franchise prospects to the franchisor may be required to register as a franchise broker under the

laws of Washington State. Accordingly, any franchisee may be required to register as a broker in order to receive referral bonuses pursuant to Section 7.9 of the Franchise Agreement.

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT A

AGENCIES/AGENTS FOR SERVICE OF PROCESS

**AGENCIES/AGENTS
FOR SERVICE OF PROCESS**

This list includes the names, addresses and telephone numbers of state agencies having responsibility for enforcing franchise disclosure/registration laws, and state agencies serving as our agents for service of process if **DQ MT/ND** is registered under the franchise disclosure/registration laws of their states.

In states and territories not listed, we do not have agents for service of process under franchise disclosure/registration laws, but we may have agents for service of process for other purposes.

State	State Agency	Agent for Service of Process
CALIFORNIA	California Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of Department of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
MONTANA	Not Applicable	James Brown 11300 Chumrau Loop Missoula, MT 59802 <i>Mailing Address:</i> P.O. Box 9137, Missoula, MT 59807
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Attn: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, Fourteenth Floor, Dept 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of the Division of Insurance- Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200	Director of Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B
OPERATING AGREEMENT AND ADDENDA

OPERATING AGREEMENT

Store # _____

Authorized Location:

Street

City State Zip Code

Type of Store or Restaurant

Licensee:

("Licensee")

Effective Date:

(to be completed by Territory Operator)

Expiration Date:

(to be completed by Territory Operator)

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Addenda

- Undertaking and Guarantee Addendum
- Ownership and Management Addendum
- Commencement and Expiration Dates Addendum
- Additional Restaurant Development Program Addendum
- Lease Addendum

OPERATING AGREEMENT

This Operating Agreement ("Agreement") is entered into between **DAIRY QUEEN MONTANA / NORTH DAKOTA LLC**, P.O. Box 9137, Missoula, MT 59807 ("Territory Operator"), and _____ of the city of _____, county of _____, and state of _____ ("Licensee"), as of the Effective Date listed on the cover page.

Background

American Dairy Queen Corporation (herein referred to as "Company") and its predecessors and affiliates have expended considerable time, effort, skill and financial resources in developing the "System" (as defined in Section 16); and,

Company owns or licenses from its affiliates the "Trademarks" (as defined in Section 16), including the DQ Grill & Chill®, DQ®, and Dairy Queen® trademarks and other trademarks used in connection with the System; and,

Territory Operator is a licensee of Company in certain geographical areas, including the territory which includes the Authorized Location (as described in paragraph 2) and is authorized to enter into sublicense agreements pursuant to that certain Dairy Queen® Territory Agreement (herein referred to as "Territory Agreement") entered into in 1968 by and between Company and Territory Operator; and,

Territory Operator's sublicense rights include the right to sublicense others, in accordance with the terms of the Territory Agreement, to use certain of the Trademarks in connection with the System; and

Licensee desires to obtain the right to develop and operate one "Restaurant" (as defined in Section 16) using the System; and

Territory Operator is willing to grant Licensee the authority to develop and operate a Restaurant at the Authorized Location, but solely under the terms and conditions set forth herein which Territory Operator and Company believe necessary in order to protect the valuable Trademarks; and

Licensee acknowledges that such terms and conditions are necessary and/or appropriate in order to protect the Trademarks and the goodwill associated therewith, and Licensee is willing to operate a Restaurant pursuant to such terms and conditions.

THEREFORE, the parties agree as follows:

Terms and Conditions

1. CAPITALIZED TERMS. Capitalized terms have the definitions given them in Section 16.
2. GRANT OF LICENSE.

2.1 Authorized Location. Subject to the terms and conditions of this Agreement, Territory Operator grants to Licensee the right and license to establish and operate a retail Restaurant identified by the Trademarks authorized for use by Licensee under this Agreement at the Authorized Location. In the event Licensee requests the withdrawal of Licensee's franchise

application after Territory Operator has approved the application, or in the event an Authorized Location is not designated on the date Licensee signs this Agreement and is not designated by Licensee and approved by Territory Operator within 90 days after the date Territory Operator approves Licensee's franchise application, or in the event Licensee does not cause the Restaurant to be under construction within 180 days after the date the Authorized Location is designated, Territory Operator has the right to declare this Agreement and any other agreements Licensee has signed with Territory Operator null and void without giving Licensee an opportunity to cure, and to refund to Licensee ~~all deposits, including~~ the initial franchise fee, ~~after deducting~~ less a cancellation fee of \$10,000 ~~or Territory Operator's and Company's actual expenses incurred in connection with processing Licensee's application and providing services for Licensee's benefit, whichever is greater~~. Licensee accepts this license and agrees to operate the Restaurant in compliance with the System, this Agreement and Territory Operator's and Company's standards. Licensee further agrees that Licensee shall cause the Restaurant to be open and operating within 270 days after the date the Authorized Location is designated, unless an extension of time is authorized in writing by Territory Operator, and thereafter to be maintained and operated at the Authorized Location under Licensee's active and continuous supervision and management in accordance with Territory Operator's and Company's standards.

2.2 Pre-Opening Requirements. While this Agreement becomes effective in accordance with Section 15.16 hereof, Licensee acknowledges and agrees that the license to use the Trademarks that is granted under this Agreement is not effective and Licensee does not have the right to, and shall not, open or commence operation of the Restaurant at the Authorized Location until Territory Operator notifies Licensee that Company has consented to the Agreement and Licensee has satisfied all of the pre-opening requirements in this Agreement. Neither Territory Operator nor Company shall be liable for any damages arising out of Licensee's failure to open the Restaurant by a particular date.

2.3 Limited License. The license granted by this Agreement is limited to the right to operate one Restaurant at the Authorized Location, and does not include:

- (A) An exclusive area or protected territory within which Territory Operator, Company, or their respective affiliates, agree not to issue competing franchises or subfranchises, or operate competing businesses,
- (B) Any right to sell or distribute products and menu items identified by the Trademarks at any location other than the Authorized Location, or through any other distribution channels or methods, including the internet (or any other existing or future form of electronic commerce, such as social media, mobile applications, third party platforms, and the metaverse), catalog sales, telemarketing or other direct marketing, or pre-packaged retail sales,
- (C) Any right to sell or distribute products and menu items identified by the Trademarks to any person or entity for resale or further distribution, or
- (D) Any right to sublicense, exclude, control or impose conditions on the location or development of future stores or restaurants.

2.4 Reservation of Rights. Territory Operator reserves all rights not expressly granted to Licensee under this Agreement. Territory Operator and its affiliates and Company and its

affiliates, with Territory Operator's prior approval, have the right to operate and grant others the right to issue competing franchises or subfranchises, or operate competing businesses at any location but the Authorized Location, as determined by Territory Operator, Company, or their respective affiliates. These locations may include freestanding buildings and facilities, strip centers, shopping malls and shopping centers, and other similar locations. These locations also may include office buildings, transportation terminals, sports facilities, parks and recreation areas, airports, hotels, hospitals, campus facilities, and other non-traditional locations. For example, if Licensee's Authorized Location is located adjacent to a shopping mall or shopping center, these locations include the shopping mall or shopping center. If Licensee's Authorized Location is located within a shopping mall or shopping center, these locations include sites adjacent to the shopping mall or shopping center. In addition, Territory Operator and its affiliates and Company and its affiliates with Territory Operator's prior approval, have the right to sell or distribute, for themselves or through designees, products and services identified by the Trademarks, or any other trademarks, service marks, trade names and commercial symbols, through any distribution channels or methods, including the internet (or any other existing or future form of electronic commerce, such as social media, mobile applications, third party platforms, and the metaverse), catalog sales, telemarketing or other direct marketing, and pre-packaged retail sales.

3. TRADEMARK STANDARDS AND REQUIREMENTS. The Trademarks are the exclusive property of Company or its affiliates and Licensee's right to use the Trademarks is conditioned on the following terms:

3.1 Trademark Ownership. Territory Operator is the licensee of the right to use certain of the Trademarks in the territory that includes the Authorized Location. The Trademarks are valuable property owned or licensed by Company, and Company or its affiliates are the exclusive owners of all right, title and interest in and to the Trademarks. Licensee's use of the Trademarks inures to the benefit of Company or its affiliates. Licensee disclaims all right, title and interest in or to the goodwill and the Trademarks and agrees that the goodwill and Trademarks are the exclusive property of Company or its affiliates. Licensee will not, during or after the term of this Agreement, engage in any direct or indirect conduct that would infringe upon, harm or contest the rights of Company or its affiliates in any of the Trademarks or the goodwill associated with the Trademarks.

3.2 Trademark Use. Licensee only may use the Trademarks in connection with the Restaurant, and must not use or permit the use of any other trademarks, trade names or service marks. Licensee must use the Trademarks, in the form and manner prescribed by Company in writing, only in connection with the products and services specified or approved periodically by Company that meet Company's standards of quality, mode and condition of storage, production and sale, and portion and packaging. Licensee must comply with all trademark, tradename and service mark notice marking requirements. Licensee acknowledges the value of System uniformity and agrees that Licensee's failure to comply with the System will adversely affect the value of the Trademarks.

3.3 Restaurant Identification.

- (A) Licensee must not use any of the Trademarks as part of its business entity name.

- (B) Licensee must prominently identify the Restaurant with 1 or more of the Trademarks as specified by Territory Operator or Company, and with no other mark or words as the trade name of the Restaurant, unless Territory Operator or Company otherwise directs.
- (C) Licensee cannot use any additional words with the Trademarks without Territory Operator's and Company's prior written consent.
- (D) Licensee may use the Trademarks on various materials, such as business cards, stationery and checks, on the condition that Licensee:
 - (1) Accurately depicts the Trademarks on the materials;
 - (2) Includes a statement on the materials indicating that the business is independently owned and operated by Licensee; and
 - (3) Makes available to Territory Operator or Company, upon request, a copy of any materials depicting the Trademarks.
- (E) Licensee must post a prominent sign in the Restaurant identifying Licensee as a franchisee of Company in a format reasonably acceptable to Territory Operator and Company, which includes an acknowledgment that the Restaurant is independently owned and operated by Licensee and the Trademarks are owned by Company or its affiliates and used by Licensee under a license issued by Territory Operator.

3.4 Restrictions on Internet and Website Use. Territory Operator and Company retain the sole right to advertise the System on the internet and to create, operate, maintain and modify, or discontinue the use of, websites using the Trademarks. Licensee has the right to access Territory Operator's and Company's websites. Except as Territory Operator or Company may authorize in writing, however, Licensee will not: (1) link or frame Territory Operator's or Company's websites; (2) conduct any business or offer to sell or advertise any products or services on the internet (or any other existing or future form of electronic communication or commerce); and (3) create or register any internet domain name in connection with the Restaurant. Licensee will not register, as internet domain names, any of the Trademarks now or hereafter owned by Company or any abbreviation, acronym or variation of the Trademarks, or any other name that could be deemed confusingly similar.

3.5 Trademark Litigation. In the event any person or entity improperly uses or infringes the Trademarks, Company or its affiliates who own the Trademarks will control all litigation and determine whether to institute, prosecute or settle a suit, the terms of settlement, and whether to take any other action. Licensee must promptly notify Territory Operator and Company of any improper use or infringement of which Licensee is aware, promptly inform Territory Operator and Company of any claim arising out of Licensee's use of any Trademark and cooperate with any action undertaken by Company in response.

3.6 Substitutions. If a party claims superior rights to use any of the Trademarks and Company determines that the claim is legally meritorious, then upon receiving written notice from Company, Licensee will, at its expense, immediately make such changes and use such substitutions to the Trademarks as Company requires.

4. TERM AND RENEWAL.

4.1 Term. The term of this Agreement starts on the Effective Date, and unless earlier terminated under Section 13, runs for:

- (A) 20 years for a new Restaurant;
- (B) the remaining term of the transferring licensee's operating agreement, if this Agreement is signed as a requirement of a transfer; or
- (C) the renewal term specified in the expiring operating agreement, if this Agreement is signed as a requirement of renewal.

Licensee acknowledges and agrees, however, that Territory Operator may modify the commencement and expiration dates of the term of this Agreement by means of the Commencement and Expiration Dates Addendum, in order to take into account any time between the Effective Date and the target opening date of the Restaurant or the commencement and expiration dates of any lease for the Restaurant premises.

4.2 Expiration Date. Territory Operator will designate the expiration date of this Agreement on the cover page, and the date designated by Territory Operator shall control.

4.3 Renewal. If the following conditions are met, Licensee may renew its license for one additional renewal term, which will be the shorter of 10 years or the period that Licensee has the right to maintain possession of the Restaurant premises, provided that:

- (A) Licensee gives Territory Operator written notice of its intent to renew between 3 and 6 months before the expiration of the term;
- (B) Licensee signs Territory Operator's then-current form of operating agreement (which will be modified to reflect that it is for a renewal term with no additional renewal rights). The terms of the then-current operating agreement may differ materially from this Agreement, including higher or additional fees;
- (C) Licensee has complied with the modernization ~~and~~, replacement and upgrade provisions of Section 5.5;
- (D) Licensee has been in good standing for at least 6 months, including without limitation, that Licensee has satisfied all monetary obligations on a timely basis for at least 6 months, and Licensee does not have a history of substantial non-compliance with the System or this Agreement;
- (E) Licensee has the right to maintain possession of the Restaurant premises, and has provided written proof of its ability to remain in possession of the premises throughout the renewal period if leasing or subleasing;
- (F) Licensee pays to Territory Operator a non-refundable license renewal fee in the amount of \$2,500; and

- (G) Licensee and each Principal Owner sign a general release, in a form acceptable to Territory Operator, of all claims against Territory Operator, Company, and their respective affiliates, officers, directors, employees and agents; and
- (H) Territory Operator approves the location where the Restaurant will be operated during the renewal period.

5. FACILITY STANDARDS AND MAINTENANCE. Territory Operator and Company may periodically establish quality standards regarding the business operations of DQ® stores and restaurants to protect the distinction, goodwill, uniformity and quality symbolized by the Trademarks and System. Accordingly, Licensee must maintain and comply with Territory Operator's and Company's quality standards and abide by the following conditions:

5.1 Restaurant Facility. The Restaurant must be constructed and equipped in accordance with Territory Operator's and Company's then-current specifications and standards pertaining to equipment, inventory, signage, fixtures, location, accessory features and design and layout of the Restaurant. Licensee must not commence construction of the Restaurant, or purchase or lease a location for the development of the Restaurant, until Territory Operator has given written consent to Licensee's building plans and the location. Licensee must complete the construction of the Restaurant in accordance with the approved building plans and otherwise satisfy all building plan and site work requirements without any unauthorized alterations. If Licensee enters into a lease for the Restaurant premises, Licensee's lease must contain the Lease Addendum. Licensee must provide the lease and all lease exhibits to Territory Operator, and must receive Territory Operator's prior approval of the lease, before Licensee executes it. After execution, Licensee must provide the executed lease and all lease exhibits to Territory Operator within 5 days. Licensee must obtain all necessary permits, licenses and architectural seals, and in all other respects comply with applicable legal requirements relating to the building, signs, equipment and premises, including the Americans With Disabilities Act. Territory Operator and Company's consent to building plans or a site does not guarantee compliance with any legal requirements or the Restaurant's success at that site. Licensee will be furnished with lists of required and approved equipment, signage, fixtures and furnishings. Licensee must not use the Restaurant premises or Authorized Location for any purpose other than the operation of the Restaurant during the term of this Agreement. After the expiration or termination of this Agreement, Licensee must not use the Restaurant premises or Authorized Location in violation of Section 14.6.

5.2 Future Alteration. Any replacement, reconstruction, addition or modification in the building, premises, interior or exterior decor or image, equipment or signage of the Restaurant to be made after Territory Operator's and Company's consents are granted for initial plans, whether at the request of Licensee or of Territory Operator or Company, must be made in accordance with Territory Operator's and Company's then-current standards. Licensee must not commence any replacement, reconstruction, addition or modification until Licensee has received Territory Operator's and Company's written consent to Licensee's revised building plans. Company owns any alterations or improvements made by or on behalf of Licensee to the building plans.

5.3 Maintenance. Licensee must maintain the building, premises, grounds, equipment and signage used in the operation of the Restaurant in good condition and in accordance with requirements established periodically by Territory Operator and/or Company, and any reasonable schedules prepared by Territory Operator based upon periodic evaluations of the premises by

Territory Operator's representatives. Within 90 days after the receipt of a report based on an evaluation, Licensee must effect the items of maintenance designated in the report, including the repair of defective items or the replacement of irreparable or obsolete items of equipment and signage.

5.4 Relocation. If it becomes necessary to replace or relocate the Restaurant because of the condemnation of the Authorized Location, the exercise of a replacement or relocation right by Licensee's landlord, or for some other reason approved by Territory Operator, then Territory Operator will grant Licensee authority to replace or relocate upon the following conditions:

- (A) The new location must be:
 - (1) Acceptable to Territory Operator;
 - (2) Reasonably suited for a Restaurant;
 - (3) In a location that is consistent with Territory Operator's current site selection guidelines; and
 - (4) If the Restaurant is a Captive-Venue Location, within the same building or venue as the Authorized Location, or if the Restaurant is a Street Location, within a 500 meter radius of the Authorized Location.
- (B) After Licensee discontinues operation of the Restaurant at the Authorized Location, the new Restaurant must be under construction within 30 days if a Captive-Venue Location, or 180 days if a Street Location.
- (C) After construction commences, the new Restaurant must be open and operating within 90 days if a Captive-Venue Location, or 120 days if a Street Location.
- (D) The new Restaurant must be constructed and equipped in accordance with Territory Operator's and Company's then-current standards and specifications.

5.5 Modernization ~~or~~, Replacements and Upgrades. Licensee must modernize, ~~refurbish or~~ replace or upgrade the building, premises, equipment, signage and grounds as is necessary to reasonably conform them to Territory Operator's and Company's then-current standards for similarly situated new stores or restaurants of the type developed under this Agreement, upon renewal of this Agreement, or upon transfer of this Agreement under the circumstances described in Section 11, ~~and~~, Licensee must modernize every 10 years or any shorter period required by the lease for the premises, Territory Operator's standards may exceed Company's standards. The requirements of this Section 5.5 are reasonable and necessary to ensure continued public acceptance and patronage of DQ® stores and restaurants and to avoid deterioration or obsolescence in connection with the operation of the business.

5.6 Lease. If Licensee intends to enter into a lease for the Authorized Location, or if Licensee intends to enter into a modification to an existing lease for the Authorized Location, Licensee must submit the lease or lease modification to Territory Operator before execution, and Territory Operator has the right to approve or disapprove the lease or lease modification before execution, taking into account, for example, the rental amount or percentage, the length of the term, renewal rights, etc. To the extent that Territory Operator or Company assists Licensee with any

lease or lease modification negotiations, Licensee acknowledges that Territory Operator, Company or any affiliate:

- (A) has not made any representations or warranties to Licensee with respect to whether Territory Operator's, Company's or their respective affiliate's negotiation with the landlord will be successful, whether the lease terms or site are adequate or appropriate, nor that the Authorized Location will be ready for occupancy or opening by any specified date; and
- (B) is not responsible or liable to Licensee for damages arising out of any failure by Territory Operator, Company, or their respective affiliates, to obtain the landlord's agreement to enter into a lease, the landlord's failure to enter into a lease with Licensee, or for the failure of the Authorized Location to be ready for occupancy or opening by any specified date.

6. PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS.

6.1 Menu. The Restaurant is limited to the preparation and sale of products periodically designated and approved by Company for sale by Licensee's type of Restaurant. Licensee must offer for sale from the Restaurant all items listed on the Menu and no other items. To the fullest extent the law allows, Territory Operator or Company may require Licensee to offer items on the Menu at maximum, minimum or other prices Territory Operator or Company specifies from time to time. Company may periodically make modifications to the Menu, including the addition of breakfast items if agreed to by Territory Operator, and Licensee must comply with any modifications. Licensee must not offer or sell any other product or service at the Restaurant without the prior written consent of Territory Operator and Company.

6.2 Authorized Ingredients and Supplies. Licensee must use in the operation of the Restaurant and in the preparation of products only the ingredients, recipes, formulas and supplies specified by Company. Licensee must prepare products in the portions, sizes, appearance and packaging as specified by Company in the Operations Manuals or otherwise communicated in writing. Licensee must secure, at its expense, all necessary permits or approvals for the use and sale of all products, supplies and ingredients in and from the Restaurant. All supplies, including cones, cups, containers, eating utensils, and napkins, and all other customer service materials of all descriptions and types must meet the uniformity and quality standards as now or hereafter are set by Company.

6.3 Powders. The Powders are secret formulas. Their composition or formula will not be, and is not required to be, disclosed to Licensee. Licensee must not resell (at retail or otherwise), make, manufacture, alter, adulterate or dilute the Powders, or any substitute for the Powders, or similar products and must maintain in secrecy any information it acquires about the Powders. Company may refer to the Powders by other terms, including compounds. Licensee must purchase exclusively from Company's designated supplier (which may be Company or an affiliate) the Powders and frozen orange juice concentrate used in Orange Julius® products, if those products are permitted to be sold at the Restaurant.

6.4 Approved Products, Services and Equipment.

- (A) Company periodically will publish lists of approved products (including ingredients of approved products), approved services and approved equipment

(including an approved menu board system (dine in and drive-thru, if applicable)). Licensee must use only the approved products, approved services and approved equipment in the Restaurant described in the approved products, services and equipment lists, as they may be modified periodically by Company. Licensee may not test, offer, or sell any new or unapproved products without Territory Operator's and Company's prior written consent.

- (B) **Although they may be approved by Territory Operator and Company, Territory Operator and Company make no warranties and expressly disclaim all warranties, including warranties of merchantability and fitness for a particular purpose, with respect to products (including ingredients), services, equipment (including the EPOS System), any required Computer Systems, and any menu board system, supplies, fixtures, furnishing, or other approved items.**
- (C) Territory Operator and Company have the right to approve the manufacturer, supplier and/or distributor of any approved products (or the ingredients of any approved products), approved services and any approved equipment. Under all circumstances, Territory Operator and Company have the right to designate a single approved manufacturer, supplier and/or distributor of:
 - (1) Soft drink products;
 - (2) Third-party branded products for use in Licensee's Restaurant;
 - (3) Products relating to limited time offers and special promotions;
 - (4) Equipment, including the EPOS System and the Computer Systems and all related software and back-office hardware and software;
 - (5) Any product, ingredient, service or equipment where Company does not receive any fee or payment with respect to the sale of that product, ingredient, service or equipment, other than payments from suppliers for marketing; and
 - (6) The Powders and frozen orange juice concentrate.
- (D) Company has the right to designate a single approved manufacturer, supplier and/or distributor of any approved products (or the ingredients of any approved products), approved services and any approved equipment For products, services and equipment not described in Sections 6.4(C) (1) – (6), and as long as there is not in place an agreement for a unified purchasing program between Company and a cooperative association of DQ® restaurant and store operators to benefit the entire Franchise System in the United States, Licensee may make written request for approval of a specific product, service or piece of equipment of an additional, qualified manufacturer, supplier or alternate distributor, pursuant to Company's then-current policies and procedures.

6.5 EPOS System, Computer Systems and Internet.

- (A) EPOS System and Computer System. Licensee must purchase, install and maintain, at its own expense, an EPOS System and Computer Systems from a source or sources designated by Territory Operator and Company. Territory Operator or Company may designate a single source from whom Licensee must purchase the EPOS System or Computer Systems, and any components thereof or associated service. As part of the EPOS System or Computer Systems, Licensee may be required to license software from Territory Operator, Company, an affiliate or a third party, and Licensee also may be required to enter into license agreements related to Licensee's use of components of the EPOS System or Computer Systems. Licensee will be required to use and, at Territory Operator's or Company's discretion, pay for all future updates, supplements and modifications to the EPOS System or Computer Systems. Licensee must allow Territory Operator and Company access to Licensee's EPOS System and the Computer Systems, and the data and information they collect and store, at such times and in such a manner as Territory Operator or Company periodically designates. Licensee must keep all financial information and customer data produced by or otherwise located on Licensee's EPOS System or Computer Systems secure at all times. To the extent that the EPOS System or Computer Systems contain components for personnel-related functions, such as employee timekeeping, employee scheduling or payroll processing, Licensee has the option to use those components, to use alternate software to handle those functions or to handle those functions in any other manner that Licensee chooses.
- (B) Internet Access. Licensee must have access at all times to the internet (or any similar form of electronic communication developed in the future) at the Restaurant through an established service provider. Licensee must purchase, install and maintain a minimum of one DSL or cable/broadband internet connection and (if required by Territory Operator or Company) one additional phone line or other future required communication access device that are exclusively designated and permanently connected to the EPOS System and any required Computer Systems. If the Restaurant is in an area without DSL or cable/broadband internet access, Territory Operator or Company may require Licensee to install either a satellite connection, up to three additional phone lines, or any other communication access device or devices necessary to enable Territory Operator or Company to communicate with the Restaurant on the same basis as with other newly built locations. Territory Operator or Company may designate the specifications of any future required communication access device or method.
- (C) Electronic Communication. Licensee must maintain and regularly use an active email account or other form of electronic communication designated by Territory Operator or Company and keep Territory Operator and Company informed of Licensee's contact information.

6.6 Vending, Gaming, Alcohol and Smoking. Licensee must not permit the following on the Restaurant premises:

- (A) ATMs, video game machines, vending machines or any similar coin-operated or electronic device or machine;
- (B) The sale, distribution or use of lottery or gambling devices of any nature, alcoholic or intoxicating beverages or controlled substances.
- (C) Smoking, and Licensee must post signs on all doors and throughout the Restaurant to announce the smoke-free policy.

6.7 Health and Sanitation. The Restaurant must be operated and maintained at all times in compliance with all applicable health and sanitation standards prescribed by governmental authority. Licensee also must comply with any higher standards that Territory Operator or Company prescribes. In addition, if the Restaurant is subject to any sanitation, health or safety inspection by any governmental agency under which it may be rated in one or more classifications, it must be maintained and operated so as to be rated in the highest available health and sanitation classification by the inspecting governmental agency. If Licensee fails to be rated in the highest classification or receives any notice that it is not in compliance with all applicable health and sanitation standards, it must immediately notify Territory Operator of the failure or non-compliance and resolve all non-compliance issues.

6.8 Evaluations. Territory Operator, Company or an authorized representative of either may enter the Restaurant at any time during the business day to:

- (A) Make periodic evaluations and to ascertain compliance with this Agreement;
- (B) Inspect and evaluate Licensee's Restaurant, building, land and equipment;
- (C) Test, sample, inspect and evaluate Licensee's supplies, ingredients and products, and the storage, preparation and formulation of these items; and
- (D) Inspect and evaluate the conditions of sanitation and cleanliness in the storage, production, handling and serving of Licensee's supplies, ingredients and products.

Any feedback, coaching or recommendations given by Territory Operator, Company or an authorized representative of either to any personnel of the Restaurant during any evaluation will be informational and non-mandatory, but Licensee acknowledges that it may be required to communicate with, give instructions to, train or retrain those personnel during or after the inspection in order to bring the operation of the Restaurant into compliance with the System.

6.9 Period of Operation.

- (A) Open to the Public. Subject to any contrary requirements of local law, the Restaurant must be open to the public and operated at least 12 hours each day of the year; with the exception of New Year's Day, Easter Day, Thanksgiving Day and Christmas Day. Any variance must be authorized in writing by Territory Operator. However, if the Restaurant is in a Captive-Venue Location that sets operating hours, then the Restaurant must only be open during the required operating hours of that Captive-Venue Location. If Territory Operator and Company have required Licensee to offer breakfast items at the Restaurant (as described in Section 6.1) then, subject to any contrary requirements of local

law, Territory Operator may require the Restaurant to be open to the public and operated for more than 12 hours each day of the year to accommodate the offer and sale of the breakfast items.

- (B) Voluntary Abandonment. If Licensee voluntarily abandons the franchise, in addition to the other remedies provided for in this Agreement, Territory Operator may terminate this Agreement under Section 13.2(C). The following events constitute voluntary abandonment:
- (1) The Restaurant is closed for 5 consecutive days or more without Territory Operator's prior written consent.
 - (2) Failure to commence construction of the Restaurant within 180 days after the Effective Date. If ~~Territory Operator~~Franchisor terminates the Agreement under this subsection, ~~then all deposits, including~~ the initial franchise fee, will be refunded to ~~Licensee minus the greater of~~Franchisee, ~~less a \$10,000 cancellation fee or Territory Operator's and Company's actual expenses incurred in connection with processing Licensee's application and providing for services for Licensee's benefit~~of \$10,000.
 - (3) Failure to open and operate the Restaurant within 270 days after the Effective Date, unless an extension of time is authorized in writing by Territory Operator.
- (C) Damage or Destruction. If the Restaurant is damaged or destroyed, Licensee must rebuild or repair the damaged or destroyed Restaurant at the Authorized Location in accordance with Territory Operator's and Company's then-current standards. If the Restaurant is closed during rebuilding or repair, then the rebuilt or repaired Restaurant must open within 120 days (if a Captive-Venue Location) or 270 days (if a Street Location) of the date of occurrence of its damage or destruction.

6.10 Operating Procedures. Licensee must comply with Territory Operator's and Company's mandatory standards, designs, specifications, menu items, recipes, techniques, procedures, methods, requirements, formats and management systems (sometimes collectively referenced in this Agreement as "standards") in the Operations Manuals relating to the development and operation of the Restaurant, including standards relating to functions such as product preparation, storage, uniforms, financial management, equipment, facility maintenance and sanitation. Licensee must promptly notify Territory Operator of any claim or litigation in which Licensee is involved that arises from the development or operation of the Restaurant.

6.11 Operations Manuals. Territory Operator and Company will provide on loan to Licensee, during the term of this Agreement, a hard copy or electronic or online access to the Operations Manuals. The Operations Manuals contain the standards, non-mandatory guidelines and recommendations from Territory Operator and Company, and other information relating to the development and operation of DQ stores and restaurants. The standards exist for the purpose of protecting Territory Operator's and Company's interests in the System and the Trademarks, and creating a uniform and quality customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Licensee. Territory

Operator and Company may add to, and otherwise modify, the Operations Manuals to reflect changes in the standards. Territory Operator will provide Licensee with notification of any additions and modifications to the Operations Manuals. The master copies of the Operations Manuals that Territory Operator maintains at its principal office or on its website will control if there is a dispute involving the contents of the Operations Manuals.

6.12 Proprietary or Confidential Information.

- (A) Use and Restrictions. Licensee does not acquire any interest in Confidential Information, other than the right to use it in developing and operating the Restaurant under this Agreement. The use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. The Confidential Information is proprietary and is Company's trade secret. Licensee will:
- (1) not use the Confidential Information in any other business or capacity;
 - (2) maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;
 - (3) not make unauthorized copies of any Confidential Information disclosed in written form;
 - (4) adopt and implement all reasonable procedures Territory Operator and Company direct to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to Restaurant personnel;
 - (5) not reverse engineer, decompile or disassemble any of Company's proprietary products, formulas, ingredients, or software; and
 - (6) ensure that all Owners, the Designated Manager, the Assistant Managers and any other personnel with access to Confidential Information abide by the confidentiality obligations in this Agreement.
- (B) Compelled Disclosure. The restrictions on Licensee's disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent Licensee is legally compelled to disclose this information, if Licensee uses its best efforts to maintain the confidential treatment of the Confidential Information, and provides Territory Operator and/or Company the opportunity to obtain an appropriate protective order or other assurance satisfactory to Territory Operator and Company of confidential treatment for the information required to be disclosed.

6.13 Improvements. If Licensee, its Owners, or its personnel or agents, conceive or develop any ideas, concepts, products, recipes, process methods, techniques, improvements or additions relating to the development or operation of a DQ® store or restaurant or the System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of the Restaurant, then:

- (A) Licensee must fully and promptly disclose these to Territory Operator and Company;
- (B) they are Company's property, and Licensee, its Owners, and its personnel and agents, must sign all documents necessary to evidence the assignment of these items to Company without compensation;
- (C) Company has the perpetual right to use and authorize others to use these items without any obligation to Licensee for royalties or other fees; and
- (D) Licensee must not introduce into the Restaurant any of these additions or modifications to the System without Company's prior written consent.

6.14 Web Site and Other Online Communication. Territory Operator and Company may require Licensee, at Licensee's expense, to participate in web sites or other online communication methods (collectively "online communication") that Territory Operator or Company sponsors or that are branded with any of the Trademarks. Territory Operator and Company will determine the content and use of online communication and will establish the rules under which licensees generally, or Licensee in particular, must participate. Territory Operator and Company retain all rights relating to any online communication and may alter or terminate any online communication at any time. Licensee's general conduct on any online communication is subject to this Agreement. Licensee's access codes, identification codes and information Licensee receives through access to Territory Operator's and Company's web sites are considered Confidential Information. Licensee's right to participate in online communication or otherwise use the Trademarks or the System on the internet, terminates when this Agreement expires or terminates.

6.15 Payment Methods. Licensee must allow its customers to pay for products by credit card, gift card, or other means or method of payment (electronic or otherwise) that Company periodically designates. Licensee must purchase and maintain, at its own expense, a subscription or other service contracts necessary to facilitate payment by any means or method of payment designated by Company, and Territory Operator or Company may require Licensee to pay an operational program fee as described in Section 9.4 in connection with a method of payment. Company has designated a single supplier to administer and support all aspects of the Company's gift card program. Licensee must sign the form of gift card participation agreement designated periodically by Company.

6.16 Data Security. Licensee must comply with the Payment Card Industry (PCI) Data Security Standards and all other applicable data security standards.

7. PERSONNEL AND SUPERVISION STANDARDS.

7.1 Initial Training. For a new or converted Restaurant, Licensee, at its own expense, must comply with all of Territory Operator's and Company's initial training requirements for the Restaurant within the 6-month period prior to the date the Restaurant opens or is converted. If Licensee fails to comply with Territory Operator's and Company's initial training requirements to Territory Operator's and Company's reasonable satisfaction, Licensee cannot open or convert the Restaurant. For a transferred Restaurant, Licensee, at its own expense, must comply with all of Territory Operator's and Company's initial training requirements for the Restaurant within 1 year after transfer. Licensee acknowledges that Company charges a per-trainee initial training fee for initial training (currently \$3,400). For a new or converted Restaurant, Licensee must pay this fee

to Territory Operator when it signs this Agreement. Territory Operator will refund this fee only if Territory Operator refunds the initial franchise fee as provided in this Agreement. Before Licensee attends ADQ's initial training, Territory Operator pays this fee to Company. For a transferred Restaurant, Licensee must pay Company's then-current per-trainee initial training fee directly to Company, before training and before Territory Operator grants final approval of the transfer. If Licensee fails to complete initial training within 1 year after the transfer, Licensee forfeits this per-trainee initial training fee.

7.2 Ongoing Training. Licensee and its personnel must meet Territory Operator's and Company's ongoing training requirements at Licensee's expense.

7.3 Training Upon Default. If Licensee is in default regarding any standard in the Operations Manuals, Licensee may be required to comply with additional training requirements prescribed by Territory Operator and/or Company at Licensee's expense, as a condition of curing the default.

7.4 In-Restaurant Training Program. Territory Operator or Company may periodically make available, or provide electronic or other form of access, to Licensee an in-restaurant or in-store training program at Licensee's expense. Licensee may purchase Territory Operator's or Company's in-restaurant or in-store training program and any updates for training employees.

7.5 Supervision. Licensee must maintain and operate the Restaurant at the Authorized Location under Licensee's active and continuous supervision in compliance with the System, on the terms of this Agreement. Licensee must have a Designated Manager. If Licensee operates a DQ Treat store, in addition to the Designated Manager, Licensee must have at least two Assistant Managers, or one Assistant Manager and one other employee for the Restaurant, at all times that have successfully completed all training required by Territory Operator prior to starting any management duties. If Licensee operates a DQ Grill & Chill restaurant, Licensee must have at least two Assistant Managers for the Restaurant at all times that have successfully completed all training required by Territory Operator prior to starting any management duties. Any new or replacement Designated Manager or Assistant Manager must meet Territory Operator's then-current training requirements.

7.6 Staffing. Licensee must require all Restaurant personnel to work in clean uniforms approved by Territory Operator and Company, at Licensee's or at the employee's, independent contractor's or agent's cost, at Licensee's election. No employee or agent of Licensee will be deemed an employee or agent of Territory Operator or Company for any purpose whatsoever. Licensee has sole responsibility for recruiting, interviewing and hiring all Restaurant employees, and for making all decisions respecting Restaurant employees, including all decisions affecting terms of employment, compensation, scheduling, benefits, disciplining and firing, without any influence or advice from Territory Operator or Company. Licensee agrees to implement training programs for Restaurant personnel in compliance with Territory Operator's and Company's requirements. Licensee agrees to maintain at all times a staff of trained personnel sufficient to operate the Restaurant in compliance with Territory Operator's and Company's standards.

7.7 Attendance at Meetings. The Controlling Owner must, at Licensee's expense, attend all meetings Territory Operator or Company holds or sponsors in Licensee's area or region including, all Designated Market Area or other marketing area meetings for the marketing area in which the Restaurant is located, and all meetings related to new products or product preparation

procedures, new System programs, new operational procedures or programs, training, store or restaurant management, financial management, sales or sales promotion, or similar topics. If the Controlling Owner is unable to attend a meeting, Licensee must notify Territory Operator and Company prior to the meeting and cause a substitute person from Licensee's operations acceptable to Territory Operator and Company to attend and represent Licensee at the meeting. Territory Operator strongly recommends that key personnel of Licensee also attend the meetings described in this section.

7.8 Cost of Training and Meetings. Licensee is responsible for any applicable tuition or fee, the salaries, wages, benefits, travel and living expenses, and other related costs for all individuals affiliated with Licensee and the Restaurant who attend any initial training, ongoing training, other training and meetings described in this Section 7.

7.9 Pre-Opening and Opening Assistance. Territory Operator will provide Licensee with limited on-site pre-opening and opening assistance, subject to staff availability and Territory Operator's discretion as to the amount of assistance necessary. The cost of such assistance will be included as part of any initial franchise fee paid by Licensee. At Territory Operator's sole discretion, Territory Operator also may require Licensee to contract with Company for additional pre-opening and opening assistance at Licensee's expense.

8. SALES PROMOTION ACTIVITIES.

Licensee will actively promote the Restaurant, abide by Territory Operator's and Company's advertising requirements, and comply with the following provisions:

8.1 Sales Promotion Activities and Fees. Territory Operator and Company may periodically establish, organize, and prescribe sales promotion activities, and Licensee must pay to Territory Operator for partial or full remittance to Company or Company's designee the sales promotion program fee in Section 9.3 regardless of whether other Territory Operator or Company licensees pay greater, lesser, or no sales promotion program fees. Territory Operator and Company have the sole right to determine how the sales promotion program fees will be spent, including the selection of promotional materials and activities. Territory Operator, Company, and their respective affiliates, have no fiduciary obligation to DQ® licensees with respect to the sales promotion activities or expenditures of sales promotion program fees. The sales promotion program fees are not held by Territory Operator or Company in trust. Territory Operator and Company will make a good faith effort to expend the fees in the general best interests of the DQ® brand or the System (or one or more components thereof). Territory Operator and/or Company will make available upon request the sales promotion activities receipts and expenditures from the fees collected. Neither Territory Operator nor Company is required to audit the sales promotion receipts and expenditures.

8.2 Administrative Expenses. Territory Operator and Company may use a portion of the sales promotion program fees to compensate themselves, or their respective affiliates, for the expense of administering and promoting sales promotion activities.

8.3 Approved Materials. Licensee must only use the sales promotion or other advertising materials that Territory Operator or Company furnishes or makes available to Licensee, or that Territory Operator and Company approve for use in Licensee's sales promotion activities.

- (A) Territory Operator and Company Provided Materials.
- (1) Territory Operator and/or Company may periodically make available sales promotion or other advertising materials to Licensee at a reasonable cost. Licensee must purchase these materials; however, Company may at its option periodically include the cost of these materials in the sales promotion program fee paid under Section 9.3.
 - (2) Licensee cannot transfer sales promotion or advertising materials that Territory Operator or Company furnish or make available to Licensee to any third party or allow a third party to use them. Sales promotion and other advertising materials produced by the national marketing fund ("NMF") administered by Company are licensed only to current NMF participating DQ® stores and restaurants, and may not be transferred to or used in any way by or in non-NMF participating DQ® stores and restaurants.
- (B) Licensee Developed Materials. Licensee must submit all sales promotion or other advertising materials developed by Licensee to Territory Operator and/or Company for Territory Operator's and/or Company's written approval prior to use.
- (1) Examples of sales promotion or advertising materials that Territory Operator and/or Company must approve include menu board transparencies, counter mats, counter mat inserts, posters, billboard paper or vinyl, newspaper inserts, lawn signs, banners, menu board or register toppers, window clings, cake freezer merchandising, stanchions/display point-of-purchase, TV and radio creative, electronic communication, social media, electronic or mobile media, loyalty programs, and direct mail.
 - (2) Territory Operator and Company will not unreasonably withhold approval of any sales promotion or other advertising materials that Licensee proposes to use, as long as Licensee's materials are factually accurate, current, in good condition, in good taste, of like quality to and not in conflict with sales promotion and other advertising materials Territory Operator and Company furnish or make available to Licensee, and accurately depict the products and Trademarks.
 - (3) Company owns and can use and permit others to use any sales promotion or other advertising materials, ideas, concepts or programs developed by Licensee.
- (C) Roadside Signage Programs. If Licensee's Restaurant is located within a 3-mile radius of an interstate highway exit, has U.S. highway frontage or is within a 3-mile radius of a U.S. highway, Licensee must participate in roadside advertising, either through a state sponsored or approved roadside signage program which provides tourist-oriented directional signs or through billboard advertising, the choice of advertising method to be at Territory Operator's discretion.

9. FEES, REPORTING AND AUDIT.

9.1 Initial Franchise Fee. Licensee must pay \$25,000 to Territory Operator as an initial franchise fee in full on the date of execution of this Agreement. The initial franchise fee is intended in part to compensate Territory Operator for expenses incurred and services rendered in processing Licensee's application and assisting Licensee to establish and open the Restaurant. A portion of said fee may be remitted to Company for Company's expenses and services in connection with Licensee. For a Restaurant opening under the Additional Restaurant Development program, see the Additional Restaurant Development Program Addendum attached hereto.

9.2 Continuing License Fee. Licensee must pay to Territory Operator monthly a continuing license fee an amount of 4% of Gross Sales for a DQ Grill & Chill restaurant or 5% of Gross Sales for a DQ Treat store. A portion of said fee may be remitted to Company for Company's expenses and services in connection with Licensee.

9.3 Sales Promotion Program Fee; Lease-Required Sales Promotion Fees. Licensee must pay to Territory Operator monthly for remittance to Company a sales promotion program fee of 3% to 6% of Gross Sales without regard to amount that any other licensee of Territory Operator or Company may pay. Territory Operator will let Licensee know at least 90 days in advance of imposing any requirement that Licensee pay a higher percentage within the 3% to 6% range. In addition to the sales promotion program fee payable under this section 9.3, Licensee must pay all sales promotion fees required by any lease for the Restaurant, and must comply with all sales promotion requirements of any such lease.

9.4 Operational Program Fees. Licensee must pay to Territory Operator, Company, or their designees, operational program fees based on any costs associated with administering programs established by Territory Operator or Company in connection with operational programs and initiatives that are implemented generally for the DQ System.

9.5 Minimum Fees Payable During Any Period of Business Interruption . During any period of business interruption, whether caused by a Force Majeure event (see Section 15.12), Voluntary Abandonment (see Section 6.9(B)), damage or destruction of the Restaurant (see Section 6.9(C)), or any other cause within or not within Licensee's control, Licensee must pay minimum continuing license fees, sales promotion program fees and operational program fees for each month or part of a month equal to the fees that were payable for the prior year's same month or comparable part of the same month (i.e., if there is a business interruption during all or part of December ~~2023~~2024, the minimum fees would be due based on the fees that were payable for all of December ~~2022~~2023 or the comparable part of December ~~2022~~2023).

9.6 Computations and Remittances.

- (A) Subject to Section 9.7, all amounts due under this Agreement, except the initial franchise fee, must be computed at the end of each month's operation and paid as described in Section 9.8 to Territory Operator within 10 days after the end of the month, accompanied by the reports required by Section 9.11 of this Agreement. Licensee must certify the computation in the manner and form specified by Territory Operator, and Licensee must supply to Territory

Operator supporting or supplementary materials as Territory Operator may reasonably require to verify the accuracy of Licensee's remittances.

- (B) Licensee waives all existing and future claims to offset against amounts due under this Agreement, which amounts must be paid when due. Territory Operator and Company may apply or cause to be applied against amounts due to either of them, or to any of their respective affiliates, any amounts which are held by either of them, or by any of their respective affiliates, on Licensee's behalf, or owed to Licensee by Territory Operator, Company, or any of their respective affiliates. Notwithstanding the foregoing, Territory Operator has the right to require Licensee to compute and remit to Territory Operator and its affiliates all amounts due and owing hereunder, except the initial franchise fee, on a weekly basis. Licensee acknowledges and agrees that Territory Operator has the right to impose the weekly fee requirement described in this section on Licensee regardless of whether Territory Operator or Company imposes the same requirement on other licensees or sublicensees.

9.7 Weekly Payment Program. Territory Operator may require Licensee to prepay continuing license and sales promotion program fees on a weekly basis pursuant to a payment program. If Territory Operator requires weekly payment, then:

- (A) Territory Operator will establish a reasonable estimate of the amount of continuing license and sales promotion program fees that Licensee must pay to Territory Operator each month. Based on this estimate, Territory Operator will establish the specific amount that Licensee must pay to Territory Operator each week.
- (B) Territory Operator will credit all payment amounts it receives from Licensee against the continuing license and sales promotion program fees actually due from Licensee to Territory Operator at the end of each month's operations.
- (C) Territory Operator will submit to Licensee, on a monthly or quarterly basis as selected by Territory Operator, a reconciliation of Licensee's continuing license and sales promotion program fees account showing the credits to Licensee's account from amounts collected by Territory Operator through the weekly payments. If Licensee fails to submit reports under Section 9.11, then Territory Operator may make the reconciliation in conformance with Territory Operator's determination as to amounts due. Unless Licensee provides evidence in a form satisfactory to Territory Operator of the correct amounts due within 14 days after Territory Operator provides notice to Licensee, then Territory Operator's reconciliation will be conclusive as to the amounts due Territory Operator from Licensee. Licensee must pay any amounts due immediately at the end of the 14 days. If Territory Operator determines that Licensee has overpaid continuing license or sales promotion program fees, Territory Operator will remit or credit to Licensee an amount equal to the excess fees collected at the time the monthly or quarterly reconciliation is provided to Licensee.

- (D) Territory Operator will collect, through any method of collection designated by Territory Operator, all weekly payments and any amounts due to Territory Operator after Territory Operator's reconciliation.
- (E) Territory Operator periodically may revise the amount that Licensee is required to prepay to Territory Operator each week if Territory Operator determines that the amount is too low or high as compared to the actual continuing license and sales promotion program fees due to Territory Operator from Licensee each month.

9.8 Electronic Transfer of Funds. Licensee must sign an electronic transfer of funds authorization, and/or other documents that Territory Operator designates periodically, to authorize and direct Licensee's bank or financial institution to transfer either electronically or through some other method of payment Territory Operator designates, directly to the account of Territory Operator or its affiliates and to charge to the account of Licensee all amounts due to Territory Operator and/or its affiliates from Licensee. Licensee's authorizations permit Territory Operator and/or its affiliates to designate the amount to be transferred from Licensee's account. Licensee must maintain a balance in its account sufficient to allow Territory Operator and its affiliates to collect the amounts owed to them when due. Licensee is responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this section. Territory Operator may require Licensee to pay as described in this section, regardless of whether Territory Operator imposes the same requirement on other licensees or sublicensees.

9.9 Surcharge Method of Collection Program. Territory Operator may require Licensee to pay at the time of purchase to suppliers of mix, meat and/or other products and ingredients used in the conduct of the business of the Restaurant a surcharge on all units of such commodities purchased by Licensee. Said surcharge shall be established by Territory Operator at a reasonable rate so as to approximate the amount of continuing license and sales promotion program fees which will be payable by Licensee and/or any past due amounts owed by Licensee to Territory Operator. Said surcharge shall be paid to said supplier or suppliers for the account of Territory Operator and be regarded by the parties as a method of collection of said continuing license and sales promotion program fees and past due amounts. The amounts so collected shall be credited at the end of each month's operations by Territory Operator against the continuing license and sales promotion program fees due from Licensee to Territory Operator, and the past due amounts owed by Licensee to Territory Operator. Territory Operator shall submit to Licensee, on a monthly or quarterly basis as selected by Territory Operator, a reconciliation of Licensee's continuing license and sales promotion program fees account and other accounts setting forth the credits to Licensee's accounts from amounts collected for Territory Operator by suppliers through the aforesaid surcharge method of collection program. Should Licensee fail to submit reports in accordance with Section 9.11 and notwithstanding other provisions set forth in that section, Territory Operator may make said reconciliation in conformance with Territory Operator's determination as to amounts due, and Territory Operator's reconciliation shall be conclusive as to the amounts due Territory Operator from Licensee unless within a period of 14 days after mailing of said reconciliation to Licensee by Territory Operator, Licensee provides evidence in a form satisfactory to Territory Operator of the correct amounts due. Licensee shall pay within 10 days after mailing of notice to Licensee by Territory Operator such amounts, if any, determined to be owed pursuant to Territory Operator's reconciliation. If Territory Operator determines that Licensee has overpaid continuing license or sales promotion program fees or past due amounts

on the surcharge basis, Territory Operator shall remit to Licensee an amount equal to the excess fees and past due amounts collected at the time the monthly or quarterly reconciliation is provided Licensee.

9.10 Interest; Late Fees. All amounts owed by Licensee to Territory Operator or its affiliates under this Agreement will bear interest at the lesser of 18% per annum or the maximum rate of interest permitted by governing law, from and after the date of accrual thereof. In addition, Territory Operator also may charge Licensee a \$50 fee for each late report or payment owed to Territory Operator under this Agreement. This fee is not interest or a penalty, but compensates Territory Operator for increased administrative and management costs due to late payment. A payment is late if:

- (A) It is not received by Territory Operator on or before the due date;
- (B) The payment is received by Territory Operator on or before the due date, but is not honored by Licensee's bank or financial institution; or
- (C) There are insufficient funds in Licensee's bank account on or after the due date to collect a payment by the method of payment designated by Territory Operator.

9.11 Reports.

- (A) Monthly Report. Licensee must electronically (or using another method periodically required by Territory Operator) complete and submit to Territory Operator monthly reports with information from the previous calendar month on Territory Operator's then-current form and with the content, as Territory Operator or Company periodically prescribes. The report must include the following information:
 - (1) Amount of gross receipts of the Restaurant;
 - (2) Amount of sales tax;
 - (3) Gross Sales and the computation of the continuing license fee, sales promotion program fee; and any other applicable fees listed in Section 9;
 - (4) Total volume of mix, weight of meat and other commodities that Territory Operator or Company may designate, and the sources from which each were obtained; and
 - (5) Other information about the Restaurant requested by Territory Operator.
- (B) Profit and Loss Statements. Licensee must submit to Territory Operator monthly and annual profit and loss statements for the Restaurant, in formats designated by Territory Operator or Company (which will include items such as a summary of cost of goods, utilities, labor, rent and other material cost items), by the 20th day of the following month for monthly statements and by the 90th day after year-end for annual statements.

- (C) Sales Tax and Other Information. If requested by Territory Operator to verify Licensee's Gross Sales, Licensee must submit copies of its most recent sales tax return and all Business Records required by Territory Operator under Territory Operator's or Company's then-current audit policies.
- (D) Right to Use Information. Licensee must allow Territory Operator electronic and manual access to all Business records and Licensee hereby consents to Territory Operator's use, in any manner permitted by law, of the Business Records and other information relating to the Restaurant that Licensee submits to Territory Operator, or that Territory Operator obtains through review of Licensee's Business Records or by accessing Licensee's EPOS System or Computer Systems. Territory Operator may share this information with third parties, including Company, consultants, and existing and potential sublicensees.

9.12 Financial Books and Records. Licensee must employ sound financial management and planning practices in connection with the Restaurant, and keep accurate Business Records in an electronic format using a methodology approved by Territory Operator.

- (A) Licensee must keep its Business Records, and the information, data and statistics that are the basis for the Business Records, for at least 5 full calendar years from the date of preparation or any longer period required by applicable law.
- (B) Business Records must be compiled, kept and submitted to Territory Operator on the forms, in the manner (electronically or another format), and using the methods of bookkeeping and accounting that Territory Operator or Company periodically prescribes. Licensee must provide this information to Territory Operator according to reporting formats, methodologies and time schedules periodically established by Territory Operator or Company. Upon Territory Operator's request, Licensee must submit tax returns relating to the Restaurant to Territory Operator.

9.13 Audit.

- (A) On-site Audit. Territory Operator and Company or their authorized representatives may at all times during the business day enter the premises where Licensee keeps its Business Records, and evaluate, copy and audit the Business Records.
- (B) Off-site Audit. In addition to or instead of an on-site audit, Territory Operator and Company each may require Licensee give to Territory Operator or Company, at Licensee's expense, copies of the Business Records requested by Territory Operator or Company.
- (C) Understatement of Gross Sales. In addition to any other rights Territory Operator or Company may have, if any audit reveals that the Restaurant's Gross Sales have been understated by 3% or more, Licensee must reimburse Territory Operator and/or Company for all reasonable audit costs, including wages, outside accountant fees, outside attorneys' fees, copying costs, postage,

travel, meals and lodging ("audit costs"), and for all reasonable audit costs incurred in connection with any additional periodic on-site or off-site audits of the Business Records that Territory Operator or Company reasonably deems necessary for up to 2 years after the initial audit. Upon Territory Operator's or Company's request, Licensee must submit tax returns for all Owners to Territory Operator or Company. If Licensee intentionally understates or underreports Gross Sales, continuing license fees or sales promotion program fees, or if an additional audit conducted within the 2-year period reveals an understatement or variance of 3% or more, in addition to any other remedies provided for in this Agreement, at law or in equity, Territory Operator may terminate this Agreement immediately in accordance with Section 13.2(C).

- (D) Sales Reconstruction. In order to verify the information supplied by Licensee in the Business Records, Territory Operator may reconstruct Licensee's sales through the inventory extension method or any other reasonable method of analyzing and reconstructing sales. Licensee will accept a reconstruction of sales unless Licensee provides evidence in a form satisfactory to Territory Operator of Licensee's sales within 14 days from the date that Territory Operator provides notice to Licensee of the understatement. Any amounts payable to Territory Operator because of the understatement are due immediately at the end of the 14 days.

10. LICENSEE'S OTHER OBLIGATIONS.

10.1 Payment of Debts.

- (A) (Licensee must pay promptly when due all:
- (1) Payments, obligations, assessments and taxes due and payable to Territory Operator, Company, and their respective affiliates, suppliers, lessors, federal, state or local governments, or creditors, in connection with the Restaurant;
 - (2) Liens and encumbrances of every kind and character created or placed upon or against any of the property owned by the Restaurant; and
 - (3) Accounts and other indebtedness incurred by Licensee relating to the Restaurant.
- (B) If Licensee defaults on any payment listed in Section 10.1(A), Territory Operator may pay it on Licensee's behalf and Licensee must promptly reimburse Territory Operator on demand for the payment.

10.2 Liability and Indemnification. Licensee waives all claims against Territory Operator, Company, and their respective affiliates, for damages to property or injuries to persons arising out of the operation of the Restaurant. Licensee must fully protect, indemnify and defend Territory Operator, Company, and their respective affiliates, and hold them harmless from and against any and all claims, demands, damages, and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the Restaurant (regardless of cause or any concurrent or contributing fault or negligence of Territory Operator,

Company, or their respective affiliates) or any breach or failure to comply with this Agreement. Licensee specifically acknowledges that: (i) Territory Operator and Company do not have any reserved or general right to exercise control over, and do not exercise any direct or indirect control over, the day-to-day operation of the Restaurant (including operations-related functions such as safety and security, the use of equipment and motor vehicles, and the delivery of services and products to customers, and personnel-related functions such as recruiting, interviewing, hiring, timekeeping, scheduling, payroll processing, supervising, disciplining and firing), (ii) all liability arising out of the operation of the Restaurant is therefore Licensee's responsibility, and (iii) Licensee's indemnification obligation under this Section 10.2 covers any "joint employer," "agency," "ostensible agency" or similar claims by third parties based on the establishment or operation of the Restaurant. Licensee's indemnification obligation under this Section 10.2 shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

10.3 Insurance.

- (A) Licensee must purchase and maintain, at its own expense, general liability insurance at a minimum limit of liability designated periodically by Territory Operator and Company, but not less than \$2,000,000 per occurrence, or a higher amount that Territory Operator and Company may in the future require of similarly situated licensees or sublicensees or that a lessor of the Restaurant premises may require. The insurance coverage must start on the earlier of the date Licensee takes possession of the Authorized Location or the date Licensee begins operating the Restaurant, and must continue through the later of the Expiration Date or the date the Restaurant closes. Licensee must annually, or any shorter period of time at Territory Operator's request, deliver to Territory Operator a certificate of insurance and other endorsements showing compliance with this Section 10.3. The insurance coverage must:
 - (1) Insure Licensee, Territory Operator, Company, and their respective affiliates, and any other person or entity designated by Territory Operator or Company by name, from liability for any and all such damage and injury;
 - (2) Name Territory Operator, International Dairy Queen, Inc., and their respective affiliates, as additional insureds; and
 - (3) Provide that Territory Operator will be given 30 days' prior written notice of material change in or termination or cancellation of the policy.
- (B) Licensee must purchase and maintain, at its own expense, business interruption insurance covering "actual losses sustained" during any period of not less than 12 months or during the maximum period permitted by law if less than 12 months.
- (C) Licensee must purchase and maintain, at its own expense, any additional insurance that Territory Operator periodically may require, such as the same types of insurance with increased coverage minimums, or different or

additional types of insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

- (D) Licensee must purchase and maintain, at its own expense, workers' compensation insurance and all additional insurance that may be required by law or other agreement related to the Restaurant.
- (E) All insurance maintained by Licensee must be written with a company rated no less than "A" by AM Best Insurance Rating.
- (F) If Licensee does not procure and maintain the required insurance coverage, Territory Operator may procure insurance coverage for Licensee and charge the cost to Licensee, together with a reasonable fee for Territory Operator's expenses in doing so, payable by Licensee immediately upon notice.
- (G) Licensee's obligation to obtain and maintain insurance in the amounts specified is not limited in any way by reason of any insurance that Territory Operator or Company may maintain, nor does Licensee's procurement of required insurance relieve Licensee of liability under the indemnity obligations described in Section 10.2 of this Agreement. Licensee's insurance procurement obligations under this Section are separate and independent of Licensee's indemnity obligations.
- (H) Territory Operator and Company do not warrant or represent that any insurance that Licensee is required to purchase will provide adequate coverage for Licensee. The requirements of insurance specified in this Agreement are for Territory Operator's and Company's protection. Licensee should consult with its own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by Company.

10.4 Compliance with Laws. Licensee must at all times maintain the Restaurant premises and conduct the Restaurant in compliance with all applicable laws, regulations, codes and ordinances, including labor and employment laws. Licensee must comply with all privacy policies and data protection and breach response policies that Territory Operator and Company may establish. Licensee must notify Territory Operator and Company immediately of any suspected data breach at or in connection with the Restaurant. Licensee agrees to obtain legal advice regarding, and to comply with, all applicable legal requirements that prohibit unfair, fraudulent or corrupt business practices, including U.S. and other legal requirements that are designed to combat terrorism and terrorist activities. Licensee represents that neither Licensee nor any Owner is named as a "specially designated national" or "blocked person" as designated by the United States Department of the Treasury's Office of Foreign Assets Control.

10.5 In-Term Noncompete. During the term of this Agreement, Licensee, the Designated Manager, a Principal Owner, or an officer or director of a Principal Owner owning a 20% or greater interest in Licensee cannot, without Territory Operator's prior written consent, directly or indirectly operate, permit to be operated, or hold any interest in any Competitive Business.

11. TRANSFER OF FRANCHISE.

11.1 Consent Required. Territory Operator enters this Agreement with specific reliance upon the financial qualifications, personal experience, skills and managerial and financial qualifications of Licensee and its Owners. Because of this, no transfer may be made in whole or in part, whether in one or more transactions, without Territory Operator's consent.

11.2 Definition of a Transfer. A "transfer" is defined as a sale (including installment sale), lease, pledge, contract for deed, option agreement, assignment, bequest, gift, transfer of interest upon death or disability, management agreement (or any other arrangement pursuant to which Licensee or an Owner turns over all or part of the daily operation of the Restaurant to a person or entity who shares in the losses or profits of the Restaurant in a manner other than as an employee, independent contractor or agent of Licensee), or disposal of the Restaurant, any assets, revenue or profits of the Restaurant (except in the ordinary course of business), or any direct or indirect ownership interest in this Agreement, the Restaurant, the Licensee, or an Owner to any person or entity (a "transferee").

11.3 Requirements of a Transfer. The following requirements must be satisfied before Territory Operator will consent to any direct or indirect transfer or proposed transfer of this Agreement, the Restaurant, or any ownership interest in this Agreement, the Restaurant, the Licensee or an Owner:

- (A) Application. Licensee must immediately notify Territory Operator of a proposed transfer, promptly submit to Territory Operator a transfer request and release of information form and provide Territory Operator with a complete application for consent to transfer at least 90 days before the effective date of the transfer. The transfer request and release of information form and application must be completed on Territory Operator's then-current forms and accompanied by all other documents required by Territory Operator.
- (B) Right of First Refusal.
 - (1) Offer. In the event of a bona fide offer from a third party to purchase or assume any interest in this Agreement, the Restaurant, the Licensee or any Owner, Licensee must give Territory Operator a copy of the purchase agreement or other written statement with the terms of the offer, signed by both the offeror and Licensee, along with such additional information concerning the transaction as Territory Operator may reasonably require, which may include a copy of the lease, financial information, tax returns and other documents typically provided to a buyer. Territory Operator has the right (at its option, upon written notice to Licensee) to assign Territory Operator's right of first refusal to a third party.
 - (2) Insolvency. If the proposed transfer results from Licensee's insolvency or the filing of any petition by or against Licensee under a bankruptcy or insolvency law ("bankruptcy"), Licensee must first offer to sell to Territory Operator Licensee's interest in this Agreement and the land, building, equipment, furniture and fixtures, and leasehold interest used in the operation of Licensee's Restaurant ("bankruptcy assets"). The purchase

price of the bankruptcy assets will be established by a qualified appraiser selected by the parties. If the parties cannot agree upon an appraiser, upon petition of either party, one will be appointed by a judge of the United States District Court in the Authorized Location's state. Licensee or Licensee's legal representative must deliver to Territory Operator a written statement incorporating the appraiser's report. The transaction documents will be prepared by Territory Operator, and will be as customary for this type of transaction.

- (3) Acceptance and Closing. Territory Operator has 30 days from Territory Operator's receipt of the statement setting forth the third-party offer and such other information requested by Territory Operator, or the appraiser's report, to accept the offer by delivering written notice of acceptance to Licensee. Territory Operator's acceptance will be on the same price and terms set forth in the statement, except that Territory Operator may substitute equivalent cash for any noncash consideration, and except that the terms will include the customary representations and warranties as to: ownership, condition of and title to assets; loans and encumbrances on the assets; the validity of contracts and agreements; and contingent and other liabilities afforded the assets. Territory Operator has 30 days after accepting the offer to close on the sale
- (4) Failure to Accept. If Territory Operator fails to accept the offer within the 30 day period, Licensee has 60 days to effect the disposition described in the statement delivered under Section 11.3(B)(1) or 11.3(B)(2) to Territory Operator if the transfer is otherwise in compliance with Section 11. Licensee cannot effect any other transfer of Licensee, this Agreement or the Restaurant without first complying with the right of first refusal requirements.
- (C) Security Interest. Neither Licensee nor an Owner may retain a security or other financial interest in the property to be transferred without Territory Operator's prior written consent and except upon conditions acceptable to Territory Operator. Licensee must inform Territory Operator if Licensee or an Owner proposes to retain a security or other financial interest.
- (D) Transfer Requirements. The transferee must meet Territory Operator's then-current requirements for transferees, including those relating to financial position and management and operational experience.
- (E) Transfer Fee.
 - (1) Amount. Licensee must pay Territory Operator a transfer fee of \$5,500, which is due when Licensee submits the application for consent of the transfer. If Licensee is transferring a store or restaurant to a person located in a state or Canadian province where Territory Operator is not registered to offer and sell franchises and Territory Operator must register under or otherwise comply with any state or provincial law, Licensee must pay Territory Operator an additional \$2,000 transfer compliance fee, before

Territory Operator seeks to register under or otherwise comply with any state or provincial law, as reimbursement for Territory Operator's registration or compliance costs. The transfer fee increases by \$500 on January 1, 2025, and on each 5-year anniversary thereafter.

- (2) Refund. If Territory Operator exercises its right of first refusal, or does not consent to a proposed transfer, Territory Operator will refund the transfer fee to Licensee, minus any actual expenditures or disbursements made by Territory Operator in direct connection with evaluating or processing the proposed transfer, together with an itemized statement of these costs. The transfer fee is not refundable in whole or in part except as expressly stated in this Agreement.
- (F) Payment of Amounts Owed. All amounts owed by Licensee to Territory Operator, Company, Territory Operator's or ADQ's respective affiliates, Licensee's suppliers, or any landlord, for the Restaurant premises and Authorized Location, or upon which Territory Operator, Company, or any of their respective affiliates, have any contingent liability must be paid in full.
- (G) Compliance with Agreement. Licensee must be in full compliance with the terms of this Agreement, including providing Territory Operator with all reports and records required in Sections 9.11 and 9.12 through the effective date of the transfer.
- (H) Guarantee. All Owners of transferee must sign Territory Operator's then-current form of undertaking and guarantee. In addition, if Territory Operator allows Licensee or an Owner to retain a security or other financial interest in this Agreement or the Restaurant after the transfer, then Licensee and the Owner must guarantee the performance of this Agreement until the security or other interest terminates.
- (I) General Release. Licensee, each Owner, and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, Licensee's Restaurant, or the parties' business relationship, in the form designated by Territory Operator or Company, releasing Territory Operator, Company, and their respective affiliates.
- (J) Training. The transferee must, at Licensee's or transferee's expense, comply with Territory Operator's and Company's then-current training requirements for the type of Restaurant being transferred.
- (K) Financial Reports and Data. Territory Operator may require Licensee to prepare and furnish to transferee and/or Territory Operator such financial reports and other data relating to the Restaurant and its operations as Territory Operator deems reasonably necessary or appropriate for transferee and/or Territory Operator to evaluate the Restaurant and the proposed transfer. Territory Operator may confer with proposed transferees and furnish them with information concerning the Restaurant and proposed transfer without being held liable to Licensee, except for intentional misstatements made to a

proposed transferee. Any information furnished by Territory Operator to proposed transferees is for the sole purpose of permitting transferees to evaluate the Restaurant and proposed transfer.

- (L) Then-Current Operating Agreement. Transferee must sign Territory Operator's then-current form of operating agreement, which may have materially different terms and conditions, including higher or additional fees.
- (M) Modernization, ~~Repair~~Replacements, Upgrades, and ~~Similar Items~~Repairs. Licensee or Transferee must complete modernization, ~~repair~~equipment and other replacements and upgrades, repairs, and similar items at the Restaurant that Territory Operator specifies in writing. If the modernization, ~~repair~~replacements, upgrades, repairs, and similar items will be completed after transfer, Territory Operator may require Licensee or Transferee to pay an advance to Territory Operator, to be put into an escrow account, and to be used to cover the cost the modernization, ~~repair~~replacements, upgrades, repairs, and similar items when they are completed. In addition, if Licensee has not completed a modernization under Section 5.5 in the past 10 years, then Licensee must complete the modernization prior to the effective date of the transfer, unless Territory Operator agrees otherwise. If Licensee has completed a modernization under Section 5.5 in the past 10 years, then transferee will not be required to complete the next modernization until the date Licensee would have been required to modernize again under this Agreement.
- (N) Transfer Agreement. Licensee (and each Owner) must sign an agreement, in form satisfactory to Territory Operator, in which Licensee and each Owner covenant to observe the post-termination covenant not to compete and all other applicable post-termination obligations described in this Agreement.
- (O) Other Conditions. Territory Operator may expand on, and provide more details related to the consent described in this Section 11.3, and Licensee and each transferee must comply with any other conditions that Territory Operator reasonably requires periodically as part of its transfer procedures.
- (P) Insurance. Transferee must deliver to Territory Operator a proper certificate of insurance evidencing the existence of the insurance coverage required under Section 10.3 of this Agreement.

11.4 Consent Not Unreasonably Withheld. As long as Licensee and transferee meet Territory Operator's applicable requirements for a transfer, Territory Operator will not unreasonably withhold consent for the transfer. Licensee acknowledges that it will be reasonable for Territory Operator to withhold consent: (a) if transferee already is directly or indirectly involved in the operation of a total number of business locations (food-oriented or otherwise) in the U.S. and Canada that exceeds 10% of the number of DQ stores and restaurants then operating in Territory Operator's territory; (b) if transferee has not demonstrated an ability to operate one or more DQ stores and/or restaurants in a proficient, compliant and profitable manner during at least the previous 12-month period; (c) if transferee does not live in proximity to the DQ store or restaurant that is the subject of the transfer, or if the transferee is an entity, the transferee does not have an owner who directly or indirectly has a 20% or greater ownership interest, and who also

lives in proximity to and serves as the designated manager of the DQ store or restaurant; or (d) if the transferee does not meet other qualifications established from time to time by Territory Operator.

11.5 Transfer Void. Any attempted transfer by Licensee without Territory Operator's prior written consent or otherwise not in compliance with the terms of this Agreement is void and gives Territory Operator the right at its option to either default and terminate this Agreement or to consent to the transfer and collect from Licensee and the guarantors, a transfer fee equal to two times the transfer fee provided for in Section 11.3(E)(1).

11.6 Transfer by Territory Operator. Territory Operator can transfer, in whole or in part, its interest in this Agreement without Licensee's consent. Following the effective date of any transfer, Licensee will look solely to the transferee, and not to Territory Operator, for the performance of all obligations under this Agreement.

11.7 Death, Disability or Incapacity. If any individual who is an Owner of Licensee dies or becomes disabled or incapacitated and the transferee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee shall be payable to Territory Operator, but the proposed transferee must satisfy all other conditions and requirements in this Section 11.

12. DISPUTE RESOLUTION.

12.1 Arbitration. Subject to Section 12.2, any dispute between Licensee and Territory Operator, Company, or any of their respective affiliates, arising under, out of, in connection with or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, the parties' relationship or the Restaurant must be submitted to binding arbitration under the authority of the Federal Arbitration Act ("FAA"). Any state laws attempting to prohibit arbitration or void out of state forums for arbitration are preempted by the FAA. The dispute must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association ("AAA"), except to the extent the rules and procedures are modified below.

- (A) The then-current AAA Large, Commercial Case Rules apply where the matter in controversy in the arbitration proceeding is at least \$500,000. The matter in controversy is defined not only by the amount of the demand, but also by the value of the matter to the parties to the arbitration. The AAA will decide on the amount of the matter in controversy, subject to a challenge of the AAA decision by either party to the arbitrator(s).
- (B) The arbitrator(s) has the power to rule on his or her own jurisdiction, including any objections with respect to the existence, scope, or validity of the arbitration agreement or to the arbitrability of any claim or counterclaim. The arbitrator(s) has the power to determine the existence or validity of a contract of which an arbitration clause forms a part. Such an arbitration clause will be treated as an agreement independent of the other terms of the contract. A decision by the arbitrator(s) that the contract is null and void will not for that reason alone render invalid the arbitration clause.

- (C) Multiparty arbitration is specifically prohibited, and any arbitration will be on an individual basis alone; the arbitration may not be consolidated or otherwise joined with any other proceeding. The arbitrator will have no authority or power to proceed with any claim as a multiparty proceeding or a class action or to otherwise join or consolidate any claim with any other claim or any other proceeding involving third parties.
- (D) The arbitration must take place in Missoula, Montana, or at such other place as may be mutually agreeable to the parties.
- (E) Except as may be required by law, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration under this Section 12.1 without the prior written consent of both parties.
- (F) Except for the appeal process described in Section 12.1(G), the decision of the arbitrator(s) will be final and binding on all parties to the dispute; however, the arbitrator(s) will have no authority or power to: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award that extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance set by Territory Operator or Company. The arbitrator(s) must also follow the applicable law and may not disregard the law based on principles of justice or equity which are not a specific part of the applicable law. A judgment may be entered upon the arbitration award by any state or federal court in the state of the Authorized Location.
- (G) Any award rendered by the arbitrator(s) may be appealed pursuant to the AAA's Optional Appellate Arbitration Rules in effect as of the Effective Date of this Agreement ("Appellate Rules"). Any award will, at a minimum, be a reasoned award. The award will not be considered final until after the time for filing the notice of appeal pursuant to the Appellate Rules has expired. Appeals must be initiated within 30 days of receipt of an award, as defined by Rule A-3 of the existing Appellate Rules, by filing a notice of appeal with any AAA office. The appeal tribunal may affirm, reverse, or modify the award of the arbitrator(s), or return the matter to the arbitrator(s) for further action. A final award may be entered once the appeal process is complete or the time for filing an appeal has expired, and a judgment may be entered upon the arbitration award in accordance with the procedures identified in Section 12.1(F).

12.2 Injunctive Relief. The Restaurant is one of a large number of stores and restaurants identified by the Trademarks selling similar products to the public. The failure on the part of a single licensee or sublicensee to comply with the terms of its agreement could cause irreparable damage to Territory Operator, Company and/or some or all of the other sublicensees and licensees of Territory Operator or Company. Therefore, in the event of a breach or threatened breach of any of the terms of this Agreement by a party, the other party is entitled to an injunction from a court of law restraining the breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining the equitable relief, until a final and binding determination is made by the arbitrators. The arbitrator(s) has no authority to award interim, injunctive, or other equitable relief pending

conclusion of the arbitration proceeding. Any equitable remedies are in addition to, not in lieu of, all other remedies or rights which the parties might otherwise have by virtue of any breach of this Agreement by the other party. Territory Operator, Company, and their respective affiliates, have the right to commence a civil action in any court of competent jurisdiction against Licensee or take other appropriate action to obtain injunctive relief (whether temporary, preliminary or permanent) to compel Licensee's compliance with trademark standards and requirements to protect the goodwill of the Trademarks (including enforcement of the noncompete provisions in Sections 10.5 and 14.6 without having to file an arbitration demand.

12.3 Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, the parties' relationship, or the Restaurant is entitled to recover its reasonable attorneys' fees and costs.

12.4 Jury Trial. The parties irrevocably waive any right they may have to a jury trial.

13. DEFAULT AND TERMINATION.

13.1 Default. Licensee is in default of this Agreement if Territory Operator determines that Licensee or any Owner or guarantor has breached any of the terms of this Agreement, any lease or sublease for the Restaurant premises, or any other agreement between Licensee and Territory Operator or its affiliates, which includes:

- (A) Making any false report to Territory Operator or Company;
- (B) Failure to submit to Territory Operator the lease (if applicable) for the Authorized Location before execution;
- (C) Failure to submit any required report when due;
- (D) Intentionally understating or underreporting, or failure to pay when due any amounts required to be paid to Territory Operator, Company, or any of their respective affiliates, whether under this Agreement, any lease or sublease for the Restaurant premises, or otherwise or to any third party as required by this Agreement;
- (E) Conviction of Licensee, an Owner, or a guarantor of any felony or misdemeanor which brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair the goodwill of any of the Trademarks;
- (F) Failing an evaluation under Section 6.8, or failing to abide by any of Territory Operator's or Company's standards and requirements in connection with the operation of the Restaurant;
- (G) Violation of the Licensee's confidentiality obligations under this Agreement;
- (H) Filing of tax or other liens which may affect this Agreement; voluntary or involuntary bankruptcy by or against Licensee or any Principal Owner or guarantor; insolvency; making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors;

- (I) Failure to meet any requirements or specifications established by Territory Operator or Company with respect to product quality, physical property, conditions of equipment or materials used, products manufactured, Menu, or use of approved products, packaging or promotional materials.

13.2 Termination. Territory Operator can terminate this Agreement in accordance with the following provisions:

- (A) Opportunity to Cure. Except as set out in Sections 13.2(B) and (C), Licensee has (i) 10 days from the date of a written notice of default to cure a default for failure to submit any required report when due or to pay when due any amounts required to be paid to Territory Operator, Company, or any of their respective affiliates; and (ii) 30 days from the date of a written notice of default to cure any other default under this Agreement. Licensee's failure to cure a default within the 10-day period will provide Territory Operator with good cause to terminate this Agreement; and the termination will be accomplished by mailing or delivering to Licensee written notice of termination that will identify the grounds for the termination.
- (B) Twenty-Four Hours to Cure. If a default under this Agreement materially impairs the goodwill associated with any of the Trademarks or the operation, maintenance, or construction of the Restaurant results in a threat or danger to the public health or safety (for example, violating any of Territory Operator's or Company's zero tolerance policies or food safety requirements), then Licensee will have 24 hours after Territory Operator provides written notice of the default to cure the default. Territory Operator has the right to require Licensee to close the Restaurant immediately upon notice and keep it closed until such time as the default is cured. If the default is not cured within 24 hours or Licensee fails or refuses to close the Restaurant upon notice from Territory Operator, the termination will be effective immediately upon Territory Operator's issuance of written notice of termination. Notwithstanding any notice provisions under this Agreement, notices under this section are deemed received when, as shown in Territory Operator's or Company's records, actual notice was given to the Controlling Owner, a Principal Owner, the Designated Manager, or the person designated to receive notices under Section 15.3(B), whether delivered personally, by phone, fax, email or reputable overnight service.
- (C) Immediate Termination. Licensee has no right to cure the following defaults and this Agreement terminates immediately on Territory Operator's issuance of written notice of termination:
 - (1) Licensee's loss of the right to occupy the Restaurant premises;
 - (2) If the Restaurant is destroyed or damaged, Licensee's failure to repair and reopen for operation the Restaurant at the Authorized Location within 270 days of the date of occurrence of the destruction or damage (as described in Section 6.9(C));

- (3) Licensee's failure to relocate and reopen in accordance with and within the time periods and conditions set forth in Section 5.4;
 - (4) Voluntary abandonment as defined in Section 6.9(B);
 - (5) Insolvency of Licensee or a Principal Owner or guarantor, or Licensee's or a Principal Owner's or guarantor's making an assignment or entering into any similar arrangement for the benefit of creditors
 - (6) Conviction of Licensee or any Owner, the Designated Manager or guarantor of an offense directly related to the Restaurant;
 - (7) Intentionally understating or underreporting Gross Sales, continuing license fees or sales promotion program fees as described in Section 9.12(C);
 - (8) Any default by Licensee which is the third default within any consecutive 12-month period; or
 - (9) Licensee or an Owner is named as a specially designated national or blocked person as designated by the United States Department of the Treasury's Office of Foreign Assets Control.
- (D) Termination Fee. Upon Territory Operator's termination of this Agreement for any reason under Section 13.2, Licensee must pay to Territory Operator within 30 days of the date of the termination, a termination fee as calculated below to compensate Territory Operator for anticipated and reasonably estimated lost profits. This section is not applicable to any termination or cancellation of an operating agreement for an Authorized Location that did not open. The termination fee will be calculated as follows:
- (1) 2 times the continuing license fees payable to Territory Operator for the last 12 months of the Restaurant's active operations;
 - (2) If the Restaurant opened but did not operate for a full 12 months before the date of termination, 24 multiplied by the average monthly continuing license fees payable to Territory Operator from the date of opening through the date of termination; or
 - (3) If there are less than 24 months remaining on the term, the number of months remaining on the term multiplied by the average monthly continuing license fees payable to Territory Operator for the last 12 months of the Restaurant's active operations.
- (E) Effect of Other Laws. Any valid, applicable law or regulation establishing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersedes any provision of this Agreement less favorable to Licensee than the law or regulation.
- (F) Disclaimer. Territory Operator disclaims any right under this Section 13.2 to terminate this Agreement based on any decision or action by Licensee regarding recruiting, interviewing, hiring, keeping the time of, scheduling, processing the payroll of, supervising, disciplining or firing its personnel.

13.3 Termination by Licensee. Licensee may terminate this Agreement as a result of a breach by Territory Operator of a material provision of this Agreement after Licensee provides Territory Operator with written notice of the breach that identifies the grounds for the breach, and Territory Operator fails to cure the breach within 30 days after Licensee provides written notice to Territory Operator. The termination will be effective 60 days after Licensee provides written notice of the breach to Territory Operator. Licensee's termination of this Agreement under this Section 13.3 does not release or modify Licensee's post-term obligations under Section 14.

14. POST-TERM OBLIGATIONS.

Upon the expiration or termination of this Agreement:

14.1 Reversion of Rights. All rights of Licensee to use the Trademarks and all other rights and licenses granted under this Agreement, and the right and license to conduct business under the Trademarks at the Authorized Location revert to Territory Operator without further act or deed of any party. All right, title and interest of Licensee in, to and under this Agreement and any operational goodwill become the property of Territory Operator.

14.2 Stop Using Trademarks.

- (A) Licensee must immediately stop using and displaying the Trademarks and any point-of-sale materials and other sales promotion and advertising materials furnished, made available or approved by Territory Operator or Company, and must stop using Territory Operator's and Company's Confidential Information (including the Operations Manual). Licensee must immediately return to Territory Operator all copies of the Operations Manual and any other Confidential Information in Licensee's possession or control, or previously disseminated to Licensee's personnel.
- (B) Subject to Section 14.5, Licensee must, within 20 days, at Licensee's expense, remove or obliterate all Restaurant signage, displays, photos and other materials in Licensee's possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks. Licensee also must, within 20 days, alter the appearance of the Restaurant, including, removal or substantial modification of any trade dress, so as to differentiate the Restaurant unmistakably from duly licensed stores and restaurants identified by the Trademarks.
- (C) If Licensee does not comply with this Section 14.2 within 20 days, Territory Operator or Company may enter the Authorized Location and remove all Restaurant signage, displays, photos or any other materials in Licensee's possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks, and Licensee must reimburse Territory Operator or Company for Territory Operator's or Company's costs incurred in connection with this removal.
- (D) If, despite not being permitted to do so, Licensee owns or controls any domain name registrations in connection with the Restaurant or that include any of the Trademarks, Licensee agrees to promptly transfer ownership of such domain names to Territory Operator or Company and execute any documents the

domain name registry requires in connection with the transfer of these domain name registrations to Territory Operator or Company.

14.3 Liable for Obligations. Licensee remains liable for its obligations under any applicable lease or sublease for the Restaurant premises and Authorized Location, and its other applicable obligations under this Agreement or any other agreement between Licensee and Territory Operator, Company, or their respective affiliates.

14.4 Amounts Owed. Licensee must pay all sums due Territory Operator, Company, or their respective affiliates or designees, or that Licensee owes to third parties which have been guaranteed by Territory Operator, Company, or any of their respective affiliates, within 10 days of the termination or expiration of this Agreement.

14.5 Purchase Option. Territory Operator may purchase or designate a third party to purchase all of the assets of the Restaurant that are owned by Licensee or any of Licensee's affiliates including, the land, building, equipment, fixtures, signage, furnishings, supplies, leasehold, leasehold improvements, and inventory of the Restaurant, upon the following conditions:

- (A) Territory Operator must give Licensee written notice of its intent to exercise its purchase rights under this Section 14.5 within 30 days after the date of the expiration or termination of this Agreement.
- (B) The purchase price will be at a price determined by a qualified appraiser paid for by Territory Operator and selected with the consent of both parties. The price determined by the appraiser will be the reasonable fair market value of the assets based on their continuing use in, as, and for the operation of a DQ Grill & Chill® restaurant or DQ® store and the appraiser will designate a price for each category of asset (e.g., land, building, equipment, fixtures, etc., but not goodwill). If the parties cannot agree upon an appraiser, either party may petition a judge of the United States District Court for the District in which the Authorized Location is located to appoint an appraiser.
- (C) Within 45 days after Territory Operator's receipt of the appraisal report, Territory Operator must inform Licensee if Territory Operator or its designee intends to purchase any or all of the assets at the price in the appraisal report. Territory Operator or its designated purchaser and Licensee must complete and close the purchase of the designated assets in a commercially reasonable time and manner. Territory Operator may reduce the price paid for the assets by any unpaid portion of the termination fee due under Section 13.2(D) of this Agreement.
- (D) Upon Territory Operator's or its designated purchaser's exercise of the purchase option and tender of payment, Licensee agrees to sell and deliver, and cause its affiliates to sell and deliver, the purchased assets to Territory Operator or its designated purchaser, free and clear of all encumbrances, and to execute and deliver, and cause its affiliates to execute and deliver, to Territory Operator or its designated purchaser a bill of sale for the assets or

any other documents as may be commercially reasonable and customary to effectuate the sale and transfer of the assets being purchased.

14.6 Post-Term Noncompete. Licensee and the Principal Owners cannot directly or indirectly (including acting as a lessor, lessee, officer, director, partner, employee, consultant, shareholder or lender) own, operate, lease, engage in, conduct, have any interest in, or assist any other person or entity to engage in, any Competitive Business for 1 year after the date of expiration or termination by either party with or without cause (i) within 500 meters of the Authorized Location if the Authorized Location of the Restaurant is a Street Location, or (ii) within the building or venue that the Authorized Location was in if the Restaurant is a Captive-Venue Location.

14.7 Confidentiality. Licensee and its Owners shall comply with the confidentiality provisions of Section 6.12 of this Agreement.

14.8 Time Period for Bringing Claims. Claims by Territory Operator for underreporting Gross Sales, for indemnification, or for claims related to Territory Operator's or Company's rights under the Trademarks are subject only to the applicable state or federal statute of limitations. Any other claim arising out of or relating to this Agreement, the relationship of the parties, Territory Operator's operation of its business, Company's operations relating to the Franchise System, or Licensee's operation of the Restaurant will be barred unless filed before the expiration of the earlier of:

- (A) The time period for bringing an action under any applicable state or federal statute of limitations;
- (B) 1 year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or
- (C) 2 years after the first act or omission giving rise to an alleged claim.

15. GENERAL PROVISIONS.

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

15.2 Waiver/Integration. No waiver by Territory Operator of any breach by Licensee, nor any delay or failure by Territory Operator to enforce any provision of this Agreement, will be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce Territory Operator's rights with respect to that or any other or subsequent breach. Subject to Territory Operator's and Company's rights to modify their standards in the Operations Manuals, and except as otherwise provided in this Agreement, this Agreement cannot be waived, altered or

rescinded, in whole or in part, except by a writing signed by Licensee and Territory Operator and consented to by Company. This Agreement (including its addenda) is the sole agreement between the parties with respect to the entire subject matter of this Agreement, and embodies all prior agreements and negotiations with respect to the Restaurant. Nothing in this Agreement (including its addenda), or in any related agreement, is intended to disclaim the representations Territory Operator or Company made in the franchise disclosure document.

15.3 Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for in this Agreement must be in writing and signed by the party serving it and delivered personally, by a reputable overnight service or deposited in the United States mail (by registered or certified mail if it is a notice of default), service or postage prepaid, or as otherwise provided in the Operations Manuals. A notice delivered by an overnight service is deemed received the day after it is given to the overnight service; a notice delivered by regular, registered or certified mail is deemed received 4 days after it is given to the United States Postal Service, or any shorter period in which the notice was actually delivered. Notices will be addressed as follows:

- (A) If intended for Territory Operator, shall be addressed to Territory Operator at the address hereinabove designated;
- (B) If intended for Licensee, addressed to Licensee at the Authorized Location designated on the cover page. If Licensee is an entity or consists of more than one individual, then Licensee must designate a single individual to receive notices under this Agreement and identify this person on the Ownership and Management Addendum attached to this Agreement. Legal notices sent to the designated individual will be deemed received by the Licensee;
- (C) If intended for Company, shall be addressed to the President, American Dairy Queen Corporation, 8000 Tower, Suite 700, 8331 Norman Center Drive, Bloomington, MN 55437; or,
- (D) To another address as designated by written notice to the other party.

15.4 Authority. Any modification, consent, approval, authorization or waiver granted under this Agreement that is required to be effective by signature will be valid only if in writing and executed by an authorized signatory of Licensee on behalf of Licensee, or if on behalf of Territory Operator, an authorized signatory of Territory Operator, or, if on behalf of Company, in writing executed by its President or one of its Vice Presidents.

15.5 References. If Licensee consists of 2 or more individuals, the individuals are jointly and severally liable, and references to Licensee in this Agreement include all individuals. Headings and captions in this Agreement are for convenience of reference and should not be taken into account in construing or interpreting this Agreement.

15.6 Guarantee. If Licensee is a corporation, partnership, limited liability company or other entity, then all Owners must sign the undertaking and guarantee at the end of this Agreement. Any person or entity that becomes an Owner after the date of this Agreement must sign the form of undertaking and guarantee at the end of this Agreement.

15.7 Successors/Assigns. Subject to the terms of Section 11, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

15.8 Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties rights under this Agreement, and the relationship between the parties:

- (A) Applicable Law and Waiver. Subject to Company's rights under federal trademark laws and the parties' rights under the FAA in accordance with Section 12 of this Agreement, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state in which the Authorized Location is located. Licensee waives, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Authorized Location is located.
- (B) Exercise of Rights. Whenever this Agreement provides that Territory Operator and/or Company have a certain right, that right is absolute and the parties intend that Territory Operator's and/or Company's exercise of that right will not be subject to any limitation or review. Territory Operator and/or Company have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.
- (C) Reasonable Business Judgment. Whenever Territory Operator and/or Company reserve or are deemed to have reserved discretion in a particular area or where Territory Operator and/or Company agree or are deemed to be required to exercise their rights reasonably or in good faith, Territory Operator and/or Company will satisfy their obligations whenever they exercise Reasonable Business Judgment (as defined below) in making their decision or exercising their rights. A decision or action by Territory Operator and/or Company will be deemed to be the result of "Reasonable Business Judgment," even if other reasonable or even arguably preferable alternatives are available, if Territory Operator's and/or Company's decision or action is intended, in whole or significant part, to promote or benefit the Franchise System (or one or more components of it) generally even if the decision or action also promotes a financial or other individual interest of Territory Operator and/or Company. Examples of items that will promote or benefit the Franchise System include enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the Franchise System (or one or more components of it). Neither Licensee nor any third party (including, without limitation, a trier of fact) will substitute its judgment for Territory Operator's or Company's Reasonable Business Judgment.

15.9 Venue. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration

under Section 12, must be brought in Missoula, Montana, or at such other place as may be mutually agreeable to the parties. The parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this Section 15.9 survive the termination of this Agreement. Licensee is aware of the business purposes and needs underlying the language of this Section 15.9, and agrees to be bound in the manner set forth.

15.10 Waiver of Punitive Damages. Licensee, Territory Operator, Company, and their respective affiliates, waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each shall be limited to the recovery of actual damages sustained by it.

15.11 Relationship of the Parties.

(A) Independent Contractor Relationship. Under this Agreement, Licensee is an independent contractor with entire control and direction of the Restaurant, subject only to the terms of this Agreement. This Agreement is not intended to, and does not create a fiduciary relationship, a relationship of special trust or confidence, or any other special relationship between the parties, or make any party a principal, agent, legal representative, parent, affiliate, subsidiary, joint venturer, partner, employer, joint employer, employee or servant of any other party for any purpose. In that regard:

- (1) Territory Operator and Company have no right or duty to operate the Restaurant, and disclaim any liability under this Agreement for any damages arising out of the operation of the Restaurant.
- (2) Licensee is solely responsible for recruiting, interviewing, hiring, timekeeping, scheduling, payroll processing, supervising, disciplining and firing its personnel, and its personnel are not employees, independent contractors or agents of Territory Operator or Company. Neither Territory Operator nor Company has the power, responsibility or liability in respect to these or related matters, or the right or duty to supervise, or to exercise control over, Licensee's personnel in the operation of the Restaurant. Territory Operator and Company disclaim any rights or responsibilities as to Licensee's personnel. Licensee is solely responsible for consulting with its own third party human resources ("HR") service provider and/or legal counsel concerning compliance with personnel laws and regulations that are applicable to the operation of the Restaurant, and for complying with those laws and regulations.
- (3) Except as provided in this Agreement, Licensee is solely responsible for training its personnel. To the extent that Territory Operator or Company provides Licensee with guidelines, recommendations, materials or other resources related to training its management and non-management personnel, unless Licensee is required by this Agreement to use those training resources, Licensee may use those training resources, or may choose to use alternate training resources, so long as Licensee's personnel are trained to operate the Restaurant in a System-compliant, legal and safe manner.

(4) Licensee is solely responsible for establishing and enforcing its own policies related to personnel practices and labor relations. To the extent that Territory Operator or Company provides Licensee with guidelines, recommendations, materials or other resources related to personnel practices and labor relations, Licensee may use those resources, or may choose to use alternate resources. Licensee is solely responsible for consulting with its own third party HR service provider and/or legal counsel concerning compliance with personnel and labor relations laws and regulations that are applicable to the operation of the Restaurant, and for complying with those laws and regulations.

(B) Notices to Public, Etc. During the term of this Agreement, Licensee agrees to hold itself out, to the public, public officials, its suppliers, its independent contractors and others, as an independent contractor operating the Restaurant pursuant to rights granted by Territory Operator and Company, but not jointly with Territory Operator and Company. Licensee agrees to take any reasonable actions that Territory Operator and Company consider necessary to that end, including exhibiting notices of the parties' relationship in a conspicuous manner at the Restaurant, and on websites, letterhead, forms, business cards, electronic communications, advertisements, and other materials Territory Operator and Company designate. Territory Operator and Company reserve the right to specify and change the content and form of these notices.

(C) Statements to and Acknowledgements by Employees. During the term of this Agreement, Licensee must hold itself out to its prospective employees, and to its employees, as an independent contractor operating the Restaurant pursuant to rights granted by Territory Operator and Company, but not jointly with Territory Operator and Company. Licensee must take any reasonable actions that Territory Operator and Company consider necessary to that end, including (i) stating conspicuously on each employment application that the prospective employee is applying to be Licensee's employee and not an employee of Territory Operator or Company, (ii) stating Licensee's entire business name, rather than just using Company's brand name and/or logo, on Licensee's payroll checks and/or payroll-related communications to employees, and (iii) requiring employees to sign acknowledgements that they are not employees of Territory Operator or Company, even though they are selling products and services identified by Company's brand name and/or logo, are receiving payroll checks and other communications that contain Company's brand name and/or logo, may have applied for jobs through Territory Operator's or Company's website(s), or may communicate with or receive non-mandatory feedback, coaching or recommendations from representatives of Territory Operator and Company in emails or other electronic or written communications, or during telephone calls, meetings or inspections. Territory Operator and Company reserve the right to specify and change the content and form of these statements and acknowledgements.

(D) Contracts, Etc. Nothing in this Agreement authorizes Licensee to make any contract, agreement, warranty or representation on Territory Operator's or Company's behalf; to incur any obligation, debt or expense in Territory Operator's

or Company's name; or to make any representation to any third party tending to indicate a business relationship with Territory Operator or Company beyond that created under this Agreement. Territory Operator and Company disclaim any liability for, and will not be liable under this Agreement for any claim or judgment arising as a result of, any such action. Under this Agreement, no party is responsible for any obligations, debts or expenses of any other party

15.12 Force Majeure. A failure of performance of this Agreement by any party will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of the party, provided that the party uses reasonable best efforts to perform the obligations as soon as possible under the circumstances. Such causes include acts of God, lockouts, strikes, wars, riots, and acts of government.

15.13 Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the Franchise System. Accordingly, Territory Operator and Company may vary the Menu, and other standards, specifications, and requirements, for any licensed store or restaurant, licensee or sublicensee, based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance, or any other condition that Territory Operator and/or Company deem to be of importance to the operation of such store or restaurant, Licensee's business, or one or more components of the Franchise System. Neither Territory Operator nor Company is required to grant to Licensee a like or other variation as a result of any variation from any standard, specification or requirement granted to any other store or restaurant, or licensee or sublicensee. Licensee acknowledge that it is aware that other licensees and sublicensees of Territory Operator and Company operate under a number of different forms of franchise or operating agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to such other agreements may differ materially in certain instances from Licensee's rights and obligations under this Agreement. Territory Operator and/or Company may periodically modify or rescind any standard, specification or requirement prescribed by Territory Operator and/or Company under this Agreement to adapt the Franchise System to changing conditions, competitive circumstances, business strategies, business practice innovations, and technological changes as Territory Operator and/or Company deem appropriate.

15.14 Notice of Potential Profit. Territory Operator, Company and/or the affiliates of either may make available goods, products, or services to Licensee for use in the Restaurant and may make a profit on the sale of these items. Territory Operator, Company and/or the affiliates of either may receive and retain consideration from suppliers or manufacturers for services rendered, license rights, or sales of goods, products, or services to Licensee. The consideration may or may not be related to services performed and Territory Operator, Company and/or the affiliates of either are entitled to these profits or consideration.

15.15 Licensed Restaurants. Each reference herein to a licensee or a licensed store or restaurant shall be deemed to refer equally to any store or restaurant operated hereunder by Territory Operator for Territory Operator's own account.

15.16 Effective Date. This Agreement shall be effective on the date it is signed by Territory Operator. However, as described in Section 2.2 hereof, the license to use the Trademarks is not effective and Licensee does not have the right to, and shall not, open and commence

operation of a Restaurant at the Authorized Location until Territory Operator notifies Licensee that Company has consented to this Agreement, and Territory Operator notifies Licensee that Licensee has satisfied all of the pre-opening conditions set forth in this Agreement. If Company does not consent to this Agreement, Territory Operator will declare the Agreement null and void, and Territory Operator and Company will refund to Licensee all deposits, including the initial franchise fee, ~~after deducting less~~ a cancellation fee of ~~the greater of \$10,000 or Territory Operator's and Company's actual expenses incurred in connection with processing Licensee's application and providing services for Licensee's benefit, including any training programs.~~

15.17 Including. Unless the context requires otherwise, the term "including" means "including but not limited to."

16. DEFINITIONS.

16.1 Assistant Manager. Assistant Manager means an individual who personally invests his or her full time and attention and devotes his or her best efforts to the on-premises general management of the day-to-day operations of the Restaurant under the supervision of the Designated Manager, meets Territory Operator's and Company's prior restaurant or retail management experience requirements, and does not participate in the active operation or management of any business other than the Restaurant.

16.2 Authorized Location. Authorized Location is the location of the Restaurant designated on the cover page to this Agreement.

16.3 Business Records. Business Records means Licensee's books and records relating to the Restaurant, and includes balance sheets, profit and loss statements, records of prices and special sales, check registers, purchase records, sales summaries, inventories, and other detailed information about daily sales, cost of sales, and other relevant records or information.

16.4 Captive-Venue Location. Captive-Venue Location means a location in a shopping mall (enclosed or open air, such as a lifestyle center) with a minimum of 500,000 square feet of gross leasable area, transportation terminals, hospitals, college and university facilities, parks and recreation areas, office buildings and other locations that cater to high volume walking traffic.

16.5 Competitive Business. Competitive Business means a quick service restaurant that serves hamburgers but does not serve alcohol, or a restaurant or business that generates more than 10% of its revenue from sales of ice cream, yogurt, frozen custard, fruit-based beverages, soft serve or other frozen treats.

16.6 Computer Systems. Computer Systems means the computer systems, including hardware and software, or other existing or future communication. data storage or security systems that may be designated by Company, which meet Company's standards as periodically modified in response to business, operations and marketing conditions.

16.7 Confidential Information. Confidential Information includes the standards, guidelines and recommendations, and other information in the Operations Manuals, costs, and knowledge of and experience in the development and operation of DQ stores and restaurants that Territory Operator and/or Company communicate to Licensee, or that Licensee otherwise acquires in operating the Restaurant under the System. Confidential Information does not include information, processes or techniques that are generally known to the public, other than through

disclosure (whether deliberate or inadvertent) by Licensee or other individuals under an obligation to keep the information confidential.

16.8 Controlling Owner. Controlling Owner means the Owner who actively directs Licensee's business affairs relating to the Restaurant and is responsible for overseeing the general management of the day-to-day operations of the Restaurant. Licensee must identify its Controlling Owner on the Ownership and Management Addendum attached to this Agreement.

16.9 Designated Manager. Designated Manager means an individual who personally invests his or her full time and attention and devotes his or her best efforts to the on-premises general management of the day-to-day operations of the Restaurant, meets Territory Operator's and Company's prior restaurant or retail management experience requirements, and does not participate in the active operation or management of any business other than the Restaurant. Licensee must identify its Designated Manager on the Ownership and Management Addendum attached to this Agreement.

16.10 EPOS System. EPOS System means an electronic point-of-sale system, including hardware, software, payment processing and security components, that meets the standards established by Territory Operator and Company, as modified periodically in response to business, operations and marketing conditions.

16.11 Franchise System. Franchise System means the franchised network of DQ stores and restaurants, regardless of the concept or type of location, which operate under one or more of the Trademarks.

16.12 Gross Sales. Gross Sales means the total revenue and receipts from the sale of all products sold by the Restaurant, whether paid for by cash, credit (not adjusted for credit card fees) or gift card, barter, or otherwise, including sales of all products under any of the Trademarks as well as sales of other products, services and merchandise, whether or not identified by other brand names, and excluding sales taxes and revenue and receipts arising directly from Licensee's sale of gift cards.

16.13 Menu. Menu means the menus designated by Company in the Operations Manuals or otherwise in writing.

16.14 Operations Manuals. Operations Manuals means Company's most current operations materials, which include manuals, resource guides, system bulletins, handbooks, product preparation materials, brand guidelines, and other written materials relating to the Restaurant, the System, or the Franchise System.

16.15 Owner. Owner means any person or entity who directly or indirectly owns an interest in Licensee. An Owner includes each shareholder, member, or owner of a corporation, limited liability company or other entity, each general partner of a partnership and, if a general partner is an entity, each owner of an interest in the general partner. If the Licensee is more than one individual, each individual is an Owner. The Owners are identified on the Ownership and Management Addendum attached to this Agreement.

16.16 Powders. Powders means the Orange Julius Flavor Enhancer powder and all other proprietary powders and products used in the preparation of Orange Julius trademarked drinks.

16.17 Principal Owner. Principal Owner means any Owner who directly or indirectly owns a 10% or greater interest in Licensee.

16.18 Restaurant. Restaurant means Licensee's DQ store or restaurant developed and operated under this Agreement at the Authorized Location using the System and the Trademarks.

16.19 Street Location. Street Location means a location in a freestanding building, streetscape location, or strip mall with less than 500,000 square feet of gross leasable area.

16.20 System. System means the DQ system which consists of the sale of distinctive dairy products, beverages, food products and other products and services under the Trademarks using distinctive facilities, equipment (including the EPOS System and Computer Systems), supplies, ingredients, secret and proprietary formulas, standards, designs, menu items, recipes, techniques, procedures, methods, requirements, formats, management systems, Operations Manuals, and sales promotion programs, as they may be modified and improved periodically by Territory Operator and Company.

16.21 Trademarks. Trademarks means the trademarks, trade names and commercial symbols designated by Company in the Operations Manuals or otherwise in writing, which may be modified periodically by Company. Licensee acknowledges and agrees that Licensee is authorized to use only the Trademarks for the type of Restaurant that is authorized to be operated under this Agreement.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on the dates written below.

LICENSEE: (For an Entity)

LICENSEE: (For an Individual)

Date: _____

Date: _____

a _____
(Please type or print name and type of entity)

Name: _____
(Please type or print)

Signature: _____

By: _____
(Signature of person signing on behalf of entity)

Date: _____

(Please type or print name of person signing on behalf of entity)

Name: _____
(Please type or print)

Signature: _____

Its: _____
(Please type or print title of person signing on behalf of entity)

TERRITORY OPERATOR:

DAIRY QUEEN MONTANA/
NORTH DAKOTA LLC

By: _____

Its: _____

Date: _____

CONSENT:

AMERICAN DAIRY QUEEN
CORPORATION

By: _____

Its: _____

Date: _____

MINNESOTA RIDER TO OPERATING AGREEMENT

The Operating Agreement is amended and revised as follows for use in Minnesota:

A. Section 3.2 is modified to add the following language:

Minn. Stat. Sec. 80C, Subd. 1(g) requires that Territory Operator and Company protect Licensee's right to use the trademarks or indemnify Licensee from any loss, costs or expenses arising out of any claim, suit or demand regarding Licensee's use of the trademarks. Territory Operator and Company will do so if Licensee was using the trademarks in accordance with the Operating Agreement and Territory Operator's and Company's instructions, Licensee promptly notifies Territory Operator and Company of any such claims, and Licensee tenders the defense of the claim to Territory Operator and Company.

B. Section 12.2, the 3rd and 4th sentences, are deleted and replaced with the following language:

Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by Licensee, Territory Operator or Company shall forthwith be entitled to seek an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. Similarly, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by Territory Operator or Company, Licensee shall forthwith be entitled to seek an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators.

C. Section 13 is modified to include the following language:

With respect to subfranchises governed by Minnesota law, Territory Operator will comply with Minn. Stat. Sect. 80C.14, subs. 3, 4 and 5, which require, except in certain specified cases, that Licensee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the subfranchise.

D. Section 14.8 is modified to add the following language:

Minn. Stat. Sec. 80C, Subd. 5 requires that no action may be commenced more than 3 years after the cause of action accrues.

E. The Operating Agreement is modified to state:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit a 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 a franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) a franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, a franchisor must comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require that consent to the transfer of a franchise will not be unreasonably withheld.

Minn. Rule 2860.4400 (D) prohibits a franchisor from requiring a franchisee to assent to a release that would relieve any person from liability imposed by the Minnesota Franchise Act, except in connection with the voluntary settlement of a dispute.

F. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have executed the foregoing Minnesota Rider to the Operating Agreement as of the dates written below.

LICENSEE: (For an Entity)

Date: _____

a _____

(Please type or print name and type of entity)

By: _____

(Signature of person signing on behalf of entity)

(Please type or print name of person signing on behalf of entity)

Its: _____

(Please type or print title of person signing on behalf of entity)

LICENSEE: (For an Individual)

Date: _____

Name: _____

(Please type or print)

Signature: _____

Date: _____

Name: _____

(Please type or print)

Signature: _____

TERRITORY OPERATOR:
DAIRY QUEEN MONTANA/
NORTH DAKOTA LLC

By: _____

Its: _____

Date: _____

CONSENT:
AMERICAN DAIRY QUEEN
CORPORATION

By: _____

Its: _____

Date: _____

NEW YORK RIDER TO OPERATING AGREEMENT

The Operating Agreement is amended and revised as follows for use in New York:

A. Section 10.2 is modified to add the following sentence before the word "Licensee" in the 10th line:

However, Licensee shall not be required to hold harmless or indemnify Territory Operator, Company and/or any affiliate of either for any claim arising out of a breach of this Agreement by Territory Operator or any other civil wrong of Territory Operator.

B. Section 11.6 is modified to include the following language:

However, Territory Operator shall not make any transfer or assignment except to a person who, in the good faith judgment of Territory Operator, is willing and able to assume Territory Operator's obligations under this Agreement.

C. Section 12.2, the 3rd line, is modified to delete "shall forthwith be entitled to" and to substitute "shall forthwith be entitled to apply for".

D. Section 15.13 is modified to add the following sentence:

No modification of any Menu and/or standard by Territory Operator and/or Company or any modification of this Agreement shall impose any new or different requirement which unreasonably increases Licensee's obligations or places an excessive economic burden on Licensee's operations.

E. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have executed the foregoing New York Rider to the Operating Agreement as of the dates written below.

LICENSEE: (For an Entity)

LICENSEE: (For an Individual)

Date: _____

Date: _____

_____,
a _____
(Please type or print name and type of entity)

Name: _____
(Please type or print)

By: _____
(Signature of person signing on behalf of entity)

Signature: _____

Date: _____

(Please type or print name of person
signing on behalf of entity)

Name: _____
(Please type or print)

Its: _____
(Please type or print title of person
signing on behalf of entity)

Signature: _____

TERRITORY OPERATOR:

DAIRY QUEEN MONTANA/
NORTH DAKOTA LLC

By: _____

Its: _____

Date: _____

CONSENT:

AMERICAN DAIRY QUEEN
CORPORATION

By: _____

Its: _____

Date: _____

NORTH DAKOTA RIDER TO OPERATING AGREEMENT

This Rider is entered into this _____, 20__ (the “**Effective Date**”), between Dairy Queen Montana / North Dakota LLC, a Montana limited liability company, with its principal business address at 11300 Chumrau Loop, Missoula, MT 59802, (“**we**,” “**us**” or “**our**”), and _____, a _____ whose principal business address is _____

(“**you**” or “**your**”), and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Renewal.** Section 4.3 (G) of the Agreement is modified to state: "Licensee and each Principal Owner sign a general release, in a form acceptable to Territory Operator, of all claims against Territory Operator and Company, and their respective affiliates, officers, directors, employees and agents, except any claims arising under the North Dakota Franchise Investment Law; and."

3. **Arbitration.** Section 12.1 (D) of the Agreement is amended to add the following sentence: "Under the North Dakota Franchise Investment Law, if applicable, the site of arbitration must be agreeable to all parties and may not be remote from your place of business."

4. **Termination Fee.** Section 13.2 (D) of the Agreement is deleted.

5. **Covenants Not to Compete.** Section 14.6 of the Agreement is amended to add the following sentence: "Covenants not to compete such as those referenced in this Section 14.6 are generally considered unenforceable in the State of North Dakota."

6. **Consent to Jurisdiction.** Section 15.9 of the Agreement is amended to add the following sentence: "The North Dakota Franchise Investment Law, if applicable, prohibits us from requiring you to consent to the jurisdiction of courts outside North Dakota, including courts in Montana."

7. **Governing Law.** Section 15.8 (A) of the Agreement is amended to add the following sentence: "The North Dakota Franchise Investment Law, if applicable, requires all claims to be governed by North Dakota law and brought in courts of competent jurisdiction in North Dakota."

8. **Waiver of Trial By Jury.** Section 12.4 of the Agreement is amended to add the following sentence: "The North Dakota Franchise Investment Law, if applicable, prohibits us from requiring you to waive trial by jury for any claims arising under the North Dakota Franchise Investment Law."

9. **Waiver of Exemplary and Punitive Damages.** Section 15.10 of the Agreement is amended to add the following sentence: "The North Dakota Franchise Investment Law, if applicable, prohibits us from requiring you to waive exemplary and punitive damages for any claims arising under the North Dakota Franchise Investment Law."

10. **Agreements/Releases.** You will not be required to sign a General Release for any claim arising under the North Dakota Franchise Investment Law.

11. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

LICENSEE: (For an Entity)

Date: _____

_____,
a _____
(Please type or print name and type of entity)

By: _____
(Signature of person signing on behalf of entity)

(Please type or print name of person
signing on behalf of entity)

Its: _____
(Please type or print title of person
signing on behalf of entity)

LICENSEE: (For an Individual)

Date: _____

Name: _____
(Please type or print)

Signature: _____

Date: _____

Name: _____
(Please type or print)

Signature: _____

TERRITORY OPERATOR:
DAIRY QUEEN MONTANA/
NORTH DAKOTA LLC

By: _____

Its: _____

Date: _____

CONSENT:
AMERICAN DAIRY QUEEN
CORPORATION

By: _____

Its: _____

Date: _____

WASHINGTON RIDER TO OPERATING AGREEMENT

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

RCW 19.100.180 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.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchise, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder 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.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

Pursuant to RCW 19.100.010(F), any person who receives financial incentives to refer franchise prospects to the franchisor may be required to register as a franchise broker under the

laws of Washington State. Accordingly, any franchisee may be required to register as a broker in order to receive referral bonuses pursuant to Section 7.9 of the Franchise Agreement.

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

LICENSEE: (For an Entity)

LICENSEE: (For an Individual)

Date: _____

Date: _____

_____,

Name: _____

a _____
(Please type or print name and type of entity)

(Please type or print)

Signature: _____

By: _____
(Signature of person signing on behalf of entity)

Date: _____

(Please type or print name of person
signing on behalf of entity)

Name: _____
(Please type or print)

Its: _____
(Please type or print title of person
signing on behalf of entity)

Signature: _____

TERRITORY OPERATOR:
DAIRY QUEEN MONTANA/
NORTH DAKOTA LLC

By: _____

Its: _____

Date: _____

CONSENT:
AMERICAN DAIRY QUEEN
CORPORATION

By: _____

Its: _____

Date: _____

UNDERTAKING AND GUARANTEE ADDENDUM TO OPERATING AGREEMENT

NOTE: IF LICENSEE IS A CORPORATION OR OTHER ENTITY, EACH OF ITS OWNERS MUST EXECUTE THE FOLLOWING UNDERTAKING AND GUARANTEE AS AN INDIVIDUAL AND NOT AS AN OWNER OR OFFICER OF THE CORPORATION OR OTHER ENTITY:

In consideration of the execution of the foregoing Operating Agreement ("Operating Agreement") by Territory Operator and Company, and for other good and valuable consideration, each and all of the Owners of Licensee, for themselves, their heirs, legal representatives, successors and assigns (referred to collectively as the "Guarantors") do hereby jointly, individually and severally guarantee the full and timely performance by Licensee of each and every obligation of Licensee arising under the Operating Agreement, including without limitation the payment of all amounts and the performance of all covenants, terms and conditions required under the Operating Agreement.

Further, the Guarantors, individually, jointly and severally, hereby agree to be personally bound by each and every condition and term contained in the Operating Agreement as though each of the Guarantors had executed an operating agreement containing the identical terms and conditions of the Operating Agreement, including without limitation the dispute resolution provisions, and any amendments, extensions, or other modifications to the Operating Agreement.

Each of the Guarantors waives: (i) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (ii) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; or (iii) any right that the Guarantors may have to require Territory Operator or Company, as a condition of liability or otherwise, to proceed against any other person or to proceed against or exhaust any security held by Territory Operator or Company at any time or to pursue any right of action accruing to Territory Operator or Company under the Operating Agreement. Territory Operator or Company has the right to either proceed against the Guarantors and Licensee, jointly and severally, or proceed against any of the Guarantors without having commenced any action, or having obtained any arbitration award or judgment, against Licensee.

The Guarantors individually, jointly and severally agree to pay all attorneys' fees and costs and other expenses incurred in connection with the enforcement of this Guarantee or with any negotiations related to such enforcement.

The Guarantors individually and collectively agree that each and every provision, covenant, and condition of this Guarantee shall inure to the benefit of Territory Operator's and Company's successors and assigns and that any liability or obligations arising under this Guarantee shall not be diminished or relieved by the insolvency, bankruptcy, or reorganization of Licensee or of Licensee's successors and assigns.

Signatures on next page

Name: _____
(Please type or print)

Name: _____
(Please type or print)

Signature: _____

Signature: _____

Address: _____

Address: _____

Telephone: _____

Telephone: _____

Name: _____
(Please type or print)

Name: _____
(Please type or print)

Signature: _____

Signature: _____

Address: _____

Address: _____

Telephone: _____

Telephone: _____

Name: _____
(Please type or print)

Name: _____
(Please type or print)

Signature: _____

Signature: _____

Address: _____

Address: _____

Telephone: _____

Telephone: _____

**OWNERSHIP AND MANAGEMENT ADDENDUM
TO OPERATING AGREEMENT**

1. Controlling Owner. Licensee represents and warrants to Territory Operator that the following person, and only the following person, shall be the Controlling Owner of Licensee:

<u>NAME</u>	<u>TITLE</u>	<u>ADDRESS</u>
-------------	--------------	----------------

2. Designated Manager. Licensee represents and warrants to Territory Operator that the following person, and only the following person, shall be the Designated Manager of Licensee:

<u>NAME</u>	<u>TITLE</u>	<u>ADDRESS</u>
-------------	--------------	----------------

3. Owners. Licensee represents and warrants to Territory Operator that the following persons and entities, and only the following persons and entities, shall be the Owners of Licensee:

<u>NAME</u>	<u>HOME ADDRESS</u>	<u>PERCENTAGE OF INTEREST</u>
-------------	---------------------	-------------------------------

4. Change. Licensee shall immediately notify Territory Operator in writing of any change in the information contained in this Addendum and, at Territory Operator's request, prepare and sign a new Addendum containing the correct information.

5. Effective Date. This Addendum is effective as of this ____ day of _____, 20__.

Licensee's Initials

Territory Operator's Initials

**COMMENCEMENT AND EXPIRATION DATES ADDENDUM TO
OPERATING AGREEMENT**

In accordance with Paragraph 4 of the Operating Agreement by and between Dairy Queen Montana / North Dakota LLC ("Territory Operator") and _____ ("Licensee"), dated _____, 20__ (the "Agreement"), the term of the Agreement shall commence on _____, 20__ and expire on _____, 20__. The foregoing dates shall supersede the dates noted in Paragraph 4 of the Agreement. Otherwise, the Agreement shall be in full force and effect as written.

TERRITORY OPERATOR:

DAIRY QUEEN MONTANA/
NORTH DAKOTA LLC

By: _____

Its: _____

Date: _____

**ADDITIONAL RESTAURANT DEVELOPMENT PROGRAM ADDENDUM
TO OPERATING AGREEMENT**

Addendum to Operating Agreement (the "Agreement") between Dairy Queen Montana / North Dakota LLC ("Territory Operator") and _____ ("Licensee"), dated _____, 20_____.

Notwithstanding any provision of the foregoing Agreement to the contrary, Territory Operator and Licensee agree as follows:

1. Initial Franchise Fee. Section 9.1 of the Agreement shall be waived in its entirety.
2. Transfer Fees. Section 11.3(E)(1) of the Agreement shall be amended in its entirety to provide as follows:

(i) Together with the application for consent of the transfer, as defined in Section 11.3(A), Licensee shall pay to Territory Operator a basic transfer fee in the amount of \$5,500 as a fee for the evaluation of the proposed transferee, furnishing one copy of the Operations Manual, and for any and all other expenses incurred and services rendered by Territory Operator in effecting the transfer. If Licensee is transferring a store or restaurant to a person located in a state or Canadian province where Territory Operator is not registered to offer and sell franchises, and if Territory Operator must register or otherwise comply with state or provincial laws, Licensee shall pay to Territory Operator an additional \$2,000 transfer compliance fee, before Territory Operator seeks to register under or otherwise comply with any state or provincial law, as reimbursement for Territory Operator's registration or compliance costs. Territory Operator has the right, effective January 1, 2025, and each 5-year anniversary thereafter, to increase the basic transfer fee and/or the transfer compliance fee by \$500 or more. If Territory Operator exercises Territory Operator's right of first refusal or declines to give Territory Operator's consent to a proposed transfer, Territory Operator shall refund to Licensee the basic transfer fee, less any actual expenditures or disbursements made by Territory Operator in direct connection with evaluating or processing the proposed transfer, together with an itemized statement of any such costs for which Territory Operator reimburses itself from the basic transfer fee. The basic transfer fee is not refundable in whole or in part under any circumstances except as expressly stated in this Agreement. Territory Operator shall waive the basic transfer fee set forth in this section in the event of a transfer as set forth in Section 11.7.

(ii) In the event of any transfer of Licensee's DQ license, as defined in Section 11.2, which requires the prior approval of Territory Operator and which takes place within 4 years after the commencement of Licensee's operation of the Restaurant, Licensee shall pay to Territory Operator before transfer, in addition to the basic transfer fee, any transfer compliance fee and any special transfer fee, an additional restaurant development discount reimbursement fee, based on the following formula:

Transfer:

Within 1 year of commencement of Licensee's operation -	\$25,000
1 st year to 2 nd year -	\$19,000
2 nd year to 3 rd year -	\$16,300
3 rd year to 4 th year -	\$13,600

This additional restaurant development discount reimbursement fee reimburses Territory Operator for the loss of the initial franchise fee that was waived in respect to the Restaurant. Territory Operator shall waive the additional restaurant development discount reimbursement fee set forth in this section in the event of a transfer as set forth in Section 11.7.

3. Affirmation. Except as specifically amended by this Addendum, the Agreement shall be in full force and effect as written.

4. Effective Date. This Addendum shall be effective as of the date of the Agreement and shall terminate upon the transfer of the Agreement or the termination of the Agreement, whichever shall first occur.

LICENSEE:

WITNESS:

ATTEST:

TERRITORY OPERATOR

DAIRY QUEEN MONTANA/
NORTH DAKOTA LLC

By _____

Its _____

**LEASE ADDENDUM TO
OPERATING AGREEMENT**

This Lease Addendum ("Addendum") is entered into between _____ ("Lessor"),
and _____ ("Lessee").

RECITALS

- A. The parties have entered into a Lease Agreement, dated _____, 20____, (the "Lease") for the premises located at _____ (the "Premises").
- B. Lessee, as a licensee of Territory Operator (as defined below), has agreed to use the Premises only for the operation of a restaurant from the Premises pursuant to an Operating Agreement (the "Operating Agreement") with _____ ("Territory Operator") under the name "DQ/Dairy Queen," "DQ/Orange Julius," "DQ Grill & Chill," or other name Territory Operator designates (the "Restaurant").
- C. The parties desire to amend the Lease in accordance with the terms and conditions contained in this Addendum.

AGREEMENT

Lessor and Lessee agree as follows:

- 1. Remodeling and Decor. Lessor agrees to allow Lessee to remodel, equip, paint and decorate the interior of the Premises and to display such proprietary marks and signs on the interior and exterior of the Premises pursuant to the Operating Agreement and any successor Operating Agreement under which Lessee may operate the Restaurant on the Premises.
- 2. Assignment. Lessee has the right to assign all of its right, title and interest in the Lease to Territory Operator, at any time during the term of the Lease, including any extensions or renewals, without first obtaining Lessor's consent. No assignment will be effective, however, until Territory Operator or its designated affiliate gives Lessor written notice of its acceptance of the assignment. If Territory Operator elects to assume the lease under this subparagraph or unilaterally assumes the lease as provided for in subparagraphs 3(c) or 4(a), Lessor and Lessee agree that (i) Lessee will remain liable for the responsibilities and obligations, including amounts owed to Lessor, arising prior to the date of assignment, and (ii) Territory Operator will have the right to sublease or assign the Lease to another licensee, provided the licensee agrees to operate the Restaurant as a DQ Grill & Chill® restaurant or DQ® store pursuant to an Operating Agreement with Territory Operator. Territory Operator will be responsible for the lease obligations incurred after the effective date of the assignment.
- 3. Default and Notice.
 - (a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor agrees to give Lessee and Territory Operator written notice of such default or violation within a reasonable time after Lessor knows of its occurrence. Lessor agrees to provide Territory Operator the written notice of default as written and on the same day Lessor gives it to Lessee. Although Territory Operator is under no obligation to cure the default, Territory Operator will notify Lessor if it intends to cure the default if Lessee does not, and to unilaterally assume Lessee's interest in the lease as provided in Paragraph 3(c). Territory Operator will have an additional

15 days from the expiration of Lessee's cure period in which to cure the default or violation.

- (b) All notices to Territory Operator must be sent by registered or certified mail, postage prepaid, to the following address:

Attention: _____

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

- (c) Upon Lessee's default and failure to cure a default under either the Lease or the Operating Agreement, Territory Operator has the right (but not the obligation) upon curing Lessee's default, to unilaterally assume Lessee's interest in the Lease.

4. Termination or Expiration.

- (a) Lessor acknowledges that, upon the expiration or termination of the Operating Agreement, Territory Operator has the right (but not the obligation) to unilaterally assume Lessee's interest in the Lease and agrees that, if Territory Operator does so, Lessor will look to Territory Operator as the lessee under the Lease for and after such date, provided Lessor receives written notice of the assumption from Territory Operator.
- (b) Upon the expiration or termination of the Lease, Lessor agrees to cooperate and allow Territory Operator to enter the Premises, without cost and without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a DQ Grill & Chill® restaurant or a DQ store and to make such other modifications as are reasonably necessary to protect the DQ Grill & Chill, Orange Julius and DQ marks and System, and to distinguish the Premises from DQ Grill & Chill® restaurants and DQ® stores. In the event Territory Operator exercises its option to purchase assets of Lessee, Lessor agrees to permit Territory Operator to remove all such assets being purchased by Territory Operator.

5. Consideration; No Liability.

- (a) Lessor acknowledges that the provisions of this Addendum are required pursuant to the Operating Agreement and that Lessee may not operate a Restaurant on the Premises without this Addendum.
- (b) Lessor acknowledges that Lessee is not an agent or employee of Territory Operator and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Territory Operator, any affiliate of Territory Operator or its parent corporation and that Lessor has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or against Territory Operator, any affiliate of Territory Operator or its parent corporation, except as expressly set forth herein.
- (c) Nothing contained in this Addendum makes Territory Operator, its affiliates or its parent corporation a party or guarantor to the Lease, and does not create any

liability or obligation of Territory Operator, its affiliates or its parent corporation, except as expressly set forth herein.

6. Modification. No amendment or variation of the terms of this Addendum is valid unless made in writing and signed by the parties and the parties have obtained Territory Operator's written consent.
7. Reaffirmation of Lease. Except as amended or modified in this Addendum, all of the terms, conditions and covenants of the Lease remain in full force and effect and are incorporated by reference and made a part of this Addendum.
8. Miscellaneous.
 - (a) Territory Operator is a third party beneficiary of this Addendum.
 - (b) References to the Lease and to the Operating Agreement include all amendments, addenda, extensions and renewals to the documents.
 - (c) References to Lessor, Lessee and Territory Operator include the successors and assigns of each of the parties.

IN WITNESS WHEREOF, the parties have executed this Addendum on _____, 20__.

LESSEE:

LESSOR:

By: _____
Title: _____

By: _____
Title: _____

EXHIBIT C

DESIGN SERVICES AGREEMENT



**AMERICAN DAIRY QUEEN CORPORATION
DESIGN SERVICES AGREEMENT**

LICENSEE: _____
ADDRESS: _____ DATE: _____
CITY/STATE: _____ STORE #: _____
PHONE: (C) _____ (H) _____

For a base fee of
\$3,000 (which
is included in
the initial new
store fee for
NRD/ARD
licensees that
have signed a
new operating
agreement and
paid the full
initial new store
franchise fee),
American Dairy
Queen
Corporation
("ADQ") shall
provide for use
by Licensee
FREESTANDI
NG NEW
RESTAURAN
T/PROTOTYP
ICAL DESIGN
INTENT
PLANS in the
form of
electronically
transferred plan
files ("Plans"),
which are to be
used by the
Licensee's
consultants to
prepare
construction
documents for
bidding and
construction use
for a DQ Grill
& Chill®
restaurant or
DQ® Treat
store located at
the following
Authorized

Location:STRE
ET:

CITY/STATE:

IMPORTANT: All Plans are and shall remain the property of ADQ. Plans are issued for use at the above address only. Any reproduction, use, or disclosure thereof to unauthorized persons or for any location other than that listed above is prohibited without the written consent of ADQ and subsequent purchase of plans for the proposed new location. Licensee (or its assigns) agrees to pay ADQ \$10,000 for each unauthorized use of the Plans.

Licensee must include the following language in any agreement with any contractor, architect, or other individuals doing work on the above-indicated store:

"The Prototypical Design Intent Plans" provided are the property of ADQ. Use of the plans and specifications is limited to the restaurant/store for which work is being contracted. The undersigned and its assigns agree to pay ADQ \$10,000 for each reproduction, use or disclosure thereof to unauthorized persons."

1. BUILDING DATA

A. Development Type	B. Building Type (check all applicable)
<input type="checkbox"/> NRD	<input type="checkbox"/> GC Core 34 (Food) <input type="checkbox"/> Breakfast (Food)
<input type="checkbox"/> ARD	<input type="checkbox"/> GC Core 46 (Food) <input type="checkbox"/> Mirror
<input type="checkbox"/> Relocation	<input type="checkbox"/> GC Core 60 (Food) <input type="checkbox"/> Texas (Food)
<input type="checkbox"/> Replacement	<input type="checkbox"/> DQ/OJ Core 36 (Treat)
<input type="checkbox"/> Development Right	
<input type="checkbox"/> Territory Operator	

C. Send electronic HUB File download information to:

E-Mail Address: _____

2. CODE COMPLIANCE

- A. All Plans provided by ADQ are subject to final review and approval by the developer and/or landlord as well as the local building officials for Licensee's restaurant/store location.
- B. The Plans provided by ADQ are per Minnesota code and may not comply with specific state and local requirements throughout the country. IT IS THE LICENSEE'S RESPONSIBILITY TO VERIFY THE COMPLIANCE OF THESE PLANS WITH LOCAL, STATE AND FEDERAL LAWS AND BUILDING CODE REQUIREMENTS AND TO REVISE THE PLANS ACCORDINGLY. THE COST TO REVISE SUCH PLANS IS TO BE BORNE BY THE LICENSEE.
- C. Under the Americans with Disabilities Act ("Act"), certain handicap accessibility requirements are placed on any "person" who owns, leases, leases to, or operates a place of public accommodation. As an owner, lessor, or operator of a restaurant, ADQ Licensees are liable for failures to accommodate disabled people as provided for in the Act. While ADQ employs its best efforts to see that all plans prepared by it comply with the ADA Accessibility Guidelines, it is not an insurer of and does not guarantee compliance, and cannot be responsible for failures by Licensees, their architects, or their contractors to construct buildings that comply with the Act. Consequently, you are advised to seek your own legal counsel in regard to ADA Accessibility Compliance and to ensure that the contractors with whom you work are aware, knowledgeable about, and committed to producing buildings in compliance with the Act.

3. The purpose of the Plans is to establish the design and construction standards for the prototype building. These Plans identify the brand image, design components and DQ® standards required and include:

- A. Site design/Photometrics
- B. Equipment layout and specifications
- C. Exterior and interior building finishes
- D. Exterior and interior details
- E. Exterior Signage
- F. Structural drawings to be utilized for establishing structural component sizes and spans.
- G. Mechanical design
- H. Electrical design
- I. Plumbing design

4. It is the responsibility of the Licensee and its licensed professionals to determine the most appropriate building structural system for the selected site. The Plans specify wood

construction, however, an alternative system may be utilized that does not alter the building image and brand identity.

5. OWNERSHIP AND MODIFICATIONS TO THE PLANS--If the Plans are modified by anyone other than ADQ, Licensee shall submit a copy of the modified plans to ADQ for review and written approval. Construction of a modified building shall not commence without plan approval from ADQ. ADQ must approve in writing any proposed alteration to previously approved building plans, including those ADQ or designee prepares. Further, if your local architect makes revisions to ADQ Plans, these revisions shall become the property of ADQ, and ADQ has the right to use those plans in any manner in the future.
6. EXPIRATION OF PLANS--Plans provided by ADQ are valid for six months from the date of issuance. After the six-month time period, Plans will no longer be valid unless Licensee has obtained a written extension from ADQ.
7. ACKNOWLEDGMENT OF LICENSEE'S CONSTRUCTION RESPONSIBILITIES--See attached Exhibit "A."
8. TO PROCEED, you must first sign this Agreement and send ~~it~~[the attached Non-Disclosure Letter, and send them](#) to:

AMERICAN DAIRY QUEEN CORPORATION
Attn: Architecture/Construction Dept.
8000 Tower, Suite 700
8331 Norman Center Drive
Bloomington, Minnesota 55437

Unless your store is a new ARD or NRD restaurant for which you paid the full, applicable initial franchise fee, you must include a check made payable to "American Dairy Queen Corporation" for payment of the base fee of \$3,000 indicated above.

9. LIABILITY AND INDEMNIFICATION--Licensee waives all claims against ADQ for damages to property or injuries to persons arising out of the design and/or construction of Licensee's building pursuant to this Agreement or in any way relating to the Plans or this Agreement. Licensee must fully protect, indemnify and defend ADQ and its affiliates and hold them harmless from and against any and all claims, demands, damages, and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of, in connection with, or incident to the Plans, the franchised location, this Agreement (regardless of cause or any concurrent or contributing fault or negligence of ADQ) or any breach or failure to comply with this Agreement.
10. INSURANCE--Licensee must purchase and maintain, at its own expense, ~~general~~ liability insurance in an amount equal to the greater of (a) \$2,000,000 per occurrence or a higher amount that ADQ may in the future require of similarly situated Licensees, (b) the amount

the lessor of the Restaurant premises may require or (c) the amount required under Licensee's operating agreement for the location. The insurance coverage must start no later than the date Licensee begins construction. Licensee must deliver to ADQ a certificate of insurance and additional insured and other endorsements showing compliance with this section. The insurance coverage must:

- A. Insure Licensee, ADQ, ADQ's affiliates and any other person or entity designated by ADQ by name from liability for any and all such damage and injury;
- B. Be written with a company rated no less than "A" by AM Best Insurance Rating;
- C. Name ADQ and its affiliates as an additional ~~insured~~insured; and
- D. Provide that ADQ will be given 30 days' prior written notice of material change in or termination or cancellation of the policy.

ADQ does not represent or warrant that any insurance that Licensee is required to purchase will provide adequate coverage for Licensee. The requirements of insurance specified in this Agreement are for ADQ's protection. Licensee should consult with its own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by ADQ.

- 11. **DISCLAIMER**--ADQ makes no warranty or representation regarding the Plans or any services or workmanship undertaken pursuant to those Plans. It is essential that Licensee performs its own due diligence to determine whether architects, contractors, and others are qualified and right for the needs of the project. It is Licensee's sole responsibility to ensure that it complies with all applicable federal, state, and local laws, codes and regulations.

LICENSEE

BY:

AMERICAN DAIRY QUEEN CORPORATION

Date _____

BY:

Date _____

EXHIBIT "A"

ACKNOWLEDGMENT OF LICENSEE'S CONSTRUCTION RESPONSIBILITIES

GENERAL

1. ENVIRONMENTAL SURVEYS/SOILS TESTING--It is the sole responsibility of Licensee to perform all environmental surveys of the property, including soils tests, and ADQ expressly disclaims any responsibility or liability for the environmental surveys. Soils tests shall include recommendations on building footings, foundation, and parking lot construction. It is STRONGLY recommended by ADQ that a qualified expert perform any tests prior to the purchase or lease of any property.
2. SITE INFORMATION--If a site feasibility drawing was prepared by ADQ for the location, its intent is to show, on a preliminary basis only, the relationship of the building and parking lot within the site. It is not a construction document but rather a guide for a civil engineer. Licensee should contract with a civil engineer to prepare drawings for the location. These drawings should include, but are not limited to:
 - A. Topography and boundary survey
 - B. Drainage/water retention plan
 - C. Final site and grading plan setting building floor slab elevation
 - D. Utilities connections from the building to sources off site
 - E. Site details (i.e., curb detail, parking lot section, culvert/ drain details, etc.)

BIDDING THE PROJECT

1. It is recommended that Licensee secure at least three bids from qualified, licensed contractors for the project. The contractors should submit an A.I.A. document A305-Contractor's Qualification Statement with their bid. This will provide background information on the contractor.
2. Items required by the contractors to bid the project include the drawings, specifications, owner supplied civil drawings, and a copy of the soils report.
3. It is ADQ's recommendation that Licensee require the bidding contractors to include in their bids to Licensee a performance bond equal in price to that of the proposed contract sum. This requirement should be made known to the bidding contractors at the time of letting the project out for bid.

SITE WORK

1. A provision has been made within the drawings for landscaping. It is recommended that Licensee contract with a local landscape architect to prepare the drawings and incorporate them into the site drawings. This should be a part of the general contractor's price, and Licensee should ensure contractors provide bids for this work.
2. Site lighting is indicated on the site feasibility plan. Refer to the plan electrical sheets for exact specifications of light fixtures. Verify local code requirements for specific lighting regulations.
3. The trash enclosure matches the aesthetics of the building. Licensee should inform the site engineer so that a detail can be provided within the site documents.
4. If Licensee is contemplating an underground sprinkler system in the future, a 4" PVC pipe should be laid underneath the drive aisles adjacent to landscape areas to facilitate waterlines without trenching the new paving.

BUILDING PLANS

1. No provision has been made for a floor safe. If one is desired by Licensee, he/she needs to inform the contractors at bid letting.
2. The footing and foundation depths on the drawings are illustrative only. Foundation requirements are to be made on a site specific basis and are dependent on local codes, ordinances and soils test results.
3. If a washer and dryer will be used in the building, electrical and plumbing connections need to be provided. Licensee should communicate this requirement to contractors prior to bidding.
4. The HVAC units on the roof are sized based on design load calculations and an average yearly temperature in the state of Minnesota. Heat loss/heat gain calculations need to be made by a mechanical engineer taking into consideration design load at the store location. The size of the unit may have to be adjusted. The need for a heat loss/gain calculation should be brought to the attention of the bidding contractors.
5. If a fireplace for the interior or exterior is to be installed (upon approval by ADQ) all specifications must comply with governing codes and regulations including safety protections from heat.

LICENSEE SUPPLIED ITEMS

1. There are several building components Licensee is to provide to the general contractor, which Licensee can purchase through N. Wasserstrom & Sons or its designee. Because of long lead time requirements, it is essential that Licensee order these items prior to ground break so as to not impede construction. These items may include:

~~A. Exhaust hoods~~

~~B. Decor item(s)~~

~~A. D. D.T. window~~

~~B. E. Walk-in cooler/freezer~~

~~C. F. Soft serve machines~~

~~D. G. Magnetic loop drive-thru detection system~~

~~E. H. Fryers~~

2. If Licensee is to supply any other items related to the construction of the store, these items should be identified prior to requesting bids in order to avoid double bidding. These items may include but are not limited to the following:

A. Mood Media (music system)

B. Integrated Technology Platform

C. Soft Drink System

D. Linen Supply (toilet accessories, hand washing supplies)

E. Menu Boards

F. Signage

G. Grease Retrieval

H. Exhaust hoods

I. Décor Items

RECOMMENDED MINIMUM REQUIREMENTS FOR LAND TITLE SURVEYS
WITH TOPOGRAPHIC & PUBLIC UTILITY DATA

All surveys must meet the following minimum requirements:

Physical Requirements

1. Survey shall be prepared at minimum of 1" = 20'.
2. Topography is to be shown on a 25' grid and shall include an area 100' outside of the described property.
3. A location vicinity map shall be provided.
4. A north arrow shall be shown.
5. The street address as it will appear in the records of the local municipality.
6. A complete and accurate, metes-and-bounds description to supplement lot, block, and tract number type information, but describes only the land surveyed.
7. Property lines with bearings, distances, arc length, chord, angle and radii, corner monuments identified; show P.O.B. of description and true P.O.B.; locate all easements of record and common usage. Note if calls are of record and/or as measured.
8. The area of the tract shall be shown in either square footage or acreage to the nearest one thousandth of an acre.
9. All existing trees, adjacent roadways, utility locations, power poles, building lines and easements recorded or apparent unrecorded are to be shown.
10. All existing improvements on or within 50' of the described property are to be shown and identified as to type and general condition.
11. Flow line elevations at sanitary and storm sewers are to be shown.
12. The condition of existing sidewalks, curb, gutters and adjacent streets shall be indicated.
13. Utilities--Locate all public and private utility lines adjoining or that will serve the property. Show size, type, manhole invert and rim elevation, direction of flow, utility pole identification numbers, valves, fire hydrants, traffic signal and street light poles, catch basins, drainage structures, etc. Include sanitary and storm sewers, natural gas, electrical, water, and telephone numbers.

14. Street--Right-of-way lines and proposed future dedications. Public roadways or rights-of-way adjacent to the surveyed property. Street median or other left turn barriers. Note ownership, jurisdiction, name and identification number of streets and highways.
15. Off-Site Improvements--Provide design standards for curb cuts, driveway approaches, new curb and gutters, sidewalks, curb and gutter elevations.
16. Show all monuments, stakes, or marks found or placed and note which were found and which were placed. Interior parcel lines must clearly indicate contiguity, gores and/or overlaps.
17. Show the locations, dimensions and type of all buildings on the surveyed property. Show their location by the shortest dimension of the exterior boundaries and their relationship to any known setback lines.
18. As a result of having viewed the property with reasonable diligence, show any physical evidence of possible easements such as roads, rights-of-way, railroads, drains, telephone, television cable service, telegraph or electric lines, water, sewer, oil or gas pipelines, driveways, billboards, etc. if they are on or run across the surveyed property and appear to serve the public or adjoining property owners. If there are any surface indications of underground easements such as manholes, pipeline markers, sewer or drain outlets, disturbed earth, etc. on (or near, if pertinent) the surveyed property, show them.
19. Show the existence of any lakes, ditches, streams, drainage basins or rivers running through or bordering on the premises being surveyed.
20. All field measurements must be balanced both as to angles and distances so as to provide a mathematical closure. Show the basis of bearings, assumed or otherwise. The plat of survey shall show the following information for any curve: length of arc, radius, central angle and bearing to the radius point from the beginning and end points of the curve.
21. Each survey shall be dated as to month, day and year on which property was surveyed.
22. Each survey shall be signed and sealed by the registered surveyor by whom, or under whose direction, such survey was made.

EXHIBIT D

DRAFT AUTHORIZATION FORM

ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION



NEW	CHANGE

Restaurant/Store # _____
 Location _____
 Date: _____

Attention: Bookkeeping Department

The undersigned hereby authorizes Dairy Queen Montana / North Dakota LLC, or any subsidiary or designee, to initiate ACH debit entries against the account of the undersigned with you in payment of amounts which become payable for goods and services by the undersigned to any of the above.

You are hereby directed to honor any such ACH debit entry initiated by any or all of the corporations or affiliates referred to above subject to the provisions of this authorization.

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

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

Sincerely yours,

*** DQ MT/ND also needs a VOIDED Check***

Account Name

Street Address

City State Zip Code

By _____

Its _____

Date _____

Bank Name

Street Address

City State Zip Code

Bank's Account Number

Customer's Account Number

EXHIBIT E

GIFT CARD PARTICIPATION AGREEMENT



EXECUTION

UNITED STATES GIFT CARD ENROLLMENT PACKET

Please use the overview and instructions on the following pages as a reference in completing the Gift Card enrollment packet. If you have any questions in completing these forms please contact the Gift Card Franchisee Support Help Desk at 1(866) 874-7901.

*****Missing information will result in application rejection, required resubmission and set up delays.**

Enrollment Packet Contents:

- Enrollment Cover Sheet
- Participation Agreement
- Credit Application
- Prepaid Implementations and Boarding Form

Section A: Participation Agreement

Instructions.....	Section A- Page 1-2
Participation Agreement.....	1-8
Exhibit A (ACH Authorization).....	A
Exhibit B (Schedule of Designated Locations).....	B
Exhibit C (Program Fees).....	C
Addendum #1 (Addendum for FD-150 Terminals).....	1-3

Section B: Credit Application

Instructions.....	Section B- Page 1
Credit Application	2
Prepaid Implementations and Boarding Form.....	3

US Dairy Queen Gift Card Enrollment Packet v081921



COVER SHEET GIFT CARD ENROLLMENT

Please include this cover sheet with your enrollment paperwork.

1. Select one then fill in date:

I am enrolling a NEW location (has never accepted Gift Cards before)

If so, anticipated date of opening is _____.

I am enrolling an existing location.

*If so, what was the date of sale/change in ownership _____,
or the anticipated date of sale/change in ownership _____?*

2. What is the Dairy Queen Store Number?

Store No. _____

3. Where should we send your initial inventory of DQ/OJ Gift Cards?

Use store location address

Other Address

Business Name: _____
 Street Address: _____
 City/St/Zip: _____
 Attn: _____
 Phone: _____

SECTION A: PARTICIPATION AGREEMENT

INSTRUCTIONS:

Step 1. **Print 2 copies** of the attached Participation Agreement.

Participation Agreement - Page 1

Step 2. On the first line, enter today's date.

Step 3. On the third line, enter the legal entity name of the Operated Location, Participating Franchisee or Sub-Franchisee.

Participation Agreement - Page 10

Step 4. On the first line, enter the legal entity name of the Operated Location, Participating Franchisee or Sub-Franchisee.

Step 5. On the remaining lines, sign and enter your name, title, street address, city, state and zip code of the legal entity name, telephone number, fax, email and today's date.

Participation Agreement, Exhibit A

Step 6. In **Section 4 of Exhibit A**, enter the bank name, account number, account title (example: legal entity name of Operated Location, Participating Franchisee or Sub-Franchisee) that account is under and account ABA routing number. Attach a voided check for the account.

Step 7. On the second page of **Exhibit A**, enter the legal entity name of the Operated Location, Participating Franchisee or Sub-Franchisee on the first line. On the remaining lines, sign and enter your name, title, street address, city, state and zip code of the legal entity name, telephone number, fax and email. Also, please enter your Tax ID number.

Participation Agreement, Exhibit B

Step 8. List each Dairy Queen or Orange Julius Store Number and address information for each Designated Location that you are signing up for the Program.

Participation Agreement, Addendum #1 (Addendum for FD-150 Terminals)

NOTE: Only use/complete the Addendum #1 if Operated Location, Participating Franchisee, or Sub-Franchisee chooses to rent or purchase a FD-150 terminal for use as a "Gift Card only" terminal (no processing).

Step 9. On the first line, enter today's date. On the third line, enter date Participation Agreement was signed (see step #2). These two dates do not need to be the same.

- Step 10. On page 2, **Section 2**, Election, mark your choice (Purchase or Rental). If you select Purchase, we suggest you also select the Equipment Replacement Program to cover your Terminals in case of malfunction.
- Step 11. On page 3, enter the legal entity name of the Operated Location, Participating Franchisee or Sub-Franchisee on the first line. On the remaining lines, sign and enter your name, title, street address, city, state and zip code of the legal entity along with the date Addendum #1 is signed.
- Step 12. Following page 3, complete and sign the **FD Prepaid Implementation and Boarding Form Version Dq**.
- Step 13. Return both completed and signed originals of the Participation Agreement and Credit Application to the following fax number:

FAX: 1- 402- 916- 8946

After processing your Participation Agreement, GIFT will return 1 fully executed copy of the Participation Agreement to you. Accompanying your copy of the Agreement will be a cover letter containing your GIFT Merchant ID Number and First Data Net log-on information with password to access your gift card reconciliation reports via the Internet.

EXECUTION

Participation Agreement for U.S. Franchisees and Sub-Franchisees of DQ GC Inc.

This "Participation Agreement" is between **First Data Resources, LLC, successor in interest to Gift Solutions LLC, f/k/a ValueLink, LLC ("GIFT")** and _____ [insert full legal name] ("**Operated Location**," "**Participating Franchisee**" or "**Sub-Franchisee**"), and shall be effective on the latest date that appears in the signature block. Unless otherwise indicated herein, "**party**" or "**parties**" refer to GIFT and/or Participating Franchisee or Sub-Franchisee. "**Processor**" refers to GIFT and its agents. A "**Designated Location**" is a Dairy Queen Restaurant and/or Orange Julius Store owned and operated by Participating Franchisee or Sub-Franchisee.

Background

- **DQ GC Inc. ("Client")** and GIFT entered into that certain Agreement, dated JUNE 14, 2006 (the "**Agreement**"), pursuant to which Client operates a stored value card program ("**Client's Program**" or the "**Program**") and GIFT provides to Client data processing and related services for the Program;
- Operated Location (which are Designated Locations operated by Client), Participating Franchisee or Sub-Franchisee (which collectively are franchisees of Client) desire to participate in the Program and Client has approved Operated Location, Participating Franchisee or Sub-Franchisee to participate in the Program; and
- Operated Location, Participating Franchisee or Sub-Franchisee will engage GIFT to provide, and GIFT has agreed to provide to Operated Locations, Participating Franchisee or Sub-Franchisee, the Services, as defined below, for the Program in accordance with the terms of this Participation Agreement.

The parties agree as follows:

- 1 **GIFT Responsibilities.** GIFT will provide these services (the "Services"):
 - 1.1 **Database; Reports.** GIFT will maintain a Database of Card Data. "**Card Data**" is the transaction record and current value of each Card recorded in the Database. The "**Database**" is the information repository software owned and operated by GIFT or its suppliers.
 - 1.2 **Authorization.** GIFT will respond to authorization requests and process Card transactions received at GIFT's data processing center in GIFT's designated format ("**Authorization**"). GIFT will reduce the Card balance by the amount authorized. Operated Locations, Participating Franchisee or Sub-Franchisee will obtain payment from the Cardholder for any deficiency between the purchase price and the amount authorized. "**Cardholder**" means any person possessing or using a Card or Card number. Authorizations will be provided in a real time or batch environment, as mutually agreed. Authorizations will be based on the available balance recorded in the Database. GIFT is not responsible for determining whether transactions are fraudulent, improper or otherwise unauthorized.
 - 1.3 **IVR; Help Desk.** GIFT will operate an IVR, 24 hours per day, 7 days per week for the processing of mutually agreed transactions. "**IVR**" means an automated interactive voice response system accessible from the U.S. and Canada through a toll free telephone number. GIFT shall provide the following help desks during the term of this Agreement: (i) a Level I help desk that will be available twenty-four (24) hours per day, seven (7) days per week (Christmas Day excluded), for the processing of transactions pursuant to this Agreement, which shall provide Cardholder and restaurant support from a toll free telephone number; and (ii) a Level II help desk that will be available Monday through Friday, 8:00 am to 8:00 pm ET, which shall provide restaurant support from a toll free telephone number that will be provided to Client.
 - 1.4 **Settlement.** GIFT will, through its Agents, and as Processor, provide certain settlement services to Client and Operated Locations, Participating Franchisee or Sub-Franchisee (the "**ACH Settlement Services**") through debits and credits to the Operated Locations, Participating Franchisee or Sub-Franchisee Account (as defined below) and the designated accounts of Client (the "**Merchant Account**") for the net value of Card Transactions. Operated Locations, Participating Franchisee or Sub-Franchisee must provide Client

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with an ACH Authorization in the form of **Exhibit A** hereto, and by executing this Participation Agreement, hereby confirms its authorization of Client and its service providers (including GIFT and Affiliated Processor, acting on behalf of Client) to initiate debit and credit entries to the Operated Locations, Participating Franchisee or Sub-Franchisee Account as necessary or appropriate to effect any Card transaction and all adjustments and corrections thereto, and as necessary or appropriate to effect any other transfer contemplated by this Participation Agreement. Operated Locations, Participating Franchisee or Sub-Franchisee shall comply with and be bound by any applicable law and the rules and regulations of the National Automated ClearingHouse Association as in effect from time to time.

- 1.5 **Returned Items.** In the event that any debit to Participating Franchisee or Sub-Franchisee Account is returned for any reason, including but not limited to, insufficient funds, Participating Franchisee or Sub-Franchisee authorizes Client and its service providers, acting on behalf of Client, to initiate a debit to the Participating Franchisee or Sub-Franchisee Account as set forth in the form of **Exhibit A** for the original debit amount plus any associated returned item fees (including, but not limited to the **"Returned Item Fee"** set forth on **Exhibit C** hereto). Nothing herein shall be construed to limit Client (as third party beneficiaries under this Participation Agreement) or GIFT's ability to collect any amounts owed under this Participation Agreement, and Client (as third party beneficiaries under this Participation Agreement) and GIFT expressly reserve the right to exercise any and all rights and remedies available under applicable law.
- 1.6 **License.** GIFT may provide or permit Operated Locations, Participating Franchisee or Sub-Franchisee to access computer software, enhancements thereto and updates, new releases, and copies thereof ("**Software**"). All right, title and interest in and to all Software will remain in GIFT or its suppliers and no title is transferred to Operated Locations, Participating Franchisee or Sub-Franchisee. GIFT grants to Operated Locations, Participating Franchisee or Sub-Franchisee, and Operated Locations, Participating Franchisee or Sub-Franchisee accepts, the nonexclusive, nontransferable right during the term of this Participation Agreement to use the Software solely to perform its obligations. Operated Locations, Participating Franchisee or Sub-Franchisee will not copy, modify, distribute, display, sublicense, rent, reverse engineer, decompile, create derivative works of, or disassemble the Software, nor will Operated Locations, Participating Franchisee or Sub-Franchisee allow anyone else to do so, except to the extent permitted by applicable law. Operated Locations, Participating Franchisee or Sub-Franchisee acknowledges that the Software is proprietary and Confidential Information of GIFT. Operated Locations, Participating Franchisee or Sub-Franchisee will not alter, remove, modify or suppress any notices in the Software.

2 Operated Location, Participating Franchisee or Sub-Franchisee Responsibilities.

- 2.1 **Card Production.** Operated Locations, Participating Franchisee or Sub-Franchisee will obtain all Cards for the Program from Client. A "**Card**" is a Client-issued plastic card with a magnetic stripe that accesses Card Data. Operated Locations, Participating Franchisee or Sub-Franchisee acknowledges that Client is responsible for the control and distribution of Cards to Operated Locations, Participating Franchisee or Sub-Franchisee under the Program.
- 2.2 **Operated Locations, Franchisee or Sub-Franchisee Account.** Operated Locations, Participating Franchisee or Sub-Franchisee shall establish and maintain a deposit account(s) (the "**Operated Locations, Franchisee or Sub-Franchisee Account**") at an insured depository institution (the "**Depository**") for the settlement of Card transactions and other transactions as authorized from time to time in the Program Procedures (as defined below, and collectively referred to as "**Card Transactions**").
- 2.3 **Distribution; Card Authorization Equipment.** Operated Locations, Participating Franchisee or Sub-Franchisee will actively promote the Program. Operated Locations, Participating Franchisee or Sub-Franchisee will request an Authorization in advance of each transaction. Operated Locations, Participating Franchisee or Sub-Franchisee will provide and maintain (i) all POS devices, telecommunications facilities and other equipment (collectively, "**Card Authorization Equipment**") required for Operated Locations, Participating Franchisee or Sub-Franchisee to electronically transmit Card transaction data from Designated Locations to GIFT; and (ii) any development, programming or other modifications to the Card Authorization Equipment as necessary to access and use Services and Service modifications. A "**POS**" is a

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point of sale terminal, device or system certified to GIFT specifications. The parties will test the Card Authorization Equipment for functionality prior to Program launch.

- 2.4 **Designated Locations.** Operated Locations, Participating Franchisee or Sub-Franchisee shall participate in the Program in each of its Designated Locations. Information regarding Operated Locations, Participating Franchisee or Sub-Franchisee's Designated Locations is set forth in the Schedule of Designated Locations, attached hereto as **Exhibit B**. During the Term, Operated Locations, Participating Franchisee or Sub-Franchisee shall notify GIFT of any changes necessary to keep **Exhibit B** updated, including, without limitation, any restaurant transfers or closures, and this Participation Agreement shall no longer apply with respect to such Designated Locations and, to the extent that Operated Locations, Participating Franchisee or Sub-Franchisee acquires an additional Designated Location, this Participation Agreement shall apply with respect to such new Designated Location. Each time Card Transactions are authorized at a Designated Location of Operated Locations, Participating Franchisee or Sub-Franchisee, Operated Locations, Participating Franchisee or Sub-Franchisee represents and warrants that **Exhibit B** is a complete list of its Designated Locations, and that the information contained therein is true and correct.
- 2.5 **Program Procedures.** The processes and procedures by which Operated Locations, Participating Franchisee or Sub-Franchisee sells Cards and enables use of Cards at Designated Locations are also part of the Program, and Operated Locations, Participating Franchisee or Sub-Franchisee shall be solely responsible that such processes and procedures comply with the Program Procedures, as defined below. Client is solely responsible for defining and implementing those processes and procedures, including those relating to the sale of Cards, service fees (if any), Card redemption, merchandise returns or refunds and Cardholder dispute resolution (collectively, "**Program Procedures**"). Operated Locations, Participating Franchisee or Sub-Franchisee understands that GIFT has no obligation to process any transaction for any card other than Cards supported under the Program.
- 2.6 **Cardholder Fees.** Fees assessed to Cardholders in connection with Cards, including any transaction, maintenance or inactivity fees, shall be as established by Client. Operated Locations, Participating Franchisee or Sub-Franchisee shall not assess any fee or surcharge for purchase, use, activation or any other transaction in respect of a Card unless otherwise defined in the Program Procedures.
- 2.7 **Terminals.** Each Operated Location's, Participating Franchisee's and Sub-Franchisee's Designated Locations must use a terminal certified to GIFT's specifications (the "**Terminal**") for Card Transactions. In the event an Operated Locations, Participating Franchisee or Sub-Franchisee does not currently own, rent or lease the Terminals, it will need to acquire Terminals in accordance with the pricing indicated on **Addendum #1**, attached hereto. Should an Operated Location's, Participating Franchisee's or Sub-Franchisee's Designated Location currently operate one or more point of sale terminals that support Card Transactions and are certified to GIFT's specifications and Client's Program Procedures, such Designated Location may use such certified terminals for Card Transactions.

3 Fees and Charges.

- 3.1 **Fees.** Participating Franchisee or Sub-Franchisee shall pay, in accordance with **Exhibit C**, the Program fees set forth on **Exhibit C** to this Participation Agreement ("**Program Fees**"). Participating Franchisee or Sub-Franchisee agrees that all Program Fees shall be paid by an ACH debit from the Participating Franchisee or Sub-Franchisee Account as set forth in the form of **Exhibit A**, and Participating Franchisee or Sub-Franchisee authorizes Client and its service providers, including GIFT, to debit and/or credit funds from or to the Participating Franchisee or Sub-Franchisee Account for such purpose, on or about the 15th calendar day of each month, for so long as this Participation Agreement is in effect.
- 3.2 **Fee Adjustments.** Program Fees are subject to adjustment if necessary to pass through any increases or decreases in costs associated with the Program. Any such adjustment resulting in an increase in cost associated with Program Fees shall become effective upon thirty (30) days notice to Participating Franchisee or Sub-Franchisee.

4 **Term.** The "**Term**" begins when the Participation Agreement is signed by the parties and continues for so long as the Agreement is in effect, provided, however, that to the extent GIFT is required to provide commercially reasonable

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support services following a termination of the Agreement, the provisions of this Participation Agreement shall remain in effect, but only to the extent necessary for GIFT to perform such services and for Operated Locations, Participating Franchisee or Sub-Franchisee to fulfill its obligations in connection with such services. Notwithstanding anything herein to the contrary, Participating Franchisee or Sub-Franchisee has the right to terminate this Participation Agreement, without cause and without any penalty fee, upon no less than sixty (60) days' prior written notice to GIFT, with a copy of such notice to Client.

5 Termination for Cause.

- 5.1 Either party has the right to terminate this Participation Agreement immediately in the event that the other party is guilty of a material breach of this Participation Agreement, and such breach remains uncured thirty (30) days following receipt of notice thereof. GIFT will provide a copy of such notice of termination to Client.
- 5.2 GIFT may terminate this Participation Agreement upon notice to Operated Locations, Participating Franchisee or Sub-Franchisee: (i) if Operated Locations, Participating Franchisee or Sub-Franchisee or the Program causes GIFT to violate any law or regulation and Operated Locations, Participating Franchisee or Sub-Franchisee or Client fails to cure the condition causing such violation within ten (10) business days after notice; (ii) if Operated Locations, Participating Franchisee or Sub-Franchisee fails to pay any amount due within ten (10) days after receipt of notice; (iii) if GIFT determines, in its sole discretion, that a material adverse change has occurred in the financial condition of Operated Locations, Participating Franchisee or Sub-Franchisee; (iv) in whole or in part, in one or more jurisdictions, if the ACH Settlement Services cause GIFT or its Affiliated Processor to violate any law or regulation and Operated Locations, Participating Franchisee or Sub-Franchisee or Client fails to cure the condition causing such violation within ten (10) business days after notice; (v) if GIFT is informed that Operated Locations, Participating Franchisee or Sub-Franchisee no longer operates as a franchisee of Client; or (vi) if Client instructs GIFT in writing to immediately terminate the Participation Agreement. GIFT will provide a copy of such notice of termination to Client. GIFT's obligation to provide the Services will be suspended during the cure periods referenced in clauses (i) and (iv).
- 5.3 Either party may also terminate this Participation Agreement immediately in the event that the other party shall go into liquidation, suffer the appointment of a receivership of its assets, go into bankruptcy, voluntarily or involuntarily, or otherwise take advantage of any insolvency laws, or upon any voluntary or involuntary sale, transfer, or other disposition of substantially all of the assets of the other party. GIFT will provide a copy of such notice of termination to Client.

6 Termination of Agreement. Termination or expiration of the Agreement results in immediate termination of this Participation Agreement with no notice required.

7 Termination of Franchise Agreement(s). Termination or expiration of Operated Location's, Participating Franchisee's or Sub-Franchisee's franchise agreement(s) with Client ("**Franchise Agreement**") results in immediate termination of this Participation Agreement with respect to the Designated Locations covered by the terminated or expired Franchise Agreement, with no notice required.

8 Exclusivity. During the Agreement term: (i) GIFT will be the sole and exclusive provider of the Services to Operated Locations, Participating Franchisee or Sub-Franchisee; and (ii) Operated Locations, Participating Franchisee or Sub-Franchisee will not, directly or indirectly, offer or promote any other proprietary, closed network, online gift card program. Nothing in the foregoing shall restrict or prohibit Operated Locations, Participating Franchisee or Sub-Franchisee from accepting any Visa, MasterCard, American Express, Discover or other universally accepted credit or debit card or from participating in any "open network" gift card program with other merchants. For purposes of clarification, a "closed network" program refers to a program in which a gift card is accepted only by the issuing merchant, and an "open network" program refers to a program in which a single gift card is accepted by more than one unaffiliated merchants. During the Term of this Agreement, Operated Locations, Participating Franchisee or Sub Franchisee shall have the right to accept a mail issued gift card.

9 Confidentiality. "**Confidential Information**" includes this Participation Agreement and any information obtained by one party ("**Recipient**") regarding the other party ("**Discloser**") or their respective businesses, including all

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confidential or proprietary concepts, Software, documentation, reports, data, specifications, Card Data, computer software, source code, object code, flow charts, databases, inventions, know-how, show-how and trade secrets, whether or not patentable or copyrightable. Confidential Information will not include information that: (i) is or becomes in the public domain through no fault of Recipient; (ii) was received from a third party free of any obligation of confidence to Recipient's knowledge; (iii) was in Recipient's possession prior to receipt from Discloser;

(iv) is required to be disclosed by law, regulation or court order after giving Discloser as much advance notice as practical; or (v) is independently developed by Recipient's employees, consultants or agents without use of or reference to the Discloser's Confidential Information. Participation Agreement will be used by Recipient only to exercise its rights and to perform its obligations under this Participation Agreement. Recipient will use reasonable care to safeguard Confidential Information. Recipient will return or destroy Confidential Information within a reasonable period after request, except that GIFT may retain Card Data, subject to this **Section 9**, to comply with any legal or regulatory requirements or any potential audit requests or requirements. Breach of the restrictions on use or disclosure of Confidential Information will result in immediate and irreparable harm to Discloser and money damages will be inadequate to compensate for that harm. Discloser will be entitled to equitable relief in addition to all other available remedies to redress any breach. Except as expressly provided herein, no license is granted to Recipient under any Discloser patent, trademark, copyright, trade secret or other proprietary right.

10 Indemnification.

- 10.1 **General.** Subject to the limitations set forth in **Sections 11**, each party will indemnify the other, its Affiliates, and their respective directors, officers, employees, and agents from and against any and all third party claims, losses, liabilities and damages (including reasonable attorneys' fees and costs of settlement) resulting from or arising out of its failure to comply with this Participation Agreement. Operated Locations, Participating Franchisee or Sub-Franchisee further agrees to indemnify GIFT, its directors, officers, employees, and agents from and against any and all third party claims, losses, liabilities and damages (including reasonable attorneys' fees and costs of settlement) resulting from or arising out of GIFT's compliance with Operated Locations, Participating Franchisee or Sub-Franchisee's instructions, orders or specifications. "**Affiliate**" means, with respect to either party, any entity controlling, controlled by or under common control with such party.
- 10.2 **Intellectual Property.** GIFT agrees to indemnify Operated Locations, Participating Franchisee or Sub-Franchisee, its directors, officers, employees and agents from and against all third party claims, losses, liabilities and damages (including reasonable attorneys' fees and costs of settlement) resulting from or arising out of any allegation that GIFT's Software misappropriate or infringe such third party's U.S. copyright, trademark, patent or other intellectual property right, except to the extent that such allegation arises from (i) Operated Locations, Participating Franchisee or Sub-Franchisee's use of Software other than in compliance with this Agreement and any documentation supplied by GIFT, (ii) Operated Locations, Participating Franchisee or Sub-Franchisee's use of Software in combination with other software, equipment, systems, services, processes, components or elements not provided by GIFT, if the infringement or misappropriation would not have occurred but for such use or combination, or (iii) modifications or development requested by Client or Operated Locations, Participating Franchisee or Sub-Franchisee, using designs, instructions or specifications provided or approved by Client or Operated Locations, Participating Franchisee or Sub-Franchisee. Operated Locations, Participating Franchisee or Sub-Franchisee agrees to indemnify GIFT, its directors, officers, employees and agents from and against all third party claims, losses, liabilities and damages (including reasonable attorneys' fees and costs of settlement) resulting from or arising out of any allegation that materials supplied by Client or Operated Locations, Participating Franchisee or Sub-Franchisee (including trademarks, artwork, designs and specifications) misappropriate or infringe such third party's U.S. copyright, trademark, patent or other intellectual property right, except to the extent that such allegation arises from GIFT's use of such materials other than in compliance with (a) this Agreement or (b) any relevant instructions supplied by Client or Operated Locations, Participating Franchisee or Sub-Franchisee.

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11 Limitation of Liability; Disclaimer of Warranties.

- 11.1 **Limitation.** Except for **Section 10.2**, Above, GIFT'S, and its suppliers' and processor's, cumulative aggregate liability to Client and Operated Locations, Participating Franchisee and Sub-Franchisees and all other operated locations, participating franchisee and sub-franchisees under the Agreement this Participation Agreement and all participation agreements will be limited to actual direct damages and, in any event, will not: (i) exceed \$3,000,000; or (ii) include any liability for claims arising out of or relating to the cards issued to Participating Franchisees from Client. For example, if Client and two additional Operated Locations, Participating Franchisee and Sub-Franchisees participate in the Program, GIFT'S cumulative aggregate liability to Client and such Operated Locations, Participating Franchisee and Sub-Franchisees for actual direct damages will not exceed \$3,000,000 and will not include any liability for claims arising out of or relating to services and/or items supplied by Client or third parties.
- 11.2 **Exclusion.** In no event will any party to this Participation Agreement, their affiliates, or any of their respective officers, directors, employees, or agents be liable for lost profits, lost business opportunities, lost revenues, exemplary, punitive, special, incidental, indirect or consequential damages or the like, each of which is excluded by agreement of the parties regardless of whether such damages were foreseeable or whether a party has been advised of the possibility thereof.
- 11.3 **Disclaimer.** This is a service agreement. Except as expressly provided in this Participation Agreement, GIFT disclaims all representations and warranties, express or implied, including any warranties of quality, suitability, merchantability, fitness for a particular purpose or noninfringement.
- 11.4 **Time Limitation.** Operated Locations, Participating Franchisee or Sub-Franchisee may not assert any cause of action against GIFT under this Participation Agreement that was or reasonably should have been discovered by Operated Locations, Participating Franchisee or Sub-Franchisee more than one year prior to the filing of a suit or the commencement of arbitration proceedings alleging such cause of action.
- 11.5 **Compliance with Law.** Operated Locations, Participating Franchisee or Sub-Franchisee will comply with all laws and regulations applicable to its business.

12 Pre-condition to Liability. Prior to bringing any claim against GIFT under this Participation Agreement, Participating Franchisee or Sub-Franchisee shall provide Client with written notice detailing the claim ("**Notice of Claim**"), and Client shall have the right to pursue such claim on Operated Location's, Participating Franchisee's or Sub-Franchisee's behalf by providing Operated Location, Participating Franchisee or Sub-Franchisee with written notice of the same within ten (10) business days after receiving the Notice of Claim. If Client elects to pursue such claim on Operated Location's, Participating Franchisee's or Sub-Franchisee's behalf, Operated Location, Participating Franchisee or Sub-Franchisee may participate in the claim with Client at Operated Location's, Participating Franchisee's or Sub-Franchisee's election. Any resolution of a claim brought by Client on Operated Location's, Participating Franchisee's or Sub-Franchisee's behalf shall be binding on Operated Location, Participating Franchisee or Sub-Franchisee. If Client elects not to pursue such claim on Operated Location's, Participating Franchisee's or Sub-Franchisee's behalf, Operated Location, Participating Franchisee or Sub-Franchisee may pursue such claim on its own behalf.

13 Miscellaneous.

- 13.1 **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 the President of the other party at its address on the signature page.
- 13.2 **Independent Contractor; Third Party Beneficiaries.** The parties are independent contractors. Neither party shall have any authority to bind the other. This Participation Agreement is entered into solely for the benefit of GIFT and Operated Locations, Participating Franchisee or Sub-Franchisee, and will not confer any rights upon any person not expressly a party to this Participation Agreement, including Cardholders. GIFT may subcontract with others to provide Services provided that no such use of subcontractors will relieve GIFT of its obligations under this Agreement.
- 13.3 **Complete Agreement.** This Participation Agreement is the complete and exclusive understanding of the

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parties with respect to its subject matter. Except as expressly provided herein, no modification or waiver of this Participation 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.

- 13.4 **Assignment.** Operated Locations, Participating Franchisee or Sub-Franchisee may not assign its rights or delegate its obligations under this Participation Agreement without GIFT's prior written consent.

14 Governing Law; Arbitration. The laws of the State of Delaware, excluding its rules on conflicts of laws, will govern this Participation Agreement. Subject to **Section 12**, all disputes will be submitted to the American Arbitration Association (the "AAA") for resolution before a panel consisting of three arbitrators, one of which will be selected by Participating Franchisee or Sub-Franchisee, one by GIFT and the third selected by mutual agreement of the first two. Arbitration will be conducted in accordance with the Commercial Arbitration Rules of the AAA then in effect. The decision of the arbitrators will be binding upon the parties; except that disputes arising out of **Section 9** will not be subject to arbitration, and may be brought to a court for judicial resolution. Judgment upon any arbitration award or decision may be entered in any court having jurisdiction. Arbitration will be held in Denver, Colorado. Each party will pay its own arbitration expenses and one-half of the fee of the arbitrators and the administrative fee of the AAA. The Colorado Rules of Evidence will apply to such arbitration. The arbitrators will be required to render a decision based on the terms of this Participation Agreement and applicable law.

[Signatures on next page.]

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Authorized Signatures:

State of Formation: _____
By: _____
Name: _____
Title: _____
Date: _____

Address for Notices:

Attention: _____
and copy to:

Attention: _____

First Data Resources, LLC

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

Address for Notices:
First Data Resources, LLC
2900 Westside Parkway
Alpharetta, GA 30004
Attention: Vice President Operations
and copy to:
First Data Resources, LLC
6855 Pacific Street
Omaha, Nebraska 68106
Attention: Legal Department

EXHIBIT A

ACH (Debit and Credit) Authorization

By providing the information requested below and signing this ACH Authorization, the undersigned Operated Locations, Participating Franchisee or Sub-Franchisee hereby:

1. Authorizes Client and its service providers, acting on behalf of Client, to initiate ACH debit and credit entries to the deposit account indicated below, and to debit and credit the same to such account, as necessary or appropriate to effect any Card transaction and all adjustments and corrections thereto, and as necessary or appropriate to effect any other transfer contemplated by the Participation Agreement, including, without limitation, any Program fees, (including, but not limited to shipping fees, fulfillment fees, merchandising materials and card fees, etc.);
2. In the event that any debit to the deposit account is returned for any reason, Operated Locations, Participating Franchisee or Sub-Franchisee authorizes Client and its service providers, acting on behalf of Client, to initiate a debit to the account for the original debit amount plus any associated returned item fees;
3. Agrees that Operated Locations, Participating Franchisee or Sub-Franchisee will comply with any applicable law and the rules and regulations of the National Automated Clearing House Association as in effect from time to time; and
4. Certifies that the authorized officer indicated below has the authority to bind Operated Locations, Participating Franchisee or Sub-Franchisee, and that this ACH Authorization constitutes a writing signed by Participating Franchisee or Sub-Franchisee.

Bank Name: _____

Account No.: _____

Account Title: _____

ABA Routing No.: _____

PLEASE ATTACH VOIDED CHECK

*****NO STARTER CHECKS*** If you only have starter checks, instead please provide a short bank letter instead validating the Business checking account name, account number and routing number.**

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Capitalized terms used herein without definition shall have the meaning provided to such terms in the Participation Agreement.

This authorization is to remain in full force and effect until thirty (30) days after the Participation Agreement has been terminated and Client has received written notification from Operated Locations, Participating Franchisee or Sub-Franchisee of this authorization's termination in such time and in such manner as to afford Client and its third party service providers and the Depository a reasonable opportunity to act on it. No such termination shall relieve Operated Locations, Participating Franchisee or Sub-Franchisee of any obligations or liabilities that accrue or relate to events that have occurred prior to such termination.

Authorization and Agreement:

Operated Locations, Participating Franchisee or Sub-Franchisee:
(Please type or legibly write legal entity name on line below)

Legal Entity Name: _____

Signature: _____

Print Name: _____

Title: _____

Street Address: _____

City, State and ZIP: _____

Phone Number: _____

Facsimile (Fax): _____

E-mail: _____

Entity Taxpayer ID #: _____

EXHIBIT C

Program Fees

Card Transaction Fee: Participating Franchisee or Sub-Franchisee will pay Client an initial transaction processing fee of **\$0.04** on all Card redemption, reload, balance inquiry, time-out reversal and void transactions initiated from Card Authorization Equipment within each of Participating Franchisee or Sub-Franchisee's Designated Locations, subject to adjustment per **Section 3** of the Participation Agreement.

Help Desk Support Fee: Participating Franchisee or Sub-Franchisee will pay Client a monthly fee of **\$3.50** for each Designated Location that Participating Franchisee or Sub-Franchisee signs up for the Program.

ACH Settlement Services Fee: Participating Franchisee or Sub-Franchisee will pay Client a fee of **\$0.10** for each ACH debit or credit entry initiated to the Participating Franchisee or Sub-Franchisee Account.

ACH Returned Item Fee: Participating Franchisee or Sub-Franchisee will pay Client a returned ACH item fee of **\$25.00** for each ACH entry submitted against the Franchisee or Sub-Franchisee Account that is returned for any reason, including but not limited to insufficient funds. Fee will not be charged to Participating Franchisee or Sub-Franchisee if returned ACH item is caused by Client's service provider.

Terminal Reprogramming Fee: For Participating Franchisee or Sub Franchisee owned FD-150 Terminals that are not provided by GIFT, there is a **\$25.00** per Terminal reprogramming fee associated with downloading a GIFT gift card Terminal application via telephone.

ADDENDUM #1

Addendum for FD-150 Terminals

This Terminal Addendum ("**Addendum**"), effective as of the latest date that appears in the signature block, is between **First Data Resources, LLC**, successor in interest to Gift Solutions LLC, f/k/a ValueLink, LLC ("**GIFT**") and the undersigned **Operated Location, Participating Franchisee** and **Sub-Franchisee**, and supplements the Participation Agreement between them dated _____, 20__ (the "**Agreement**") and sets forth the terms pursuant to which Operated Locations, Operated Location, Participating Franchisee and Sub-Franchisee will purchase or rent Terminals. Capitalized terms not defined herein shall have the meanings assigned in the Agreement.

1. Purchase and Rental Options.

- 1.1. **Purchase.** Participating Franchisee and Sub-Franchisee may purchase Terminals subject to terms set forth below.
 - 1.1.1. **Sale Price; Adjustments.** Operated Locations, Participating Franchisee and Sub-Franchisee may purchase a new Terminal(s) offered by GIFT at a sale price of \$245.00 (the "**Sale Price**").
 - 1.1.2. **Deployment Fee.** In addition, Operated Locations, Participating Franchisee and Sub-Franchisee will be charged a one-time deployment fee of \$75.00 per Terminal deployment per Designated Location.
 - 1.1.3. **Equipment Replacement Program.** Participating Franchisee and Sub-Franchisee may, but shall not be obligated to, participate in an equipment replacement program for Terminal(s) purchased from GIFT that are out of warranty at a cost of \$125.00 per replaced Terminal. Equipment replacement includes, but is not limited to, overnight service on replacement Terminal and call tag pick-up of defective Terminal.
- 1.2. **Rental.** Participating Franchisee and Sub-Franchisee may rent Terminals subject to the terms set forth below.
 - 1.2.1. **Rental Rates.** Operated Locations, Participating Franchisee and Sub-Franchisee may rent Terminal(s) from GIFT, or another provider designated by GIFT pursuant to GIFT's (or the alternative provider's) standard rental agreement terms at a rate of \$25.00 per Terminal with no rental term commitment; \$14.00 per Terminal based on a rental term commitment of 36 months and \$11.00 per Terminal based on a rental term commitment of 48 months. Rental Terminals deployed by GIFT or its alternative provider may be either new or refurbished.
 - 1.2.2. **Deployment Fee.** In addition, Operated Locations, Participating Franchisee and Sub-Franchisee will be charged a one-time deployment fee of \$75.00 per Terminal deployment plus applicable shipping, duties and taxes per Designated Location.
 - 1.2.3. **Purchase Option.** Should Participating Franchisee and Sub-Franchisee choose the Terminal rental option of either a 36 month or 48 month term commitment, Participating Franchisee and Sub-Franchisee shall have the option to purchase any or all of the rented Terminal(s) at \$25.00 per Terminal at the end of the Rental Term. Terminals not purchased shall be returned to the Terminal provider.
 - 1.2.4. **Early Termination Fees.** Should Participating Franchisee and Sub-Franchisee choose the Terminal

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rental option of either a 36 month or 48 month term commitment and if Terminal(s) are rented for less than the term of the rental commitment, Participating Franchisee or Sub-Franchisee will be subject to an administration fee for each rented Terminal at the cessation of the Rental Term equal to (A) For a 36 month rental term; \$10.41 multiplied by the difference between thirty-six (36) and the number of monthly rental payments made by Participating Franchisee or Sub-Franchisee; (B) For a 48 month rental term; \$7.81 multiplied by the difference between forty-eight (48) and the number of monthly rental payments made by Participating Franchisee or Sub-Franchisee and (C) a "Restocking Fee" calculated as follows:

- a) If less than 20 Rental Payments are Made then the Restocking Fee Per Terminal is \$50.00
- b) If 20 to 36 Rental Payments are Made then the Restocking Fee Per Terminal is \$40.00
- c) If 37 to 48 Rental Payments are Made then the Restocking Fee Per Terminal is \$30.00

1.2.5. **Equipment Replacement Program.** All Terminals rented shall be included in an equipment replacement program at no additional cost. Equipment replacement includes, but is not limited to, overnight service on replacement Terminal and call tag pick-up of defective Terminal.

2. Election.

Operated Locations, Participating Franchisee and Sub-Franchisee hereby selects the following (check all applicable and fill in quantities):

Terminal Option	Terminal Type	Terminal Quantity	Term (if applicable)	Applicable Price	Total
<input type="checkbox"/> Purchase	First Data 150 terminal (N-FD-150)		N/A	\$245.00 per Terminal *	
<input type="checkbox"/> Equipment Replacement Program	First Data 150 terminal (N-FD-150)		N/A	\$125.00 per Terminal	N/A
<input type="checkbox"/> Rental	First Data 150 terminal (N-FD-150)		N/A	\$25.00 per Terminal *	
<input type="checkbox"/> Rental	First Data 150 terminal (N-FD-150)		36 months	\$14.00 per Terminal *	
<input type="checkbox"/> Rental	First Data 150 terminal (N-FD-150)		48 months	\$11.00 per Terminal *	

* Per Terminal Deployment Fee: \$75.00 per terminal:

- Inclusive of all application setup, download, shipping and handling fees.
- Inclusive of one terminal and/or peripherals and/or accessories that accompany one terminal.
- Inclusive of 1-3 business day delivery (3 day guaranteed).

3. ACH Debit Authorization. Operated Locations, Participating Franchisee and Sub-Franchisee authorizes GIFT and its service providers, acting on behalf of GIFT, to initiate ACH debit and credit entries to the deposit account indicated on Exhibit A to the Franchisee and Sub-Franchisee Participation Agreement, and to debit and credit the same to such account, as necessary or appropriate to effect any charge, fee or other transfer contemplated by this Addendum and all adjustments and corrections thereto. Operated Locations, Participating Franchisee and Sub-Franchisee shall comply with Applicable Law and the rules and regulations of the National Automated Clearing House Association as in effect from time to time.

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4. Conflict with Agreement. Except as supplemented or amended by this Addendum, all provisions of the Agreement shall continue in full force and effect, but if there shall be any conflict or inconsistency between the provisions of this Addendum and the Agreement, the provisions of this Addendum shall govern and control.

Authorized Signatures:

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

Address for Notices:

Attn: _____
and copy to:

Attn: _____

First Data Resources, LLC

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

Address for Notices:

First Data Resources, LLC
2900 Westside Parkway
Alpharetta, GA 30004
Attn: Vice President Operations
and copy to:
First Data Resources, LLC
6855 Pacific Street
Omaha, Nebraska 68106
Attn: Legal Department

SECTION B: CREDIT APPLICATION

INSTRUCTIONS

- Step 1. **Print 1 copy** of the attached Credit Application.
- Step 2. An owner, partner, or officer must complete and sign the Credit Application. A Social Security number is required. Complete as indicated.

Credit Application Gift Solutions - Participating Franchisee

All questions must be answered fully in order for this credit application to be processed.

Participating Franchisee Information ("Franchisee")

1.	Legal Name of Operated Location, Participating Franchisee or Sub-Franchisee:	
2.	Doing Business As (d/b/a):	
3.	Form of Organization:	<input type="checkbox"/> Corporation <input type="checkbox"/> Limited Liability <input type="checkbox"/> Company <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Other: _____
4.	State of Incorporation / Formation / Registration:	
5.	Date of Incorporation / Formation / Registration:	
6.	Federal Tax ID No (FEIN):	
7.	Mailing Address (Street/City/State/Zip):	
8.	Time at present address:	
9.	Time in Business:	
10.	Telephone Number:	
11.	Fax Number:	
12.	Contact Name:	
13.	Contact Email address:	
14.	Contact Phone Number:	
15.	Contact Fax Number:	

Terms and Conditions

All statements contained in this application and in the financial statements and other documentation submitted in support of this application are true and correct. Permission and authorization is hereby granted to First Data Resources, LLC, First Data Corporation and its and their affiliates and representatives (collectively "FDC") as well as to prior employers, trade references, Dun & Bradstreet, banks, consumer credit services, consumer reporting agencies and state and federal government representatives, without regard to whether they are listed herein, to verify, receive, exchange, and obtain business and/or personal credit and other information including, without limitation criminal background checks, as part of this application. The undersigned further agree that neither FDC nor anyone who has furnished FDC any information concerning Franchisee or the undersigned owners and/or principals of Franchisee shall be responsible for any losses or damages of Franchisee or the undersigned owners or principals of Franchisee may claim as resulting from said verification, receipt, exchange, or obtaining business and/or personal credit or other business and/or personal information. Under penalty of perjury, the undersigned certify that: (i) the federal taxpayer identification number shown on this application as Franchisee's Federal Tax ID Number is the correct taxpayer identification number of Franchisee (or Franchisee is waiting for a number to be issued to Franchisee), and (ii) Franchisee is not subject to backup withholding because either Franchisee is exempt from backup withholding, or Franchisee has not been notified by the Internal Revenue Service (IRS) that it is subject to backup withholding as a result of failure to report all interest or dividends, or the IRS has notified Franchisee that it is no longer subject to backup withholding.

Owner/Partner/Officer Information:

Authorized Signature: _____	Date: _____
Print Name: _____	Date of Birth: _____
Home Street Address: _____	Percentage of Ownership: _____
Home Phone Number: _____	Social Security Number: _____

PREPAID IMPLEMENTATION AND BOARDING FORM—REQUIRED VERSION DQ

FRANCHISEE / SHIP TO:		TAX REPORTING REQUIREMENTS:	
Franchise Owner Name:		Business Tax ID:	
Franchise Phone #:		What Type? (SSN, EIN)	
Store Phone #:		GIFT Consortium:	Check one: <input type="checkbox"/> US 8448 <input type="checkbox"/> Canada 8454
Company DBA Name:		GIFT MID (if already accepting GC today):	
Store Location #:		GIFT Alt MID: (Dairy Queen 5 digit Store #)	
Store Address:		Channel: (First Data, Wells Fargo)	First Data
City, State or Province:		1099k Address 1	
Zip or Postal Code:		1099k Address 2	
Country:		1099k City/State/Zip/Country	
Franchise Owner Email address:		Payee Type (Check one): <input type="checkbox"/> D = Main Chain Account <input type="checkbox"/> U = Independently Owned Locations linked or not to a Chain <input type="checkbox"/> E = Not included in IRS Reporting; i.e Corporate locations	
MORE INFORMATION TO ASSIST US WITH YOUR REQUEST:			
Check One: <input type="checkbox"/> New business <input type="checkbox"/> Existing business adding location.		If you are setting up a new account for a new business, a Gift Card Merchant ID will be assigned for you.	
Do you currently own another store that is operating a DQ giftcard program?	<input type="checkbox"/> YES <input type="checkbox"/> NO	Current Locations Gift Card Merchant ID Number:	
Gift Card Processor:	First Data	Who is your Credit/ Debit Processor: (Ex. Citi/First Data, BAMS, etc)	
Is this a change of ownership?	<input type="checkbox"/> YES <input type="checkbox"/> NO	Existing Credit Merchant ID#: <i>If Applicable</i>	
Ship Method for Gift Cards inventory (Initial Card Shipment):		<input type="checkbox"/> Ground <input type="checkbox"/> Priority <input type="checkbox"/> Overnight	
BANKING INFORMATION:			
Bank Name:			
Bank Account Name:			
Bank Account Number:			
Bank Routing Number:			
AUTHORIZATION: Your signature on this form confirms that all information submitted on this form is accurate			
Owner Signature:			
Date			
Comments:			
All Fields on this form are required in order to complete your request. Please print and sign			
Fax Enrollment forms to: 1-402-916-8946			
First Data Use Only:			
New Gift MID:			
FD Net User ID:			
FD Net Temp Password:			

EXHIBIT F

TERRITORY OPERATOR'S SUBFRANCHISEES

As of December 31, ~~2022~~2023

DQ-MONTANA

<p>Kristen and Nick Villa DQ Grill & Chill 501 W Park Anaconda, MT 59711 406 563-6965 (8-50, 14)</p>	<p>Michael Walth DQ Grill & Chill 310 W Madison Ave Belgrade, MT 59714 406 388-8377 (00)</p>
<p>Lonnie Peterson and Dave Pruitte Harvir S Sangha DQ Grill & Chill 8189 Highway 35 (PO Box 1405) Big Fork, MT 59911 406 837-5336 (83)</p>	<p>Mike and Robyn Willet DQ Grill & Chill 2750 Old Hardin Rd, Ste F Billings, MT 59101-6809 406 252-1082 (01)</p>
<p>Randall and LesliAnn Finch DQ Grill & Chill 475 Main St Billings, MT 59107 406 248-8061 (95)</p>	<p>Nick Colbrese, Michael Evans, Dart Frank DQ Grill & Chill 1045 Grand Ave Billings, MT 59106 406 256-2345 (90)</p>
<p>Nick Colbrese, Michael Evans, Dart Frank DQ Grill & Chill 3220 Henesta Dr Billings, MT 59102 406 652-0200 (00)</p>	<p>Nick Colbrese, Michael Evans, Dart Frank DQ Grill & Chill 4975 King Ave E Billings, MT 59102 406 259-7544 (06)</p>
<p>Michael Walth DQ Grill & Chill 107 N 7th St Bozeman, MT 59715 406 587-7129 (49, 75)</p>	<p>Lonnie Peterson and Dave Pruitte DQ Grill & Chill 2227 Harrison Ave Butte, MT 59701 406 299-3324 (6-49, 13)</p>
<p>Lonnie Peterson and Dave Pruitte DQ Grill & Chill 501 S Excelsior 64 W Mercury St Butte, MT 59701 406 782-5781 (19)</p>	<p>Chad and Nadine Ross DQ Grill & Chill 625 9th St W Columbia Falls, MT 59912 406 892-4242 (99)</p>
<p>Lonnie Peterson and Dave Pruitte DQ Grill & Chill 613 S Atlantic Dillon, MT 59725 406 683-2104 (60)</p>	<p>Carla Leonhardt DQ Grill & Chill 1290 Front St Forsyth, MT 59327 406 346-7411 (82)</p>
<p>Stacey and Karl Reddies DQ Grill & Chill 541 First Ave N Glasgow, MT 59230 406 228-8342 (50, 60, 78)</p>	<p>Lola and Steve Galloway DQ Grill & Chill 116 – 9th St N Great Falls, MT 59401 406 452-3521 (70)</p>

Lola and Steve Galloway DQ Grill & Chill 1651 Fox Farm Road Great Falls, MT 59404 406 727-3111 (82)	David and Nicholette Stelling DQ Grill & Chill 2901 10th Ave S Great Falls, MT 59405 406 454-2111 (83)
Lonnie Peterson and Dave Pruitte DQ Grill & Chill 109 Bitterroot Plaza Dr Hamilton, MT 59840 406-375-1112 (07)	Torrey Moody DQ Grill & Chill 211 W 14th St (PO Box 462) Hardin, MT 59034 406 665-3553 (93)
Jody and Kevin Hellegaard DQ Treat 535 5th Ave Havre, MT 59501 406 265-7221- (75)	Alexa and Erik Bass DQ Grill & Chill 2850 N Montana Ave Helena, MT 59601 406 442-5265 (99, 18)
Erik Bass and John McLaughlin DQ Grill & Chill 1700 Prospect Ave Helena, MT 59601 406 442-5265 (50, 63)	Randy and Ramona Dutter DQ Grill & Chill 19 E Idaho Kalispell, MT 59903 406 755-2955 (87, 05, 17)
Dave and Nick Amsk DQ Store 1017 W Park Livingston, MT 59047 406 222-2076 (50, 91)	Lonnie Peterson and Dave Pruitte DQ Treat 11400 Highway 93 S (PO Box 1282) Lolo, MT 59847 406 273-2197 (97)
Sandra and Troy Perry DQ Grill & Chill 655 N 1st E (PO Box 1265) Malta, MT 59583 406 654-1051 (79, 14)	Wacy Arndt DQ Grill & Chill 506 S Haynes Miles City, MT 59301 406 234-2685 (50)
Lonnie Peterson and Dave Pruitte DQ Grill & Chill 3753 North Reserve St Missoula MT 59808 406 728-5950 <u>(08)</u>	Art and Joann Mandell DQ Treat 1735 S Higgins Missoula, MT 59801 406 549-6075 (49)
Lonnie Peterson and Dave Pruitte DQ Grill & Chill 1515 Dearborn Ave Missoula, MT 59801 406 728-2431 (84, 14, 19)	Devyn Darvis <u>Marie Jammeh and Andrew Lord</u> DQ Grill & Chill 625 W Laurel Plentywood, MT 59254 406 765-1185

Travis Clairmont DQ Grill & Chill 6 Highway 93 N (PO Box 96) Ronan, MT 59864 406 676-0251 (71)	Cindee and Perry Williams DQ Grill & Chill 615 S Central Sidney, MT 59270 406 433-1075 (50, 76)
Travis Clairmont DQ Grill & Chill 6550 Hwy 93 Suite 101 Whitefish, MT 59937 406 862-2782 (77)	

DQ-NORTH DAKOTA

Losson Leonard DQ Grill & Chill 1300 Highway 49 N (PO Box 251) Beulah, ND 58523 701 873-2555 (83)	Gaylon and Robin Anderson DQ Store 1804 N 13th St Bismarck, ND 58501 701 258-4438 (72)
Gaylon and Robin Anderson DQ Store 230 W Broadway Bismarck, ND 58501 701 223-0548 (49)	Gaylon and Robin Anderson DQ Store 913 Burlington Dr Bismarck, ND 58501 701 255-4155 (06)
Travis Halverson DQ Grill & Chill 217 W 11th St Bottineau, ND 58318 701 228-2822 (53)	Ben Woodside and Marty Henderson DQ Grill & Chill 793 19th St S Casselton ND 58012 701 501-1990 (23)
Travis Halverson DQ Grill & Chill 217 W 11th St Bottineau, ND 58318 701 228-2822 (53)	Terry and Johnston DQ Grill & Chill 604 Highway 2 E (PO Box 133) Devils Lake, ND 58301 701 662-4622 (49)
Marin Lundeen Schulz & Todd Schulz DQ Grill & Chill 372 15th St W Dickinson, ND 59601 701 483-8100 (50)	Marin Lundeen Schulz & Todd Schulz DQ Grill & Chill 372 15th St W Dickinson, ND 59601 701 483-8100 (50)
Marin Lundeen Schulz & Todd Schulz DQ Grill & Chill 372 15th St W Dickinson, ND 59601 701 483-8100 (50)	Harjinder Grewal DQ Grill & Chill 201 Veitch St Emerado, ND 58228 701 594-4021 (60)
Marin Lundeen Schulz & Todd Schulz DQ Grill & Chill 372 15th St W Dickinson, ND 59601 701 483-8100 (50)	Gaylon and Robin Anderson DQ Grill & Chill 2401 45th St W Fargo, ND 58103 701 293-5918 (80)

<p>Gaylon and Robin Anderson DQ Grill & Chill 2401 45th St W Fargo, ND 58103 701-293-5918 (80)</p>	<p>Gaylon and Robin Anderson DQ Grill & Chill 3200 20th St S Fargo, ND 58103 701 298-6350 (98)</p>	<p><u>Gaylon and Robin Anderson</u> <u>DQ Grill & Chill</u> <u>3201 13th Ave S</u> <u>Fargo, ND 58103</u> <u>701 293-5918 (80)</u></p>
<p>Gaylon and Robin Anderson DQ Grill & Chill 3201 13th Ave S Fargo, ND 58103 701-293-5918 (80) Tonya Johnson DQ Grill & Chill 5131 Prosperity Way Fargo, ND 58104 701-532-2055 (18)</p>	<p>Gaylon and Robin Anderson DQ Grill & Chill 3902 13 Ave S Fargo, ND 58103 701 356-3019 (04) David Stedman DQ Grill & Chill 402 N University Fargo, ND 58102 701-232-4653 (50)</p>	<p><u>Tonya Johnson</u> <u>DQ Grill & Chill</u> <u>5131 Prosperity Way</u> <u>Fargo, ND 58104</u> <u>701-532-2055 (18)</u></p>
<p><u>David Stedman</u> <u>DQ Grill & Chill</u> <u>402 N University</u> <u>Fargo, ND 58102</u> <u>701 232-4653 (50)</u></p>	<p>David and Elizabeth Jeffrey DQ Grill & Chill 420 5th Ave SW Garrison, ND 58540 701 463-2300 (16)</p>	<p>Dean and Jenny Kuhns DQ Treat 1209 N Fifth Grand Forks, ND 58203 701 772-3801 (49)</p>
<p><u>Dean and Jenny Kuhns</u> <u>DQ Treat</u> <u>1209 N Fifth</u> <u>Grand Forks, ND 58203</u> <u>701 772-3801 (49)</u></p>	<p>Terry Johnston DQ Grill & Chill 3600 S Columbia Rd Grand Forks, ND 58201 701 738-8530</p>	<p>Tonya and Casey Johnson DQ Grill & Chill 7875 Jacks Way Horace, ND 58047 701-793-1571 (22)</p>
<p><u>Tonya and Casey Johnson</u> <u>DQ Grill & Chill</u> <u>7875 Jacks Way</u> <u>Horace, ND 58047</u> <u>701-793-1571 (22)</u></p>	<p>Kelly and Tricia Seckerson DQ Grill & Chill 330 Business Loop W Jamestown, ND 58401 701 252-4181 (70)</p>	<p>Jamie Reese DQ Grill & Chill 200 Rodeo Dr Killdeer, ND 58640 701-764-7468 (19)</p>
<p>Chad and Julie Morten DQ Grill & Chill Highway 2 Lakota, ND 58344 701-247-2411 (58)</p>	<p><u>Jamie Reese</u> <u>DQ Grill & Chill</u> <u>200 Rodeo Dr</u> <u>Killdeer, ND 58640</u> <u>701 764-7468 (19)</u> William and Wolfgang Davis DQ Grill & Chill 1001 Ninth Ave Langdon, ND 58249 701 256-5252 (68)</p>	<p><u>Chad and Julie Morten</u> <u>DQ Grill & Chill</u> <u>Highway 2</u> <u>Lakota, ND 58344</u> <u>701 247-2411 (58)</u> <u>Mike and Kirstie Weiland</u> <u>DQ Grill & Chill</u> <u>1000 E Main</u> <u>Mandan, ND 58554</u> <u>701 663-3996 (49, 83)</u></p>

<p>Mike and Kirstie Weiland DQ Grill & Chill 1000 E Main Mandan, ND 58554 701-663-3996 (49, 83) Karen and Todd Brabandt DQ Grill & Chill 1127 N Broadway Minot, ND 58701 701-839-3612 (49)</p>	<p>Becky and Kerry Beechie DQ Grill & Chill 1924 4th Ave NW Minot, ND 58701 701 852-6067 (81) Karen and Todd Brabandt DQ Treat 215 14th Ave SW Minot, ND 58701 701 839-4131 (71)</p>	<p><u>Karen and Todd Brabandt</u> <u>DQ Grill & Chill</u> <u>1127 N Broadway</u> <u>Minot, ND 58701</u> <u>701 839-3612 (49)</u> <u>Jim Wznick</u> <u>DQ Grill & Chill</u> <u>2251 36th Ave SW</u> <u>Minot, ND 58701</u> <u>701 852-8495 (22)</u></p>
<p><u>Jim Wznick</u><u>Jeremy Burkhart</u> DQ Grill & Chill 2251 36th Ave SW Minot, ND 58701 701-852-8495 (22) <u>99 Coop St</u> <u>New Town ND 58763</u> <u>701 627-2270 (23)</u></p>	<p>Cheryl and Tobin Welch<u>Maci MacMillan</u> DQ Grill & Chill Highway 17 RR2, Box 160 Park River, ND 58270 701 284-6799 (56)</p>	
<p>Dianna and Kevin Juntunen DQ Grill & Chill Highway 281 W Rolla, ND 58367 701 477-3793 (61)</p>	<p>Jarret and Brittany Lovcik<u>Carmen and James</u> <u>Buckmeier</u> DQ Grill & Chill Highway 2 E RR4, Box 11B Rugby, ND 58368 701 776-6233 (85)</p>	
<p>Jim Wznick DQ Grill & Chill 301 12th Ave SE Stanley, ND 58784 701 628-3404 (20)</p>	<p>Suzie and Todd Kapaun DQ Grill & Chill 909 N Central Ave Valley City, ND 58072 701 845-2622 (49)</p>	
<p>Marin Lundeen-Schulz DQ Grill & Chill 1626 Commerce St Wahpeton, ND 58075 701 483-8100 (11)</p>	<p>David Stedman DQ Grill & Chill 1110 13th Ave E West Fargo, ND 58078-3348 701 356-9337</p>	
<p>David Stedman DQ Grill & Chill 3234 Sheyenne St West Fargo, ND 58078 701 281-3443 (17)</p>	<p>Essie Wright DQ Grill & Chill 1022 1st Ave W Williston, ND 58801 701 572-6474 (50)</p>	

SIGNED, BUT NOT YET OPEN AS OF DECEMBER 31, ~~2022~~2023

DQ Grill & Chill
Bozeman Ice Cream, LLC
Bozeman, MT

~~DQ Grill & Chill 71074
Cass Food Group, LLC
Casselton, ND~~

~~DQ Grill & Chill 71091
United Quality Cooperative
New Town, ND~~

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

EXHIBIT G

TERRITORY OPERATOR'S FORMER SUBFRANCHISEES

(Left the System in ~~2022~~2023)

DQ-MONTANA/NORTH DAKOTA

<p>Tab FlemingDevyn Darvis Miles City, MT 406-951-1905 219 2nd Ave S Medicine Lake MT 59247 406-671-7847</p> <p>Restaurant No. 1548217857</p> <p>Transfer</p>	<p>Chris TomasJarret and Brittany Lovcik Alliance Management Bloomington, MN 952-475-2238 117 2nd Ave NW Rugby, ND 58368 701-331-4083</p> <p>Restaurant No. 1577417178</p> <p>Receivership Sale of Asset & Subsequent Transfer</p>	
<p>Lonnie Peterson and Dave Pruitte 7713 111th Ave NE Lake Stevens, WA 98258 425-334-2713</p> <p>Restaurant No. 15161</p> <p>Transfer</p>	<p>Pete and Leah KlingbeilCheryl and Tobin Welch Langdon, ND 701-370-5252 105 Eugene Ave Park River, ND 58270 701-331-4083</p> <p>Restaurant No. 1578615794</p> <p>Transfer</p>	<p>*Jason & Kim Howell West Yellowstone, MT 406-461-1023</p> <p>Restaurant No. 15913</p> <p>Mutual Cancellation (Abandoned Development)</p>
<p>Chris Tomas Alliance Management Bloomington, MN 952-475-2238</p> <p>Restaurant No. 15307</p> <p>Receivership Abandonment</p>		

~~*This franchisee had signed an operating agreement for a restaurant, but never opened the restaurant.~~

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

EXHIBIT H

ADQ'S FRANCHISEES

(As of December 31, ~~2022~~2023)

**FRANCHISED DQ GRILL & CHILL AND DAIRY QUEEN/BRAZIER RESTAURANT
LOCATIONS OPERATING AS OF DECEMBER 31, ~~2022~~2023**

DQ GRILL & CHILL AND DAIRY QUEEN/BRAZIER RESTAURANT LOCATIONS IN MINNESOTA 2022 2023						
FRANCHISEE- GROUP	ADDRESS	CITY	ST	ZIP	PHONE	
Team Deadrick Inc- Deadrick, Chris R	MN/Aitkin/221 2nd St NE AitkinMN			56431-1523	(218) 927-2918	
Hinnenkamp, Shayna K / Thom, Lawrence A / Thom, Sandy K	MN/Albany/331 7th St S AlbanyMN			56307-9452	(320) 845-2960	
C & A Inc- Hillman, Craig / Hillman, Alesia	MN/Alexandria/1701 Broadway AlexandriaMN			56308-2705	(320) 763-4556	
Lommen, John D	MN/Annandale/600 E Elm St AnnandaleMN			55302-1150	(320) 274-3479	
Jindra, Timothy F	MN/Anoka/3511 Round Lake Blvd NW AnokaMN			55303-5002	(763) 421-8271	
Kotrba Enterprises Inc- Kotrba, Benjamin J / Kotrba, Wendy K	MN/Anoka/424 Main St AnokaMN			55303-2017	(763) 421-3892	
BDQ Inc-(Mn) / Rice, Jamison J / Rice, Ruth A	MN/Barnesville/104 Highway 34 BarnesvilleMN			56514-3339	(218) 354-2231	
Lss LLC- Shebeck, Leigh R / Shebeck, Stacy B	MN/Battle Lake/301 Lake Ave S Battle LakeMN			56515-4218	(218) 864-5288	
Trojans Becker Inc	MN/Becker/14245 Bank Street				(763) 275-2600	
Fourteen Foods LLC	MN/Belle Plaine/325 S Walnut St Belle PlaineMN			56011-2130	(952) 873-6500	
Fourteen Foods LLC	MN/Big Lake/300 Fern St Big LakeMN			55309-9460	(763) 263-7400 314-8563	
Mockingbird LLC- Kraus, John E / Walz, Jill M	MN/Blaine/12721 Central Ave NE BlaineMN			55434-4865	(763) 755-8600	
Hart, Kevin L / Hart, Jillane L Rumor Has It LLC	MN/Bloomington/317 Highway Ave S BloomingtonMN			55917-1444	(507) 583-2296	
Fourteen Foods LLC	MN/Bloomington/9304 Lyndale Ave. S.				(612) 464-5583	
Fourteen Foods LLC	MN/Bloomington/Southport Shopping Center /3701 W Old Shakopee Rd Ste 50 BloomingtonMN			55431-3562	(952) 884-4777	
Fourteen Foods LLC	9304 Lyndale Ave. S.	Bloomington	MN	55420	(612) 464-5583	
Fourteen Foods LLC	MN/Blue Earth/1130 Giant Dr Blue EarthMN			56013-1715	(507) 600-0074 568-9536	
Brainerd Ice Box Investments Inc- Josephson, Todd W / Josephson, Rhonda K	MN/Brainerd/522 C St NE BrainerdMN			56401-3115	(218) 829-6997 536-1899	
Stedman, David K	MN/Breckenridge/105 Minnesota Ave BreckenridgeMN			56520-1945	(218) 643-5190	
Dbk of Roseau Inc- Klosowski, Richard J / Klosowski, Beth	MN/Buffalo/609 Hwy 55 E BuffaloMN			55313-1703	(763) 682-1761	
Queen Nelly LLC- Michaud, Thomas D / Michaud, Carrie L	MN/Burnsville/1301 Hwy 13 E BurnsvilleMN			55337-2912	(952) 890-1040	
Kilo Sierra Investments Corp- Kontz, Gary Lee / Stoks, Gary Richard	MN/Canby/9 St Olaf Ave S CanbyMN			56220-1430	(507) 223-5995	
S.C. Puschinsky Inc- Pusehinsky, Shawn A / Pusehinsky, Cassie L	MN/Cass Lake/115 6th St NE Ste A Cass LakeMN			56633-3428	(218) 335-2908	

DQ GRILL & CHILL AND DAIRY QUEEN/BRAZIER RESTAURANT LOCATIONS IN MINNESOTA 2022 2023						
Kotrba Enterprises Inc / Kotrba, Benjamin J / Kotrba, Wendy K	MN/Champlin/11200 Aquila Dr N ChamplinMN	55316-3791	(763) 427-8441			
Big D Enterprises Inc / Hendrickson, Daniel L / Hendrickson, Debra A	MN/Chaska/2935 N Chestnut St ChaskaMN	55318-1300	(952) 448-4054			
Fourteen Foods LLC	MN/Clearwater/720 Nelson Dr ClearwaterMN	55320	(320) 558-6855			
Son Group V LLC / The Son Family Trust / Plaisted, Richard L / Plaisted, Gloria H	MN/Cloquet/1402 Hwy 33 S CloquetMN	55720-2627	(218) 879-1953			
Escalate Affluently Inc / Haukos, Joshua D	MN/Cokato/230 Cokato St W CokatoMN	55321-4654	(320) 286-2761 (612) 532-8684			
Knauf Enterprises Inc / Knauf, Maridee L	MN/Cold Spring/880 Highway 23 E Cold SpringMN	56320-4519	(320) 685-3836			
OMKAR Inc	MN/Coon Rapids/3595 River Rapids Dr NW					(763) 323-6887
Kgb Inc / Luoma, Darin D / Luoma, Kerri A	MN/Coon Rapids/370 Northdale Blvd NW Coon RapidsMN	55448-3362	(763) 757-5900			
Jindra, Phil A	3595 River Rapids Dr NW	Coon Rapids	MN	55448-4103		(763) 323-6887
JJAK LLC / Nelson, Aaron R / Nelson, Kristy A / Schafer, Jason J / Schafer, Jennifer L	MN/Crosby/714 Oak St CrosbyMN	56441-1117	(218) 546-6124			
Zabka Investments LLC / Zabka, Thomas A / Zabka, Nicole M	MN/Crosslake/36404 County Road 66 CrosslakeMN	56442-2506	(218) 692-4443			
Schland LLC / Hjelmeland, Dustin L / Schwan, John P	MN/Dawson/108 6th St DawsonMN	56232-2137	(320) 769-2300			
Escalate Affluently Inc / Haukos, Joshua D	MN/Delano/403 W River Rd DelanoMN	55328-9103	(763) 972-2660 (612) 987-0392			
Kensinger, Leslie / Kensinger, Ellen	MN/Detroit Lakes/900 McKinley Ave Detroit LakesMN	56501-3504	(218) 847-8154			
Midwest Restaurant Holdings LLC / TC Investments LLC / Johnson, Casey C / Johnson, Tonya M / KLC Holdings LLC / Christianson, Kevin L / K. Christianson Family Trust	MN/Dilworth/1702 Center Ave W DilworthMN	56529-1330	(218) 512-1003 (701) 793-1571			
Group 17 Inc / Kreidermacher, Kiel P / Kreidermacher, Patrick A	MN/Duluth/307 Canal Park Dr DuluthMN	55802-2396	(218) 722-0799			
Lipinski, Thomas A / Lipinski, Margaret A	MN/Duluth/5692 Miller Trunk Hwy DuluthMN	55811-1231	(218) 729-8756			
Top Curl LLC / Selby, Luke W / Selby, Tara K	MN/Eagan/4630 Rahn Cliff Rd EaganMN	55122-3397	(651) 688-2725			
Msw Foods Inc / Wilson, James M / Wilson, Vicki S	MN/East Grand Forks/1412 Central Ave NE East Grand ForksMN	56721-1605	(218) 773-7602			
Fourteen Foods LLC	MN/Eden Prairie/16340 Terry Pine Dr Eden PrairieMN	55344-2107	(952) 906-2005			
DQ Training Restaurants LLC	MN/Edina/7700 Normandale Blvd EdinaMN	55439-3139	(952) 405-9427			
Mitchell, Scott D / Mitchell, Annette B	MN/Elk River/403 Morton Ave Elk RiverMN	55330-2512	(763) 441-1823			
Ivancich Inc / Ivancich, Paul F (Estate) / Klun, Kelly M	MN/Ely/1441 E Sheridan St ElyMN	55731-1744	(218) 365-5101			

DQ GRILL & CHILL AND DAIRY QUEEN/BRAZIER RESTAURANT LOCATIONS IN MINNESOTA 2022 2023			
Hendrickson & Associates Inc—/ Hendrickson, Charles Hendrickson, Winnie	MN/Faribault /4050 Hwy 60 W Faribault MN	55021-8456	(507) 334-0453
Clemons, Paul / Clemons, Julie	MN/Farmington /705 Willow St Farmington MN	55024-1147	(651) 463-7244
Skthom Inc—/ Hinnenkamp, Shayna K	MN/Fergus Falls /719 E Vernon Ave Fergus Falls MN	56537-3031	(218) 736-5737
Tbtb Inc—/ Nelson, Trudy J	MN/Forest Lake /555 Lake St S Forest Lake MN	55025-2610	(651) 464-6608
FosstonDQ Inc—/ Holland, Casey T Holland, Kelly M	MN/Fosston /400 1st St E Fosston MN	56542-1502	(218) 435-1095
Fourteen Foods LLC	MN/Fridley /225 OsborNE Rd NE Fridley MN	55432-3122	(763) 571-5080
Bakers Eats LLC—/ Baker, Dale D McKeever-Baker, Laurel A	MN/Glencoe /227 10th St E Glencoe MN	55336-2026	(320) 864-3804
Himmel LLC—/ Medonald, Seth A Medonald, Carrieann M	MN/Grand Marais /120 Highway 61 N Grand Marais MN	55604	(218) 387-9809
South GRDQ Inc—/ Hutchins, Kari Ann	MN/Grand Rapids /1940 Pokegama Ave S Grand Rapids MN	55744-4289	(218) 326-3366
GFDQ Inc—/ Aus, James P / Aus, Nancy C	560 Hwy 212 W MN/Granite Falls MN /560 Hwy 212 W	56241-1360	(320) 564-4268
BtndDQ LLC—/ Copperud, Gary W Gunia, Kandi Jo	MN/Ham Lake /17650 Hwy 65 NE Ham Lake MN	55304	(763) 434-3400
Johnson-Schultz Restaurant LLC—/ Johnson, Heidi J / Schultz, Nicholas V / Schultz, Staci D	MN/Hawley /1310 Hobart St Hawley MN	56549	(218) 483-0293
Son Group III LLC—/ Plaisted, Richard L / Plaisted, Gloria H	MN/Hermantown /4703 Market St Hermantown MN	55811-2642	(218) 727-1668
Fourteen Foods LLC	MN/Hinckley /105 Grindstone Ct Hinckley MN	55037	(320) 384-7584
Bakers Eats LLC—/ Baker, Dale D McKeever-Baker, Laurel A	MN/Hutchinson /46 Main St N Hutchinson MN	55350-1806	(320) 587-2076
Ice Box Investments Inc / Josephson, Todd W / Josephson, Rhonda K / Wickham, Dennis D / Wickham, Denise L Smoke and Fire Inc	1306 3rd Ave MN/International Falls MN /1306 3rd Ave	56649-2958	(218) 283-3428
Igh Restaurant LLC—/ Selbitschka, Michael A / Olson, Joshua P / Lehn, Joseph J	6655 Cahill Ave MN/Inver Grove Heights MN / 6655 Cahill Ave	55076-2026	(651) 455-0339
J.H. and Sons Isanti Enterprises Inc	MN/Isanti /280 5th Ave NE		(763) 444-7291
Staples Enterprises Inc—/ Staples, Alan / Staples, Brent	MN/Jackson /1021 Highway 71 N Jackson MN	56143-1086	(507) 847-4662 360-9310
Fourteen Foods LLC	MN/Lakeville /10950 175th Ct W Lakeville MN	55044-5546	(952) 892-5001
His Management Group Inc—/ Goetzman, Daniel W / Goetzman, Jennifer M	MN/Lindstrom /13105 Lake Blvd Lindstrom MN	55045-9528	(651) 257-2536
Fourteen Foods LLC	MN/Lino Lakes /2110 Northern Lights Blvd Lino Lakes MN	55038-7752	(651) 426-6310
Fourteen Foods LLC	MN/Lino Lakes /625 Apollo Dr Lino Lakes MN	55014-3020	(651) 255-2502
LpDQ LLC—/ Mitzel, Matthew D Mitzel, Stephanie J	MN/Long Prairie /710 Commerce Rd Long Prairie MN	56347-1521	(320) 732-2776

DQ GRILL & CHILL AND DAIRY QUEEN/BRAZIER RESTAURANT LOCATIONS IN MINNESOTA 2022 2023			
Kilpatrick LLC / Kilpatrick, Jason J	MN/Madison/711 8th Ave MadisonMN	56256-1125	(320) 598-3858
Luke's Treats Inc / Hanseom, Luke DHIS Management Group Inc	MN/Mahtomedi/850 Wildwood Rd MahtomediMN	55115-1850	(651) 777-4686
Fourteen Foods LLC	MN/Maple Grove/13770 83rd Way N Maple GroveMN	55369-4645	(763) 420-9830
Maplewood Restaurants Restaurant LLC / Selbitschka, Michael A / Olson, Joshua P / Lehn, Joseph J	MN/Maplewood/819 Century Ave N MaplewoodMN	55119-3822	(651) 739-7143
MDQ Inc / Aus, James P	MN/Marshall/1206 E College Dr MarshallMN	56258-2010	(507) 532-9350
Boyd, Thomas K / Boyd, Teresa J	MN/McGregor/259 W Hwy 65 McGregorMN	55760	(218) 768-2050
S & L Thom Inc / Thom, Lawrence A / Hinnenkamp, Shayna K / Thom, Cheri / Thom, Travis / Thom, Sandy K	MN/Melrose/208 E Cty Rd 173 MelroseMN	56352-1602	(320) 256-3399
Peralta Enterprise Inc / Peralta, Andrew L	MN/Mentor/38 County 12 N MentorMN	56736-3602	(218) 637-2215
SL Michaels Holdings LLC / Michaels Associates LLC / Michaels, Stephen L / Michaels, Daniel P	MN/Milaca/415 10th Ave SE MilacaMN	56353-3778	(320) 983-3451
Fourteen Foods LLC	MN/Minnetonka/4912 County Road 101 MinnetonkaMN	55345-2637	(612) 427-0602
Fourteen Foods LLC	MN/Monticello/1110 Highway 25 NE MonticelloMN	55362-3304	(763) 295-0133
MFL Inc / Schultz, Todd A / Schultz, Marin F	MN/Moorhead/802 30th Ave S MoorheadMN	56560-5006	(218) 512-2222
Danby Inc / Dougherty, Daniel D / Dougherty, Rebecca B	MN/Moose Lake/91 Arrowhead Ln Moose LakeMN	55767-9453	(218) 485-4317
Sure Would Inc / Sherwood, Barry L / Sherwood, Kimberlyn A	MN/Mora/550 Highway 65 S MoraMN	55051-1937	(320) 679-2055
Nalipinski, Thomas A / Millapinski Companies LLC / Nalipinski, Brian J	MN/Morris/24 Atlantic Ave MorrisMN	56267-1317	(320) 589-2227
Yoder Family Enterprises LLC / Schultz, Nicholas V / Schultz, Staci D / Johnson, Heidi J	MN/Motley/264 Hwy 10 S MotleyMN	56466-9074	(218) 352-6152
Wagner & Reiland Inc / Wagner, Kevin R / Reiland, Bradley C / Reiland, Jennifer L	MN/New Prague/409 4th Ave SW New PragueMN	56071-1307	(952) 758-3349
Winter, Daniel M / Winter, Shelly L	MN/New Ulm/1501 N Broadway St New UlmMN	56073-1234	(507) 359-9229
Fowler Enterprises Inc / Fowler, James S / Fowler, Heidi R	MN/North Branch/38729 14th Ave North BranchMN	55056-5497	(651) 674-7680
His Management Group Inc / Goetzman, Daniel W / Goetzman, Jennifer M	2730 E 16th St MN/North Saint Paul/2730 E 16th St MN	55109-2342	(651) 777-1511
Tomkat Inc / Haubrich, Thomas S / Haubrich, Kathy S	MN/Norwood/511 N Morse St NorwoodMN	55368-9778	(952) 467-3452
His Management Group Inc / Goetzman, Daniel W / Goetzman, Jennifer M	MN/Olivia/1520 W Lincoln OliviaMN	56277-1263	(320) 523-2200

DQ GRILL & CHILL AND DAIRY QUEEN/BRAZIER RESTAURANT LOCATIONS IN MINNESOTA 2022 2023						
Treatsz LLC — / Hinnenkamp, Timothy P / Hinnenkamp, Shayna K / Luedtke, Zachary T	MN/Onamia/38664 US Highway 169 OnamiaMN	56359-8012	(320) 532-3499			
Stedman, David K	MN/Ortonville/833 US Highway 12 OrtonvilleMN	56278-4081	(320) 839-3605			
Fourteen Foods LLC	670 W Bridge St	Owatonna	MN	55060-2702	(507) 451-8398	
Stahnke, Peter J / Stahnke, Elizabeth O	MN/Park Rapids/809 1st St E Park RapidsMN	56470-1708	(218) 732-5947			
Peralta Investments Inc — / Peralta, Andrew L / Peralta, Savannah M	MN/Pelican Rapids/1121 S Broadway Pelican RapidsMN	56572-4710	(218) 863-3320			
Jp Taylor Inc — / Martin, Katherine L / Kaneski, Lisa M	MN/Pequot Lakes/30799 Patriot Ave Pequot LakesMN	56472-4113	(218) 568-5440			
Jammers Inc — / Winjum, Marc A / Winjum, Michael T	MN/Perham/802 3rd Ave SE PerhamMN	56573-1735	(218) 346-4070			
Jp Taylor Inc — / Martin, Katherine L / Kaneski, Lisa M	MN/Pine River/306 Front St S Pine RiverMN	56474	(218) 587-4762			
Fourteen Foods LLC	MN/Plainview/800 N Wabasha PlainviewMN	55964-1290	(507) 486-7227			
Fourteen Foods LLC	MN/Plymouth/4000 Annapolis Ln N PlymouthMN	55447-5480	(763) 557-2830			
2 Trojans Inc — / Bell, Stuart P	MN/Princeton/1102 7th Ave S PrincetonMN	55371-4555	(763) 389-2080			
Howdee Corporation / Clausen, Dee	MN/Prior Lake/4393 Maplewood St SE Prior LakeMN	55372-2956	(952) 447-3894			
His Management Group Inc — / Goetzman, Daniel W / Goetzman, Jennifer M	1136 E Bridge MN/Redwood FallsMN/1136 E Bridge	56283-1808	(507) 637-2200			
DQ Training Restaurants LLC	MN/Richfield/2800 W 66th St					
Thomas D Austin Incorporated / Austin, Thomas D	MN/Richfield/7533 Lyndale Ave S RichfieldMN	55423-4011	(612) 869-4250			
DQ Training Restaurants LLC	2800 W 66th St	Richfield	MN	55423-1937	(612) 861-8941	
Fourteen Foods LLC	MN/Rogers/13560 Rogers Dr RogersMN	55374-9413	(763) 428-8063			
Peralta Family Inc — / Peralta, Andrew L / Peralta, Orlando	MN/Roseau/1102 3rd St NW RoseauMN	56751-1906	(218) 463-3030			
Fourteen Foods LLC	MN/Rosemount/15073 Canada Ave W RosemountMN	55068-1758	(651) 423-4554			
Akst LLC — / Hinnenkamp, Timothy P / Hinnenkamp, Shayna K / Nelson, Aaron R / Nelson, Kristy A	MN/Royalton/624 S Cedar St RoyaltonMN	56373-4542	(320) 584-8182			
Lamb, Shane P (Estate)	MN/Saint Cloud/611 Hwy 10 SE Saint CloudMN	56304-1254	(320) 252-0862			
Fourteen Foods LLC	MN/Saint Michael/281 Central Ave E Saint MichaelMN	55376-4513	(763) 497-5254			
Fourteen Foods LLC	1959 Ford Pkwy	Saint Paul	MN	55116-1923	(651) 699-4777	

DQ GRILL & CHILL AND DAIRY QUEEN/BRAZIER RESTAURANT LOCATIONS IN MINNESOTA 2022 2023					
T Stevens Corporation / Stevens, Mark D / Stevens, Rebecca / Stevens, Timothy J	MN/Saint Peter/850 N Minnesota Ave Saint Peter MN	56082-2425			(507) 931-4580
Main Street Soft Serve Inc / Neubert, Timothy F / Neubert, Krista J	MN/Sauk Centre/1171 S Main St Sauk Centre MN	56378-1652			(320) 352-3930
Clausen Corporation / Clausen, Dee	MN/Savage/3939 Egan Dr Savage MN	55378-2971			(952) 895-0141
Plaisted, Allen M / Plaisted, Kathryn LK / Bounds, Matthew M / Bounds, Amy LA	MN/Shakopee/1251 Tasha Dr Shakopee MN	55379-4425			(952) 233-2717
Fourteen Foods LLC	MN/Shoreview/4615 Hodgson Rd Shoreview MN	55126-6040			(651) 483-5076
Scott's Second Corporation / Vaubel, Scott A / Vaubel, Teresa L	MN/Sleepy Eye/617 W Main St Sleepy Eye MN	56085-1130			(507) 794-5971
His Management Group Inc / Goetzman, Daniel W / Goetzman, Jennifer M	MN/Spicer/137 Access Way Spicer MN	56288-9601			(320) 796-2010
Fourteen Foods LLC	MN/Spring Valley/300 N Section Ave Spring Valley MN	55975-1670			(507) 440-3155
Yoder, Doyle D / Yoder, Debra / Ninja Restaurants of Staples Inc / Doll, Nicholas D / Doll, Jacquelyn M	MN/Staples/1100 2nd Ave NE Staples MN	56479-2941			(218) 894-1143 371-0915
Bkj BKJ Operations LLC / Kulesa, William B	MN/Stillwater/1600 Frontage Rd W Stillwater MN	55082-2700			(651) 351-2850
Peralta Inc / Peralta, Andrew L	700 Highway 32 S MN/Thief River Falls MN/700 Highway 32 S	56701			(218) 681-3007
Ridl, Josephine K (Estate)	MN/Victoria/2120 Arboretum Blvd Victoria MN	55386-7710			(952) 443-2294
NORTHDQ Inc / Hutchins, Kari Ann	MN/Virginia/8399 Unity Dr Virginia MN	55792-4005			(218) 741-3058
Nissen Inc / Nissen, Craig H / Nissen, Sharla R / Millner, Rene A / Nissen, Donell S	MN/Wabasha/1000 Shields Ave Wabasha MN	55981-1100			(651) 565-2100
Fourteen Foods LLC	MN/Waconia/10610 W 10th St Waconia MN	55387-9521			(651) 461-4183
MXT LLC / Ebner, Tougas, Deborah KBE COOOL Restaurants Wadena Inc	MN/Wadena/106 Ash Ave NW	Wadena MN 56482-1347			(218) 631-4390
Stewart, Jon Lee Lara Rene / Stewart, Lara Jon Rene Lec	MN/Walker/308 Minnesota Ave W Walker MN	56484-2270			(218) 547-1460
JECK Inc / Berg, Garrett J / Sandwick, Bethany L	MN/Warroad/609 Cedar Ave NW Warroad MN	56763-2170			(218) 386-2187
Fourteen Foods LLC	MN/Wascca/1904 State St N Waseca MN	56093-2664			(507) 835-2970
Liberty Investments of Albert Lea Inc / Weitzel, Kevin L / Weitzel, Tami J	MN/Wells/210 3rd St NW Wells MN	56097-6223			(507) 553-3813
His Management Group Inc / Goetzman, Daniel W / Goetzman, Jennifer M	MN/Willmar/2020 Hwy 12 E Willmar MN	56201-5818			(320) 235-2072

DQ GRILL & CHILL AND DAIRY QUEEN/BRAZIER RESTAURANT LOCATIONS IN MINNESOTA 2022 2023						
His Management Group Inc Goetzman, Daniel W / Goetzman, Jennifer M	MN/Willmar /2100 1st St Willmar MN	56204		(320) 235-2076		
Tw Inc / Trebelhorn, David B / Trebelhorn, Laurie L / Willaert, James R / Willaert, Tera M	103 W 4th St	Winthrop	MN	55396		(507) 647-5336
Bolles Properties LLC Bolles, Theodore F	MN/Woodbury /7450 Currell Blvd Woodbury MN	55125-2218		(651) 731-6878		
Fourteen Foods LLC	MN/Worthington /1640 Humiston Ave Worthington MN	56187-1756		(507) 376-5487		
Fourteen Foods LLC	MN/Wyoming /5111 E Viking Blvd Wyoming MN	55092-8037		(651) 462-8706		
Fourteen Foods LLC	MN/Zimmerman /12475 Fremont Ave NW Zimmerman MN	55398		(763) 856-4300 (651) 368-5835		
Bucher Inc Bucher, Layne E / Bucher, Kathryn L / Bucher, Steven L / Bucher, Joan M	MN/Zumbrota /215 E 18th St Zumbrota MN	55992-1010		(507) 732-5910		

ADQ DQ GRILL & CHILL AND DAIRY QUEEN/BRAZIER ~~FRANCHISEES~~FRANCHISEES WHO SIGNED OPERATING AGREEMENTS BUT NOT YET OPENED AS OF DECEMBER 31, ~~2022~~2023

GRILL & CHILL FRANCHISEES WHO HAVE SIGNED AN OPERATING AGREEMENT, BUT NOT YET OPENED LOCATION 2022			
Franchisee(s)	City	ST	Phone
J.H. and Sons Isanti Enterprises Inc. / Fowler, James Heidi R.	Isanti	MN	(612) 598-3342

<u>Grill & Chill and Dairy Queen/Brazier Restaurant Signed But Not Opened as of December 31, 2023</u>			
<u>FRANCHISEE(S)</u>	<u>CITY</u>	<u>ST</u>	<u>PHONE</u>
BKJ Operations LLC	Lake Elmo	MN	(651) 276-4787

FRANCHISED DQ TREAT STORES AS OF DECEMBER 31, ~~2022~~2023

ADQ DQ TREAT CENTER LOCATIONS IN MINNESOTA AND NORTH DAKOTA 2022 2023					
FRANCHISEE GROUP	ADDRESS	CITY	ST	ZIP	PHONE
D-Que Holdings Inc Pedersen, Woodrow K / Pedersen, Cynthia M	MN/Alexandria /907 N Nokomis Alexandria MN	56308-5125		(320) 763-6900	
K & M of AMP Bemidji Inc Magnan, Ted / Magnan, Michael	MN/Bemidji /700 Paul Bunyan Drive S Bemidji MN	56601-2439		(218) 444-2108	
Stevens, Kevin J / Stevens, Jill Sweet Treats of Benson LLC	MN/Benson /2214 Atlantic Ave	Benson	MN	56215-1001	(320) 843-3939

ADQ DQ TREAT CENTER LOCATIONS IN MINNESOTA AND NORTH DAKOTA 2022 2023						
FRANCHISEE GROUP	ADDRESS	CITY	ST	ZIP	PHONE	
C & B Treats LLC / Lind, Bradley M / Sivert, Christopher J	MN/Blaine /8528 Central Ave NE	Blaine MN		55434-3313	(763) 784-2160	
Hendrickson Jr, Ronald L Zenith 11 MN LLC	MN/Bloomington /Mall Of America Bloomington/282 East Broadway	MN		55425-5512	(952) 858-8938 (978) 406-1255	
Brainerd Ice Box Investments Inc / Josephson, Todd W / Josephson, Rhonda K	MN/Brainerd /12 Washington St	Brainerd MN		56401-3340	(218) 829-4655	
Mixell, Todd / Mixell, Marty	MN/Brooklyn Park /7749 Zane Ave N	Brooklyn Park MN		55443-3120	(763) 560-5741	
Carab LLC / Michaud, Thomas D / Michaud, Carrie L	MN/Brooklyn Park /8555 Edinburgh Center Dr	Brooklyn Park MN		55443-3724	(763) 425-7100	
Jh and Sons Enterprises Inc / Fowler, James S / Fowler, Heidi R	MN/Cambridge /811 Main St S	Cambridge MN		55008-2166	(763) 689-4298	
Letness, Thomas E	MN/Columbia Heights /3959 Central Ave NE	Columbia Heights MN		55421-3932	(763) 781-7856	
Lee, Tou Fue / Plaisted, Allen M / Gerry, Mark I	MN/Cottage Grove /7175 80th St S	Cottage Grove MN		55016-3004	(651) 459-5511	
Loken Enterprises LLC / Nobles, Robbie A / Loken, Loren P	MN/Crookston /1740 University Ave	Crookston MN		56716-1112	(218) 281-4421	
Koltes Enterprises LLC / Koltes, Charles A / Adams-Koltes, Debra L	MN/Duluth /4431 Grand Ave	Duluth MN		55807-2753	(218) 624-5702	
Synergy Investments IV Inc / Martinson, Cary Brett	MN/Eden Prairie /Eden Prairie Mall PrairieMN/8251 Flying Cloud Dr Ste 125	Eden Prairie MN		55344-5392	(952) 253-1122	
Jamunlimited Inc / Martinson, Cary Brett	2290a Southdale Ctr	Edina	MN	55435-7025	(952) 920-6811	
Double Trouble Treats LLC / Vaubel, Scott A	MN/Fairmont /1326 E Blue Earth Ave	Fairmont MN		56031-4254	(507) 235-5005	
Hendrickson & Associates Inc / Hendrickson, Charles / Hendrickson, Winnie	MN/Faribault /309 Lyndale Ave N	Faribault MN		55021-4851	(507) 334-3700	
Waska Treats Inc / Volkman, Keith A / Volkman, Jill O	MN/Glenwood /243 Minnesota Ave W	Glenwood MN		56334-1524	(320) 634-4956	
Lommen, John D	MN/Golden Valley /7825 Medicine Lake Rd	Golden Valley MN		55427-5008	(763) 542-1764	
Plaisted, Allen MA / Plaisted, Kathryn LK / Gerry, Mark IM / Gerry, Jane RJ	MN/Hastings /1205 Vermillion St	Hastings MN		55033-2842	(651) 437-3370	
Emanuel & Emanuel A Partnership / Emanuel, Dana L	MN/Hibbing /615 W 41st St	Hibbing MN		55746-3018	(218) 262-2444	
Pettit, David A (Estate)	MN/Hopkins /1800 Main St	Hopkins MN		55343-7413	(952) 930-0202	
Cowdin, Steven C / Cowdin, Susan R	MN/Janesville /106 E 1st St	Janesville MN		56048-3001	(507) 234-5426	
Rhjt Inc / Hundt, Ronald E / Tatge, Justin M	MN/Lake City /821 N Lakeshore Dr	Lake City MN		55041-1122	(651) 448-8277	
K&M Curls LLC / Velin, Michelle A D / McCabe, Katie L	MN/Lexington /4131 Woodland Rd	Lexington MN		55014-3529	(763) 786-4663	
Lucky Treats LLC / Luedtke, David J / Luedtke, Teri J	MN/Litchfield /1009 N Sibley Ave (Hwy 12)	Litchfield MN		55355-1302	(320) 693-2001 221-3174	

ADQ DQ TREAT CENTER LOCATIONS IN MINNESOTA AND NORTH DAKOTA 2022 2023						
FRANCHISEE GROUP	ADDRESS	CITY	ST	ZIP	PHONE	
Ninja Restaurants Inc / Doll, Nicholas D / Doll, Jacquelyn M	MN/Little Falls/1012 Haven Rd	Little Falls MN	MN	56345-4491	(320) 632-6494	
Smidt, Rita / Smidt, Gary	MN/Marshall/401 Country Club Dr	Marshall MN	MN	56258-1611	(507) 532-6404	
March Enterprises LLC / Head, Martha M	4740 Minnehaha Ave	Minneapolis	MN	55406-3917	(612)-721-5400	
Lee, Tou Fue	4400 E Lake St	Minneapolis	MN	55406-2302	(612)-721-2007	
Schwiek Inc / Gillen, Steven M / Gillen, Kristal D Starr 3747 Inc	MN/Minneapolis/3747 13th Ave S	Minneapolis MN	MN	55407-2709	(612) 822-2393	
Dapaul Enterprises LLC / Phillippi, David P / Phillippi, Joanne E Lee, Tou Fue	710 Lowry Ave NE	MN/Minneapolis/4400 E Lake St	MN	55418-3622	(612) 788-8336 721-2007	
Wilson LLC / Michaud, Thomas D / Michaud, Carrie L	MN/Minneapolis/4719 Lyndale Ave N	Minneapolis MN	MN	55430-3637	(612) 521-2422	
March Enterprises LLC	MN/Minneapolis/4740 Minnehaha Ave				(612) 721-5400	
D F Austin Inc / Austin, Thomas D	MN/Minneapolis/6014 S Portland Ave	Minneapolis MN	MN	55417-3130	(612) 869-6171	
Mpls Skyway DQ/OJ LLC / Lee, Tou F Dapaul Enterprises LLC	US Bancorp Bldg	MN/Minneapolis/710 Lowry Ave NE	MN	55402-7029	(612) 338-2232 788-8336	
Synergy Investments IV Inc / Martinson, Cary Brett	MN/Minnetonka/12940 Minnetonka Blvd	Minnetonka MN	MN	55343-6568	(952) 938-2981	
Deleon, Troy L / Deleon, Diane R	MN/Moorhead/24 S 8th St	Moorhead MN	MN	56560-2807	(218) 233-3221	
Nos Treats Inc	MN/New Brighton/2200 Silver Lake Rd NW				(651) 633-9728	
Larson, Shelly Jo / St Polo LLC / Larson, Timothy J	MN/New Brighton/409 Old Hwy 8 NW	New Brighton MN	MN	55112-3206	(651) 636-6560	
Nos Treats Inc / Schilling, Nicholas S / Schilling, Olivia J	2200 Silver Lake Rd NW	New Brighton	MN	55112-5003	(651)-633-9728	
Jp Taylor Inc / Martin, Katherine L / Kaneski, Lisa M	MN/Nisswa/25312 Main St	Nisswa MN	MN	56468-5002	(218) 963-2163	
Busterbarbob Inc / Manderfeld, Craig A / Manderfeld, Troy R / Svendsen, Robin M / Steele, Joni M	MN/Northfield/900 Highway 3 N	Northfield MN	MN	55057-1445	(507) 645-8912	
Skthom Inc / Hinnenkamp, Shayna K	MN/Paynesville/823 W Minnesota St	Paynesville MN	MN	56362-1122	(320) 243-4676	
J & H Pine City Enterprises Inc / Fowler, James S / Fowler, Heidi R	MN/Pine City/1000 Main St S	Pine City MN	MN	55063-2012	(320) 629-3660	
Cj Enterprises of Pipestone LLC / Popma, Corey M / Popma, Julie A	MN/Pipestone/301 8th Ave SE	Pipestone MN	MN	56164-2045	(507) 825-3655	
Plaisted, Allen MA / Plaisted, Kathryn LK / Gerry, Mark M / Gerry, Jane RJ	MN/Richfield/16 E 66th St	Richfield MN	MN	55423-2454	(612) 861-6151	
Tacks of Minnesota LLC / Michaud, Thomas D / Michaud, Carrie L	MN/Robbinsdale/4017 W Broadway Ave	Robbinsdale MN	MN	55422-2211	(763) 533-8072	
Jtrh Inc	MN/Roseville/1720 Lexington Ave N				(651) 489-4182	

ADQ DQ TREAT CENTER LOCATIONS IN MINNESOTA AND NORTH DAKOTA 2022 2023						
FRANCHISEE GROUP	ADDRESS	CITY	ST	ZIP	PHONE	
Rhjt Inc / Hundt, Ronald E / Tatge, Justin M	MN/Roseville/1739 Rice St				(651) 489-8900	
His Management Group Inc / Goetzman, Daniel W / Goetzman, Jennifer M	MN/Roseville/3070 Lexington Ave NRosevilleMN			55113-1916	(651) 481-9007	
Rhjt Inc / Hundt, Ronald E / Tatge, Justin M	1739 Rice St	Roseville	MN	55113-6802	(651) 489-8900	
Jtrh Inc / Hundt, Ronald E / Tatge, Justin M	1720 Lexington Ave N	Roseville	MN	55113-6514	(651) 489-4182	
REWA Corp / Patel, Kishan N / Patel, Priya K	MN/Roseville/Rosedale Center /1595 Highway 36 W Space 722	RosevilleMN		55113-4094	(651) 636-2693	
Hofmann, Keith / Hofmann, Jessica	2612 Hwy 88 MN/Saint AnthonyMN/2612 Hwy 88			55418-3207	(612) 781-2429	
Lahr, Gene G / Lahr, Barbara	MN/Saint Cloud/24 25th Ave S Saint CloudMN			56301-3919	(320) 252-3023	
Hero Treats LLC / Mathisen, Jon R / Mathisen, Victoria L	MN/Saint Francis/Saint Francis City Center 23212 Saint FrancisMN Blvd NW #1300			55070-2306	(763) 954-9340	
Swanson Enterprises LLC / Swanson, Brian C	MN/Saint James/1312 7th Ave S Saint JamesMN			56081-2439	(507) 375-4820	
Ljsj LLC / Danielson, Lonnie D / Danielson, Julie K / Kinnunen, Sandra J	1537 White Bear Ave N	Saint Paul	MN	55106-1601	(651) 756-1535	
Slavik, Johnathan P	MN/Saint Paul/1354 Maryland Ave E Saint PaulMN			55106-2812	(651) 776-7188	
Toffi LLC	MN/Saint Paul/1537 White Bear Ave N				(651) 756-1535	
Plaisted, Allen / Plaisted, Tim	MN/Saint Paul/565 Earl St Saint PaulMN			55106-5238	(651) 493-1379	
Hagert, Brenda L	MN/Sanborn/32948 US Hwy 14 SanbornMN			56083-3053	(507) 648-3575	
Kaianne Shakers Inc / Lyon, Holly / Hahn-Schultz, Misty	MN/Sauk Rapids/501 N Benton Dr Sauk RapidsMN			56379-1536	(320) 255-1697	
Lee, Tou Fue	MN/South Saint Paul/602 Southview Blvd South Saint PaulMN			55075-2344	(651) 451-8639	
Starbuck's Cone Factory Inc / Anderson, Todd M	100 Main St	Starbuck	MN	56381	(320) 239-2615	
Himmel LLC / Medonald, Seth A / Medonald, Carrieann M	530 7th Ave MN/Two HarborsMN/530 7th Ave			55616-1452	(218) 834-4105	
Roley, Richard C	MN/Warren/110 W Fletcher Ave WarrenMN			56762-1110	(218) 745-4209	
Plaisted, Richard L / Plaisted, Gloria	MN/Wayzata/3574 Shoreline Dr WayzataMN			55391-9782	(952) 471-7845	
Slavik, John	MN/West Saint Paul/1110 S Robert St West Saint PaulMN			55118-1458	(651) 457-1535	
Plaisted, Jeffery / Plaisted, Vicki L	4047 Hwy 61 MN/White Bear LakeMN/4047 Hwy 61			55110-4631	(651) 426-9034	
Gamradt, Larry L / Gamradt, Jeanne M	MN/Window/1350 1st Ave WindowMN			56101-2010	(507) 831-1948	
Gf Washington Inc / Johnston, Terry L	ND/Grand Forks/1205 S Washington St Grand ForksND			58201-5432	(701) 775-5422	
R & L Hospitality of Beulah Inc / Leonard, Herbert Lesson	ND/Minot/Dakota Square Mall 10th St SW	MinotND/2400		58701-2013	(701) 839-8074	

EXHIBIT I

ADQ'S FORMER FRANCHISEES

(Left the System in ~~2022~~2023)

ADQ DQ GRILL & CHILL FRANCHISE TRANSFERS IN ~~2022~~2023

GRILL & CHILL TRANSFERS 2022				
*Transfers where seller sold interest in this particular store, but remains a franchisee for other store(s)				
CITY	ST	SELLER(S)/ BUSINESS NAME(S)	PHONE	COMMENT
Bessemer	AL	Patel, Dhruvi V / Momin, Iqbal R	404-456-3235	Stock Transfer
Enterprise	AL	Sarazz Inc / Momin, Parvezhusen M / Momin, Nashrin	(404)-542-6855	
Hartselle	AL	Atif Inc / Momin, Raishali Y / Momin, Sayena L	678-793-0685	
Mobile	AL	Parvin Inc / Momin, Naushad Hussain / Momin, Mohmedkamil S / Momin, Kazmi S	404-513-8392	
Sun City West	AZ	W M K Lee Enterprises Inc / Lee, Wayne E	623-206-3495	
Inverness	FL	Najir LLC / Bhonhariya, Najirahamad N / Bhonhariya, Abdulrahim N / Patel, Heema / Ali, Uzma I	860-933-3831	
Tamarac	FL	Mr RJ Blizzard Inc / Groden, Mitchell / Groden, Randi	(954)-718-1004	
Columbus	GA	Labe Restaurant Group LLC / Medonald, John A / Huff, Laura M / Knight, Elizabeth M	706-884-6191	
Fayetteville	GA	Munir Inc / Momin, Rizvan / Momin, Nasir F / Momin, Munafali	678-665-9623	
Peachtree City	GA	Peachtree Fast Food LLC / Patel, Vimal / Patel, Deep / Patel, Dipen	678-612-4796	
Silvis	IL	Rah Partnership Inc / Smith, Mark A	563-370-3909	
Tuscumbia	IL	Patel, Maulik	(616)-309-3213	
Clermont	IN	Linn Properties Inc II / Linn, Mick C	(317)-691-3649	
Fishers	IN	Olio Ventures Inc / Duncan, James D / Llewellyn, Jason C / Sharon M Piazza Revocable Trust / Hajek, Robert J / Llewellyn, Melissa A	317-371-0644	
Indianapolis	IN	H&H Meridian Street LLC / Hart Management Corporation / Hart, Gavin S / Hart, Kim P / Harlan, Hugh P / Harlan, Doug, H	260-497-0888	
North Vernon	IN	Fourteen Foods LLC	952-356-9278	
Burlington	KS	Khan's Enterprise LLC / Pathan, Affaakkhan A / Momin, Nisarali G	(620)-364-8966	
Garnett	KS	Patel, Raj M	417-596-9535	
Eminence	KY	Fourteen Foods LLC	952-356-9278	
Florence	KY	Shantaba Treats LLC / Patel, Jigar R / Patel, Karan A / Patel, Sunil B / Patel, Mukesh B	(513)-349-4535	
Hutchinson	MN	Fourteen Foods LLC	952-356-9278	
Staples	MN	Doll, Joan D	(218)-639-3275	Family Transfer
Kennett	MO	Coleman, Scott D	573-579-9534	Removed Partner
Denver	NC	Boemer, Jeron / Eby, Shawn L	(470)-346-6833	Removed Partner
Wahoo	NE	Nicholas Nicklby Inc / Rustermier, Thomas R / Rustermier, Sharon K / Miyoshi, John / Miyoshi, Carol	402-443-6001	
Bloomfield	NM	Pruitt, Gene / Pruitt, Connie	505-320-1035	
Wapakoneta	OH	Patel, Rameshchandra A	(615)-513-9891	Removed Partner
West Chester	OH	Patel, Ketul G	615-881-6779	Removed Partner
Broken Arrow	OK	E S Davis Enterprises Inc / Davis, Edward L / Davis, Sandra L	660-525-2386	
Cranston	RI	Dailey, William / Dailey, Shari	(702)-339-4301	Removed Partner
Bothell	WA	RP Management Group Inc / Ahmed, Nadeem / Sohal, Lokpal / Aziz, Suleman	(253)-347-5440	

Fitchburg	WI	R & T Enterprises of Madison LLC / Heller, Timothy S / Lepping Richard A	(608) 213-8483	
Racine	WI	Sherwood Cir LLC / Kook, Thomas F / Kook, Julie A	414-248-1412	
Charleston	WV	L and G Foods Inc / Garrett II, Jack D	304-539-4137	
Huntington	WV	Bartoe Inc / Bartoe, Jerry / Chafin, Robert D / Chafin, Diana G	(304) 654-7792	
Mullens	WV	Wilwest Inc / Vance, Thomas A	(304) 667-7481	
*Transfers where seller sold interest in this particular store, and has left the system				
CITY	ST	SELLER(S)/BUSINESS NAME(S)	PHONE	COMMENT
Phenix City	AL	Labe Restaurant Group LLC / Medonald, John A / Huff, Laura M / Knight, Elizabeth M	706-884-6191	
Prattville	AL	Southern Treats LLC / Thomas, Randy S / Thomas, Grovealeek K	205-531-2049	
Bella Vista	AR	Jen Inc / Joslin, Jana Lou Percy	479-531-3012	
Salem	AR	Lauren Blair Limited / Clifford, Ronald A / Clifford, Margaret A	(417) 257-1719	
Garden Grove	CA	Chen, Derek K / Chen, Nora Y	(714) 746-7276	
Fort Myers Beach	FL	Beach Treats LLC / Eichen, David C / Eichen, Tina M	239-202-2500	
Kissimmee	FL	Ameko Food Inc / Park, Jong Yeon	(407) 421-8503	
Greensboro	GA	Sabrina & Johel Inc / Momin, Firozali G	(706) 816-0607	
Jefferson	GA	Gillespie, David C	678-300-6783	Family Transfer
Nashville	GA	Gaskins Food Systems LLC / Gaskins Jr, Robert W / Gaskins III, Robert W	229-237-3405	
Waynesboro	GA	Jones, Robert K / Anchor, Tina E	706-231-1734	
Winder	GA	Robert E Walters Inc / Walters, Robert E / Walters, Brenda B	770-307-6154	
Boise	ID	BDQ Inc / Martin, James E / Martin, Sherry K	208-890-0015	
Boise	ID	BDQ Inc / Martin, James E / Martin, Sherry K	208-890-0015	
Boise	ID	BDQ Inc / Martin, James E / Martin, Sherry K	208-890-0015	
Burley	ID	Haycock, Con D / Haycock, L Dee	208-539-3221	
Caldwell	ID	BDQ Inc / Martin, James E / Martin, Sherry K	208-890-0015	
Garden City	ID	BDQ Inc / Martin, James E / Martin, Sherry K	208-890-0015	
Jerome	ID	Haycock, Con D / Haycock, L Dee	208-539-3221	
Meridian	ID	BDQ Inc / Martin, James E / Martin, Sherry K	208-890-0015	
Nampa	ID	Haycock, Con D / Haycock, L Dee	208-539-3221	
Nampa	ID	Martin, James E / Martin, Sherry K	208-890-0015	
Hamilton	IL	Neally, Kirk M / Neally, Joel D	(217) 430-2180	
Highland	IL	Moss, Corey M	618-556-9090	
Jerseyville	IL	Traub, Kevin Wayne / Traub, Debra Ann	(618) 781-8518	
Marshall	IL	Howell, Russell A / Howell, Brenda Joyce	217-822-5026	
Matteson	IL	Patel, Kalpesh / Patel, Amit D	630-674-5912	Removed Partner
Murphysboro	IL	Mills, Gary L / Mills, Brenda A	618-687-2179	
Shelbyville	IL	Dunaway & Panoast Company / Fox, Jennifer L	217-774-3632	
Bloomfield	IN	Mitchell, Rebecca (Estate)		Deceased
Elkhart	IN	Verpeet Inc / Poell, Mary L	574-294-1789	
Fort Wayne	IN	Ice-Cream Partners LLC / Merz, Edward A / Se7En Holdings LLC / Magley, Richard A /	260-415-7373	
Fort Wayne	IN	Rek Enterprises LLC / Merz, Edward A / Natchez Holdings LLC / Magley, Richard A /	260-415-7373	
Hammond	IN	Patel, Kalpesh / Patel, Amit D	630-674-5912	Removed Partner
Huntington	IN	Adaca Inc / Wisialowski, David P	260-224-1501	
Noblesville	IN	Patel, Balbhadrakumar H	(217) 721-6647	Removed Partner
Sheridan	IN	Heavenly Sweet Kones LLC / Scammahorn, Lucinda J / Scammahorn, Jeffrey R	317-442-6710	
Vincennes	IN	Chuang, Lan Ping / Chuang, John J W	812-887-9330	
McPherson	KS	R & K Horn LLC / Horn, Roger J / Horn, Karen A	425-900-7627	
Milford	MA	Pirperis, Christos / Pirperis, Chrysanthi (Estate)	508-494-3139	Family Transfer

Hamburg	MI	Boeving, Brian K / Boeving, Diana M	810-599-4883	
Roseville	MI	Heinrich, Howard W	586-295-7689	
Blaine	MN	Don Robbar Inc / Graff, Karmen M	763-350-9937	
Crosby	MN	Schiffler Enterprises Inc / Albrecht, Christopher E / Albrecht, Nadine R	218-831-0777	
Glencoe	MN	Dakota Treats Inc / Moser, Steven L / Wentz, Terry	612-325-3643	
Moorhead	MN	Anderson Franchise Investments Inc / Anderson, Charles R	(218) 512-2222	
Virginia	MN	Tim's Treats Inc / Vansoest, Timothy N / Vansoest, Andrea L	218-290-5505	
Herculaneum	MO	Temperato, James D / Temperato, Adrian J	(314) 608-6445	
Saint Louis	MO	Foodmart LLC / Rammaha, Bassam I	(314) 800-8225	
Warrenton	MO	Warrenton Treats Inc / Seruggs, John I / Seruggs, Heather M	(314) 303-2758	
Webster Groves	MO	Webster LNJ LLC / Nelson, John A / Nelson, Rita M	(314) 239-5398	
Smithfield	NC	Balaji Corporation / Patel, Biren / Patel, Prerak	478-320-4599	
Ashland	NE	Nicholas Nicklby Inc / Rustermier, Thomas R / Rustermier, Sharon K / Miyoshi, John / Miyoshi, Carol	402-443-6001	
Cozad	NE	SCN Enterprises LLC / Morten, Kelly R / Johnson, Stacey S	(308) 784-3837	
Santa Fe	NM	Cabbam LLC / Toobin, Bernard I / Toobin, Carol S (Estate)	817-821-6767	
Canton	OH	A D Confections LLC / Ring, Donna	330-268-9447	
Lewis Center	OH	Five CFC Inc / Hyun, Myungsub J / Hyun, Mie K	(937) 578-3271	
Orrville	OH	Enterprise Sixty Inc / Davis III, James A / Davis, Christine L	(330) 988-2479	
South Abington Township	PA	Millett Ice C.S. PA LLC / Millett, Daniel J (Estate) / Millett, John T / Millett, Brett A / Millett, Timothy G (Estate) / Rachliez, Stacie M / Millett III, Daniel J / Doherty, Mari M	570-586-7050	
Tullahoma	TN	Flip and Dip LLC / Shortridge, Scott T / Shortridge, Donna S	931-580-5410	
Federal Way	WA	Dancin Inc / Stanaway, Dan W / Stanaway, Cynthia D	(206) 227-5084	
Kent	WA	Kent Dine Quick Inc / Singh, Harjit / Beniwal, Vijayender / Bhatt, Samir / Sanagapalli, Srinivasa R / Malik, Paras	206-883-7680	
Lynnwood	WA	Karmali, Sadiq (Steve)	(425) 760-4394	
Lynnwood	WA	IQBAL Investments LLC / Thind, Gurjot Singh / Thind, Pavneet Kaur	(206) 779-7654	
Monroe	WA	Isa12 Corporation / Uh, Harry K / Uh, Jenny K	425-626-8488	
Pullman	WA	Nazanin Inc / Navabpour, Ali / Navabpour, Hamideh	650-906-0266	
Beloit	WI	Pledgemark Inc / Ehardt, George A / Ehardt, Margaret A	(815) 529-8032	
Milton	WI	Mekenna, Michael Philip	608-719-2909	
Saint Francis	WI	Dillies Inc / Hartley, James J / Hartley, Dena K	(414) 828-6723	
Sheboygan Falls	WI	Sheboygan Group LLC / Patel, Mohanbhai T / Patel, Gandabhai M / Patel, Yogendrakumar K / Patel, Dhaval G / Patel, Nareshkumar P	(414) 534-1339	
Beckley	WV	Hma Inc / Argabrite, James P / Argabrite, Cynthia D	304-573-3229	
Montgomery	WV	Markel Inc / Manning, Ronald W	(304) 549-8831	

GRILL & CHILL TRANSFERS 2023

<u>CITY</u>	<u>ST</u>	<u>SELLER(S)</u>	<u>PHONE</u>	<u>COMMENT</u>
*Transfers where seller sold interest in this particular store, but remains a franchisee for other store(s)				
Phoenix	AZ	JWE Family LLC / Epley, John W	(623) 939-9228	
Anza	CA	Qualis Foods LLC / Raza, Rashid	(951) 282-7292	

<u>GRILL & CHILL TRANSFERS 2023</u>				
<u>CITY</u>	<u>ST</u>	<u>SELLER(S)</u>	<u>PHONE</u>	<u>COMMENT</u>
<u>Okeechobee</u>	<u>FL</u>	<u>ROJE-Okeechobee LLC / Wesch, Robert J / Wesch, Janet N</u>	<u>(561) 602-6535</u>	
<u>Port St Lucie</u>	<u>FL</u>	<u>HRARG Dairy Fed Hwy LLC / HRA Restaurant Group LLC / Hannay, Craig R / Hamilton William A</u>	<u>(772) 323-0236</u>	
<u>Clayton</u>	<u>GA</u>	<u>Brightlite Inc / Momin, Raishali Y / Momin, Rizwan G / Momin, Sohail F</u>	<u>(706) 782-5598</u>	
<u>Cordele</u>	<u>GA</u>	<u>Ali, Uzma I / Patel, Manoj J</u>	<u>(229) 273-2324</u>	<u>Removed Partner(s)</u>
<u>Eastman</u>	<u>GA</u>	<u>DQB of Eastman Inc / Lord, Thomas J</u>	<u>(478) 374-2713</u>	
<u>Villa Rica</u>	<u>GA</u>	<u>Fozia & Mehr Sons Ent Inc / Mehr, Tufail</u>	<u>(678) 952-6655</u>	
<u>Morrison</u>	<u>IL</u>	<u>R&D Treats Inc / Patel, Pareshkumar G / Patel, Diptiben Paresh</u>	<u>(847) 749-5279</u>	
<u>Vienna</u>	<u>IL</u>	<u>Coleman, Scott D</u>	<u>(618) 658-8862</u>	<u>Removed Partner(s)</u>
<u>Hobart</u>	<u>IN</u>	<u>Frey, Scott A / Frey, Clay J</u>	<u>(219) 617-6295</u>	<u>Family Transfer</u>
<u>Indianapolis</u>	<u>IN</u>	<u>Mike Foods Corporation / Yacko II, Michael L</u>	<u>(317) 538-6522</u>	
<u>Indianapolis</u>	<u>IN</u>	<u>Jinlik LLC / Patel, Maulik Rameschchandra / Patel, Rameshchandra Ambalal / Patel, Durga Anilkumar / Patel, Ankit Dhaya</u>	<u>(309) 287-6066</u>	
<u>Loogootee</u>	<u>IN</u>	<u>Kenkris, Inc / Snyder, Kenneth E</u>	<u>(618) 554-1947</u>	
<u>Rochester</u>	<u>IN</u>	<u>JD Restaurants Inc / Reasner, David P / Reasner, Brent C</u>	<u>(317) 691-4749</u>	
<u>Whiteland</u>	<u>IN</u>	<u>Napier Investments Inc / Napier, Joseph M</u>	<u>(317) 535-7587</u>	
<u>Bonner Springs</u>	<u>KS</u>	<u>Metz, Matthew C</u>	<u>(913) 422-1005</u>	<u>Stock Transfer</u>
<u>Olathe</u>	<u>KS</u>	<u>Metz, Matthew C</u>	<u>(913) 764-7272</u>	<u>Stock Transfer</u>
<u>Crowley</u>	<u>LA</u>	<u>Acadia Area Operations Inc / Doucet, Heath P / Broussard, Jason M</u>	<u>(337) 250-4662</u>	
<u>Lake Charles</u>	<u>LA</u>	<u>Lake Area Operations Inc / Doucet, Heath P / Broussard, Jason M</u>	<u>(337) 564-5293</u>	
<u>Bethany</u>	<u>MO</u>	<u>A N Petroleum LLC / Quddus, Abdul / Quddus, Nadia</u>	<u>(816) 786-4848</u>	
<u>Camdenton</u>	<u>MO</u>	<u>Vandh2O Hospitality Inc / Vandewater, Wayne R / Vandewater, Patricia A</u>	<u>(573) 346-5855</u>	
<u>Fulton</u>	<u>MO</u>	<u>Amar Krupa Inc / Patel, Mahendra A / Patel, Kaushal M / Patel, Urmilaben A / Patel, Sejal M</u>	<u>(573) 442-0738</u>	
<u>North Kansas City</u>	<u>MO</u>	<u>Metz, Matthew C</u>	<u>(816) 842-2345</u>	<u>Stock Transfer</u>
<u>Warrensburg</u>	<u>MO</u>	<u>Metz, Matthew C</u>	<u>(660) 362-0526</u>	<u>Stock Transfer</u>
<u>Washington</u>	<u>MO</u>	<u>Mlidd Inc / Deno, Dennis C / Leeper, Michael D / Leeper, Mary D</u>	<u>(636) 390-9797</u>	
<u>Morrisville</u>	<u>NC</u>	<u>Valkanoff, Dennis C / Valkanoff, Maryellen A</u>	<u>(919) 467-6753</u>	<u>Removed Partner(s)</u>
<u>Raleigh</u>	<u>NC</u>	<u>Valkanoff, Dennis C / Valkanoff, Maryellen A</u>	<u>(919) 792-0127</u>	<u>Removed Partner(s)</u>
<u>Middletown</u>	<u>NY</u>	<u>Frost Fast Food LLC / Frost, Donald J / Frost, Yolanda V</u>	<u>(845) 381-1118</u>	
<u>Bowling Green</u>	<u>OH</u>	<u>DQR15879 LLC / Gerken, Timothy J / Gerken, Joel M</u>	<u>(419) 352-8042</u>	
<u>Heath</u>	<u>OH</u>	<u>CGW Ventures Inc / Tehan, George / May, Christopher</u>	<u>(740) 404-2720</u>	
<u>Zanesville</u>	<u>OH</u>	<u>CGW Zanesville Ltd LLC / Tehan, George W / May, Christopher W</u>	<u>(740) 404-2720</u>	
<u>Fort Mill</u>	<u>SC</u>	<u>BCR Foods 1 LLC / Murray, Brian E / Food Masters Inc / Moore, Thomas W / Moore, Ronald M</u>	<u>(803) 547-2838</u>	
<u>Jasper</u>	<u>TN</u>	<u>Abbas LLC / Momin, Rizwan / Momin, Raishali Y / Momin, Nazadali A / Momin, Iffatbanu M</u>	<u>(423) 942-1300</u>	
<u>Nashville</u>	<u>TN</u>	<u>Tennessee Restaurant Group LLC / Homayoon, Sepehr Seth / Ferdowsi, Farzin / Aminmadani, Homayoun / Homayoon, Vafa Clint</u>	<u>(615) 400-1004</u>	
<u>Brillion</u>	<u>WI</u>	<u>Royer & Williams LLC / Royer, Dale F / Williams, Mary Jo</u>	<u>(920) 246-4669</u>	
<u>8</u>	<u>WV</u>	<u>LeFevre Corporation / LeFevre, Timothy A / LeFevre, Amy L / Keith, Lindsey L</u>	<u>(304) 203-0811</u>	
<u>Ellenboro</u>	<u>WV</u>	<u>LeFevre Corporation / LeFevre, Timothy A / LeFevre, Amy L / Keith, Lindsey L</u>	<u>(304) 203-0811</u>	

<u>GRILL & CHILL TRANSFERS 2023</u>				
<u>CITY</u>	<u>ST</u>	<u>SELLER(S)</u>	<u>PHONE</u>	<u>COMMENT</u>
<u>Parkersburg</u>	<u>WV</u>	<u>LeFevre Corporation / LeFevre, Timothy A / LeFevre, Amy L / Keith, Lindsey L</u>	<u>(304) 203-0811</u>	
<u>Parkersburg</u>	<u>WV</u>	<u>LeFevre Corporation / LeFevre, Timothy A / LeFevre, Amy L / Keith, Lindsey L</u>	<u>(304) 203-0811</u>	
<u>Salem</u>	<u>WV</u>	<u>LeFevre Corporation / LeFevre, Timothy A / LeFevre, Amy L / Keith, Lindsey L</u>	<u>(304) 203-0811</u>	
<u>Vienna</u>	<u>WV</u>	<u>LeFevre Corporation / LeFevre, Timothy A / LeFevre, Amy L / Keith, Lindsey L</u>	<u>(304) 203-0811</u>	
*Transfers where seller sold interest in this particular store, and has left the system				
<u>Phoenix</u>	<u>AZ</u>	<u>Cipriani Enterprises Inc / Cipriani, William A (Estate) / Cipriani, Joanna H</u>	<u>(602) 334-8297</u>	
<u>Capitola</u>	<u>CA</u>	<u>JJ's Empire Inc / Singh, Jatinder / Singh, Rajinder</u>	<u>(831) 475-8325</u>	
<u>Sacramento</u>	<u>CA</u>	<u>Rana, Muhammad Ali / Ali, Ayesha</u>	<u>(916) 489-4473</u>	<u>Removed Partner(s)</u>
<u>Stockton</u>	<u>CA</u>	<u>Duan, Tsu Hsiang / Duan, Shu-Lin</u>	<u>(209) 487-4982</u>	
<u>Silver Springs</u>	<u>FL</u>	<u>Adams, Ronald L (Estate) / Adams, Nina J (Estate)</u>	<u>N/A</u>	<u>Deceased</u>
<u>Hartwell</u>	<u>GA</u>	<u>Seabolt Services LLLP / Seabolt, Frances / Seabolt, Fletcher (Estate)</u>	<u>(706) 436-5151</u>	
<u>McRae</u>	<u>GA</u>	<u>Spires, Jack B (Estate)</u>	<u>N/A</u>	<u>Deceased</u>
<u>Tipton</u>	<u>IA</u>	<u>Special K Properties Inc / Donithan, Kinch W / Donithan, Koby M</u>	<u>(319) 432-1343</u>	
<u>Benton</u>	<u>IL</u>	<u>Cooksey, Donna</u>	<u>(618) 218-2495</u>	
<u>Carmi</u>	<u>IL</u>	<u>Renshaw, Mary E (Estate)</u>	<u>N</u>	<u>Deceased</u>
<u>Edwardsville</u>	<u>IL</u>	<u>K & H Frozen Assets Inc / Kalogerou, Craig L / Kalogerou, Lori A</u>	<u>(618) 696-6304</u>	
<u>Mahomet</u>	<u>IL</u>	<u>Nar Narayan Dev Inc / Patel, Pravinkumar S</u>	<u>(217) 586-4061</u>	
<u>Mattoon</u>	<u>IL</u>	<u>Mmasusa Inc / Sheehan, Mary M / Sheehan, Mark A</u>	<u>(217) 246-3643</u>	
<u>Salem</u>	<u>IL</u>	<u>KennedyDQ Inc / Kennedy, Robert M / Kennedy, Staci N</u>	<u>(618) 231-9900</u>	
<u>Staunton</u>	<u>IL</u>	<u>Kal-Magee Enterprises Inc / Kalogerou, Craig L</u>	<u>(618) 696-6304</u>	
<u>Auburn</u>	<u>IN</u>	<u>Straub Enterprises Inc / Straub, Dean A / Straub, Patricia A (Estate)</u>	<u>(260) 570-6991</u>	
<u>Bloomfield</u>	<u>IN</u>	<u>M & M Foods Inc / Mitchell, Steven D / Bennett, Carrie O</u>	<u>(812) 381-2546</u>	
<u>Huntingburg</u>	<u>IN</u>	<u>Pasueco Inc / Schmett, Jessica L</u>	<u>(812) 827-5027</u>	
<u>Southport</u>	<u>IN</u>	<u>Bgbb Inc / Griffin, Michael P / Griffin, Stephanie E</u>	<u>(317) 459-0541</u>	
<u>Andover</u>	<u>KS</u>	<u>Hanny LLC / Hanneman, Paul G</u>	<u>(316) 733-5033</u>	
<u>Derby</u>	<u>KS</u>	<u>Hanneman LLC / Hanneman, Paul G / Hanneman, Regina L</u>	<u>(316) 788-0781</u>	
<u>Eudora</u>	<u>KS</u>	<u>I C Walter Enterprises Inc / Jacqueline Walter Trust / Walter, Steven M / Walter, Mildred R</u>	<u>(785) 760-0655</u>	
<u>Lawrence</u>	<u>KS</u>	<u>I C Walter Enterprises Inc / Jacqueline Walter Trust / Walter, Steven M / Walter, Mildred R</u>	<u>(785) 760-0655</u>	
<u>Lawrence</u>	<u>KS</u>	<u>I C Walter Enterprises Inc / Jacqueline Walter Trust / Walter, Steven M / Walter, Mildred R</u>	<u>(785) 760-0655</u>	
<u>Lyons</u>	<u>KS</u>	<u>Hoeffner, William C</u>	<u>(620) 257-2882</u>	
<u>Salina</u>	<u>KS</u>	<u>Warren, Charles E / Warren, Janet I</u>	<u>(785) 825-5150</u>	
<u>Charlotte Hall</u>	<u>MD</u>	<u>Burch Oil Co Inc / Burch Jr, F Elliott / Burch, Donald B (Estate)</u>	<u>N/A</u>	<u>Deceased</u>
<u>Burton</u>	<u>MI</u>	<u>Edmonds, Charles N / Edmonds, Cynthia L</u>	<u>(810) 691-1269</u>	
<u>Imlay City</u>	<u>MI</u>	<u>BJP LLC / Lafontaine, Paul A</u>	<u>(810) 724-6904</u>	
<u>Lapeer</u>	<u>MI</u>	<u>Cadillac Court Investments LLC / Dick, Kenneth W / Gilbert, William / Dick, Barbara / Calhoun, Gerald / Calhoun, Sandra</u>	<u>(810) 338-3785</u>	
<u>Blooming Prairie</u>	<u>MN</u>	<u>Hart, Kevin L / Hart, Jillane L</u>	<u>(507) 583-2296</u>	
<u>Coon Rapids</u>	<u>MN</u>	<u>Jindra, Phil A</u>	<u>(763) 323-6887</u>	
<u>Ely</u>	<u>MN</u>	<u>Ivancich, Paul F (Estate)</u>	<u>N/A</u>	<u>Deceased</u>
<u>Mahtomedi</u>	<u>MN</u>	<u>Luke's Treats Inc / Hanscom, Luke D</u>	<u>(651) 777-4686</u>	

<u>GRILL & CHILL TRANSFERS 2023</u>				
<u>CITY</u>	<u>ST</u>	<u>SELLER(S)</u>	<u>PHONE</u>	<u>COMMENT</u>
Wadena	MN	MXT LLC / Ebner-Tougas, Deborah	(218) 371-0907	
Ballwin	MO	Narbell Inc / Campbell, Jack	(636) 394-2309	
Florissant	MO	RWR Enterprises Inc / Rogers, Kevin A / Rogers, Keith E	(314) 413-8728	
Diberville	MS	Too Fast Foods Inc / Hoda, Michael V / Hoda, Gene A / Hoda, Deborah J	(931) 484-1771	
Emerald Isle	NC	Geraghty Enterprises Inc / Geraghty, Kevin E / Graham, Claudia G / Pagani-Geraghty, Nancy P	(252) 503-5795	
Roanoke Rapids	NC	New Dixie Oil Corporation / Aman, T Scott	(252) 537-2479	
Lincoln	NE	Wachal Enterprises Inc / Wachal, Michael A / Wachal, Carla J	(402) 440-3601	
Saint James	NY	GCL Ventures Inc / Azam, Kanwal	(917) 428-7884	
Delaware	OH	Frischco Inc / Frisch, James B / Frisch, Laura K	(740) 362-7588	
Newark	OH	CGW Ventures Inc / Tehan, George W / May, Christopher	(740) 404-2720	
Uniontown	OH	Shhaj Garrettsville LLC / Kaur, Gulnaz	(724) 759-4175	
Wapakoneta	OH	Jinga Inc / Patel, Pravin Bhemabhai / Patel, Chintu B / Patel, Bhupendrakumar A	(224) 622-8090	
Billings	OK	Luttrell Oil Co Inc / Shaw, Sidney C / Shaw, Stephen H	(580) 725-3537	
Chickasha	OK	Yellow Rose LLC / Ghanaati, Reza / Ghanaati, Pam	(405) 823-9547	
Stayton	OR	River Ranch Restaurants Inc / Hanna, Nancy L	(503) 930-0661	
Enola	PA	Olivicon LLC / Gilligan, Krystin / Gilligan, Steve	(717) 728-2882	
Shippenville	PA	L & C, A Partnership / Livengood, Lisa A / Livengood, Jack T / Livengood, Mary Jo	(814) 226-9141	
South Williamsport	PA	Winn, Brian T / Winn, Marjorie A	(570) 321-1819	
Bluffton	SC	Cool Treatz LLC / Higgins, Jacob M	(843) 815-7575	
Clarksville	TN	Groves Leasing Inc / Groves, Allan D / Groves, Jeffery R	(931) 206-3700	
Lafayette	TN	Mylemadd Investments Corporation / Crowder, Christopher M / Crowder Andrea D	(615) 688-3737	
Nashville	TN	Kapa Ventures LLC / Mcnamara, Peter H	(615) 385-0007	
Portage	WI	Wisconsin Street Eatery LLC / Mitchell, Wendy S	(608) 617-7672	
Waupaca	WI	Sweet Peas Inc / Mayou, Paul / Mayou, Paulette	(715) 281-3913	
Cheyenne	WY	Tumbleweed Inc / Spiegelberg, Emma Jo / Filbin Family Trust / Filbin, James E	(307) 220-1559	

ADQ DQ GRILL & CHILL FRANCHISE TERMINATIONS IN ~~2022~~2023

<u>GRILL AND CHILL TERMINATIONS 20222023</u>									
<u>CITY</u>	<u>ST</u>	<u>FRANCHISEE(S)</u>				<u>PHONE</u>	<u>REASON</u>		
Hanceville	AL	J-Nan Inc				(256) 887-1374	Mutual Cancellation		
Midland City	AL	Circle K Stores Inc				(334) 984-2204	Terminated		
City Arkadelphia	AR	You Scream Holdings LLC	(870) 464-1135	ST	Zip	Franchisee Group Closure	Phone	Reason	
Fayetteville North Little Rock	AR	72701-6215	SMDG LLC / Sims, Aimee L / Apex Solutions Inc / Sims, Terry L You Scream Holdings LLC		(479) 442-4800 (501) 650-8205	Franchisee Closure			
Vallejo	CA	Fortune Frog LLC				(707) 643-0221	Terminated		
Lost Hills Commerce City	CO	CA	93249	B & H Brothers LLC / Singh, Balbir / Singh, Harjap HRARG Dairy Commerce City LLC		(661) 797-9477 (303) 288-9483	Franchisee Closure		

GRILL AND CHILL TERMINATIONS 20222023						
CITY	ST	FRANCHISEE(S)		PHONE	REASON	
Salinas Westminster	CO CA	93905-2716	Santana, Francisco / Santana, Daisy 79 Porcupine Ltd	(831) 424-7588 (303) 427-4270	Franchisee Closure	
Dunedin	FL	Courtney's Treat Store II LLC		(727) 648-2434	Franchisee Closure	
Saint Augustine	FL	Mahi America Inc		(904) 823-0999	Franchisee Closure	
Sanibel	FL	Meyers Family Investments LLC		(239) 472-1170	Franchisee Closure	
Athens Cedartown	GA	30607-1431	Stark Properties Inc / Jones, William B Safar Inc	(706) 548-3535 (770) 748-6078	Franchisee Closure	
Woodstock	GA	J Riley Inc		(770) 926-0233	Franchisee Closure	
Rome Cedar Falls	IA GA	30161-5284	Sez Inc / Momin, Soyebali M / Momin, Rahil I / Momin, Eazaz Husen M / Momin, Husen Asif Rouse, Martin L / Rouse, Donald D / Rouse, Kayleen K	(706) 232-8270 (319) 260-2266	Franchisee Closure	
Bushnell	IL	Double O Inc		(309) 772-3602	Franchisee Closure	
Glen Carbon	IL	Perfect Curl Inc		(618) 288-5720	Franchisee Closure	
Lewistown	IL	O'Bryant and Sons Inc		(309) 547-3800	Mutual Cancellation	
Red Bud	IL	D Allen D LLC / Deterding, Douglas A / Deterding, Roger L		(618) 282-9696	Terminated	
Fort Wayne	IN	46835-1893	Paton, William G / Paton, Elaine / Hart, Gavin S / Hart, Kim P	(260) 486-8900 (483) 8314	Franchisee Closure	
Fortville	IN	Kleiner Investments LLC		(317) 485-5998	Franchisee Closure	
Muncie	IN	Anderson, Matthew J		(765) 289-9211	Franchisee Closure	
Greeneastle	IN	46135-9418	Bhole LLC / Patel, Dharmesh V / Patel, Rupamkumar R	(765) 630-8156	Mutual Cancellation	
Indianapolis	IN	46227-3559	OM Sai LLC / Patel, Dharmesh V / Patel, Rupamkumar R	(317) 757-8134	Mutual Cancellation	
Wabash West Lafayette	IN	46992-1023	Namah LLC / Patel, Dharmesh / Patel, Rupamkumar R University Restaurants LLC	(260) 225-0346 (765) 743-6610	Mutual Cancellation	
Scott City	KS	67871-1825	Fyler Sr, Steven M / Fyler, Loretta A / Rodriguez, Andrea S / Eitel, Brittany A / Fyler Jr, Steven M	(620) 872-3215	Franchisee Closure	
Apple Valley	MN	55124-7536	Anderson Franchise Investments Inc / Anderson, Charles R	(952) 953-3964	Franchisee Closure	
Caledonia	MN	55921-1274	Fourteen Foods LLC	(507) 725-2751	Mutual Cancellation	
Cannon Falls	MN	55009-4267	Jtrh Inc / Hundt, Ronald E / Tatge, Justin M	(507) 263-4433	Franchisee Closure	
Crystal	MN	55428-3952	Fourteen Foods LLC	(763) 533-7575	Mutual Cancellation	
Eagan	MN	55121-2289	Kool Tyme Inc / Giguere, Thomas M	(651) 686-9057	Franchisee Closure	
Red Wing	MN	55066-2230	Knauss, Joseph John	(651) 703-2552	Franchisee Closure	
Shakopee	MN	55379-3157	Fourteen Foods LLC	(952) 224-2568	Franchisee Closure	
Springfield	MO	65803-1351	Jaysadhi Inc / Patel, Parulben R / Patel, Jigneshaben H / Patel, Himanshukumar B / Patel, Rameshbhai P / Patel, Chanchalbahen R	(417) 866-8832	Franchisee Closure	

GRILL AND CHILL TERMINATIONS 20222023						
CITY	ST	FRANCHISEE(S)		PHONE	REASON	
Garner Plainville	KS	NC	27529-8437	Me- Buffalo Bobek Enterprises Inc / Buffalo, Michael E	(919) 662-9292 (785) 434-7242	Franchisee Closure
Louisville	KY	Fourteen Foods LLC		(502) 426-0735	Mutual Cancellation	
Chicopee	MA	Rohirrim Inc		(413) 535-3005	Terminated	
Santa Fe Rose City	MI	NM	87506-0952	Serna, Donald E / Serna, Linda A / Just Chillin N Grillin	(505) 455-7057 (989) 685-2703	Franchisee Closure
Owatonna	MN	Fourteen Foods LLC		(507) 451-8398	Franchisee Closure	
Saint Paul	MN	Fourteen Foods LLC		(651) 699-4777	Franchisee Closure	
Winthrop	MN	Tw Inc		(507) 647-5336	Franchisee Closure	
Durant Rolla	MO	OK	74701-4002	Blackbox Holdings LLC / Box, James R / Franklin, Aaron M / Black, Samatha Jo / Cremer, Richard T (Estate) / Cremer, Margot L / Cremer, Christin B	(580) 924-0905 (573) 364-7200	Franchisee Closure
Asheville	NC	Southeast Energy LLC		(828) 665-7799	Franchisee Closure	
Rock Hill Fayetteville	NC	SC	29730-4994	First Choice Management Group LLC / Rumble, David R / McKee, Teri G	(803) 980-1006 (910) 424-5491	Mutual Cancellation
Greenville	NC	Tai Ji Enterprise Inc		(252) 830-8888	Franchisee Closure	
Huntington	NY	The Huntington Treat Company LLC		(631) 824-6972	Mutual Cancellation	
Staten Island	NY	Burger Kitchen Inc		(718) 447-6035	Terminated	
Staten Island	NY	Impeccable Burgers Inc		(718) 720-0777	Franchisee Closure	
Clarksville Grafton	OH	TN	37040-5003	Groves Leasing Inc / Groves, Allan D / Groves, Jeffery R / Benns, G William	(931) 552-4100 (440) 748-2128	Franchisee Closure
Boscobel Gettysburg	PA	WI	53805-1620	Fourteen Foods Maslowski Steinwehr LLC	(608) 375-4252 (717) 334-4424	Franchisee Closure
Hartford Cedarburg	WI		53027-1611	Stolaski, Steven Fourteen Foods LLC	(262) 673-4233 377-3164	Franchisee Closure
Richland Center	WI			Franchise Management Company LLC	(608) 647-3644	Terminated

Note: The information provided below regarding subfranchised outlets is provided to ADQ by territory operators and is not independently verified by ADQ or **DQ MT/ND us**.

**DQ GRILL & CHILL TERRITORY OPERATOR
SUBFRANCHISE TRANSFERS IN 20222023**

DQ GRILL & CHILL SUBFRANCHISE TRANSFERS IN 2023					
G&C TERRITORY OPERATOR SUBFRANCHISED TRANSFER 2022					
CITY	ST	SELLER(S) / BUSINESS NAME(S)		PHONE	COMMENT
*Transfers where seller sold interest in this particular store, but remains a franchisee for other store(s)					
Bigfork	MT	Peterson Group Montana LLC / Peterson, Lonnie / Pruitte, Dave		(406) 299-3324	
Union	NJ	Michael A Shaffer LLC / Shaffer, Michael A		(908) 230-0711	Family Transfer
Union	NJ	Noah & Kiki 2023 LLC / Shaffer, Michele / Shaffer, David		(908) 906-9393	Family Transfer
Central Point	OR	Southern Oregon Dairy Queen LLC / Bonner, Clark D / Bonner, Kelly A		(541) 218-7331	

Milton Freewater	OR	Moon, Trevor A	(541) 861-0621	
Pendleton	OR	Callisto LLC / Moon, Trevor A / Moon, Cynthia	(541) 861-0621	
Elkton	VA	Commonwealth Hospitality Corporation	(540) 476-0826	Changed Corporation
Neenah	WI	SV Dairy Queen Inc / Vindhurst, Sean M	(920) 722-1824	
Billings	MT	Hageman, Richard / Hageman, Beverly	(406) 671-2671	Removed Partner
Billings	MT	Hageman, Richard / Hageman, Beverly	(406) 671-2671	Removed Partner
Billings	MT	Hageman, Richard / Hageman, Beverly	(406) 671-2671	Removed Partner
Las Vegas	NV	AMODQ 15435 LLC / Amo Holdings LLC / Or, Birant / Amira, Brian / Mohammad, Nadeem	(702) 207-9904	
Las Vegas	NV	AMODQ 15515 LLC / Amo Holdings LLC / Or, Birant / Amira, Brian / Mohammad, Nadeem	(702) 207-9904	
Paulding	OH	Kbe Inc / Castleman, Alan	(260) 466-9182	
Worthington	OH	Rhoobar III Ltd / Corven, Barry J / Corven, Rhonda S	(614) 989-1506	
Corvallis	OR	T&T Food Corporation / Grewal, Mohanbir	(503) 866-3969	
Mineral	VA	Singh, Sukhjinder / Singh, Parmjit	(804) 556-6021	Removed Partner
Woodford	VA	D & A H LLC / Miller, A C	(540) 582-3555	
Spokane	WA	Medin, Larry A / Medin, Patricia M	(509) 953-6945	Family Transfer
*Transfers where seller sold interest in this particular store, and has left the system				
Plentywood	MT	Darvis, Devyn	(406) 765-1185	
Park River	ND	Welch's Baker Inc / Welch, Tobin / Welch, Cheryl	(701) 331-4083	
Rugby	ND	Lovcik Eats & Treats LLC / Lovcik, Jarett	(701) 208-1117	
Miles City	MT	Fleming, Tab	406-951-1905	
Langdon	ND	Klingbeil, Peter M / Klingbeil, Leah M	(701) 256-2640	
Seward	NE	Fitzpatrick, David (Estate) / Fitzpatrick, Sharon	(402) 641-4672	Family Transfer
North Las Vegas	NV	Morgans Dream Enterprises LLC / Morgan, Patrick J Puri Ventures LLC / Puri, Sachin	(262) 470-5920 (702) 639-0588	
Klamath Falls	OR	King, Mary K	(541) 891-0968	Removed Partner
Sutherlin	OR	Lads Corporation Inc / Peterman, Bernard G / Peterman, Judy G	(541) 459-9847	
Mercer	PA	Ecg Business Ventures LLC / Gallagher, Carol A / Gallagher, Edward P	(724) 977-4787	
Waynesburg	PA	Kovell, Barry D	(724) 852-2331	
Las Vegas	NV	Morgans Dream Enterprises LLC / Morgan, Patrick J	(262) 470-5920	
Aberdeen	OH SD	Foxworthy, Dorothy A The Erickson Group / Erickson, Ryan / Wood, Daniel / Wood, Barry	606-407-3443 (605) 725-4437	
Hurricane	UT	B & N Adams Enterprises LLC / Adams, Brandon Neil / Adams, Jessie C	(435) 635-5952	
West Jordan	UT	Millard, John Walton	(801) 566-9012	
Woods Cross	UT	Thompson Qsr LLC / Thompson, Julie / Thompson, Scott D	(801) 292-2125	
Leetonia	OH	Boyle, Michael L / Boyle, Jacqueline	(330) 853-3056	

Bend	OR	Wenatchee Ventures Corporation / Crossman, Joshua	(206) 419-0751	
Bend	OR	Skookumehuck Ventures Corporation / Crossman, Joshua	(206) 419-0751	
Butler	PA	Steffen, Lawrence W	(724) 822-5300	
Layton	UT	Bsp Foods LLC / Fletcher, Britt / Odekirk, James P / Preece, J Steven	(801) 573-9896	
Appomattox	VA	Wright, Bryan	(434) 426-4000	
Big Stone Gap	VA	Lonesome Pine Dairy Queen Inc / Smith, Lynn Z	276-393-3295	
Culpeper	VA	4-R Kids Inc / Yeiser, Randy J	(540) 229-8944	
Norton	VA	Lonesome Pine Dairy Queen Inc / Smith, Lynn Z	276-393-3295	
Moses Lake	WA	Moses Lake Dairy Queen LLC / Whittle, Thomas J / Whittle, Nancy J / Whittle, Corey J / Whittle, Cameron T	509-760-0460	

Note: The information provided below regarding subfranchised outlets is provided to ADQ by territory operators and is not independently verified by ADQ or DQ-MT/NDus.

DQ GRILL & CHILL TERRITORY OPERATOR SUBFRANCHISE TERMINATIONS IN ~~2022~~2023

G&C GRILL & CHILL TERRITORY OPERATORS SUBFRANCHISE TERMINATIONS 20222023						
CITY	ST	ZIP	SUBFRANCHISEE — GROUP FRANCHISEE(S)	PHONE	REASON	
Sedona	AZ		Aj's Ventures LLC	(928) 282-2789	Franchisee Closure	
Fargo	ND		Anderson Franchise Investments Inc	(701) 356-1055	Franchisee Closure	
South Sioux City	NE		Brandes, Richard F	(402) 494-1122	Franchisee Closure	
Mesquite	NV		Dqrancho LLC	(702) 346-3083	Franchisee Closure	
Athens	OH		Artemis Holdings LLC	(740) 593-6145	Franchisee Closure	
Canby	OR		Gerraco	(503) 266-7171	Franchisee Closure	
Altoona	PA		Fownko L P	(814) 944-4100	Franchisee Closure	
Erie	PA		Holland Dairy Queen Inc	(814) 833-0321	Franchisee Closure	
Mars	PA		Guru Fateh Inc	(724) 553-5632	Franchisee Closure	
Holladay	UT		Alta One Associates LLC	(801) 274-0801	Franchisee Closure	
Fairfax Scipio	UT	IA	52228-9746 Selzer Blind Dog Enterprises Inc / Selzer, David L	(319) 846-2131 (435) 572-4749	Franchisee Closure	
Las Vegas	NV	89102-6007	Tran, Thai	(702) 220-4405	Franchisee Closure	
Dover	OH	44622-2835	Dover Dairy Queen LLC / Angel, David / Angel, Betty / Yoder, David / Yoder, April / Klar, Douglas / Klar, Holly / Klar, Trevor / Klar, Angela / Leggett, Julie / Leggett, Nathan	(330) 343-2222	Franchisee Closure	
Mentor	OH	44060-6209	Jnt Group LLC / Traffis, Jeffrey N	(440) 255-7884	Franchisee Closure	
Greensburg Beaeton	VA	PA	15601-3517 Westmoreland Dairy Queen Inc / Sullivan, Mark WE E Wine Inc	(724) 420-6344 (540) 439-7052	Franchisee Closure	
Ashland Bland	VA	23005-1624	Danial & Saad LLC / Danial, Wesam The Pantry Inc	(804) 798-6066 (276) 688-3645	Franchisee Closure	
Crozet	VA		GPM Southeast LLC	(434) 823-6585	Franchisee Closure	

Bluefield <u>Dublin</u>	VA	24605-1717	Graham, Edward <u>The Pantry Inc</u>	(276) 326-1471 (540) 674-8015	Franchisee Closure
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ADQ DQ TREAT FRANCHISE TRANSFERS IN ~~2022~~2023

DQ TREAT TRANSFERS 2022 <u>2023</u>				
CITY	ST	SELLER(S) / BUSINESS NAME(S)	PHONE	COMMENT
*Transfers where seller sold interest in this particular store, but remains a franchisee for other store(s)				
<u>Aurora</u>	<u>CO</u>	<u>Bell Brand Ranches Inc / Doty, Stephen F / Doty, Debra A (Estate)</u>	<u>(303) 360-5647</u>	
<u>Estes Park</u>	<u>CO</u>	<u>Gassmann Enterprises Inc / Gassmann, Thomas J / Gassmann, Nicole M</u>	<u>(970) 586-4939</u>	
<u>West Haven</u>	<u>CT</u>	<u>Pursell, Denise M</u>	<u>(203) 934-5483</u>	
<u>Davie</u>	<u>FL</u>	<u>Yummy Enterprises Inc / Clausen, Kristina</u>	<u>(954) 252-9236</u>	Stock Transfer
<u>Jupiter</u>	<u>FL</u>	<u>ROJE-Jupiter LLC / Wesch Jr, Robert J / Wesch, Janet N</u>	<u>(561) 602-6535</u>	
<u>Stuart</u>	<u>FL</u>	<u>ROJE-Jensen Beach LLC / Wesch Jr, Robert J / Wesch, Janet N</u>	<u>(561) 602-6535</u>	
<u>Moline</u>	<u>IL</u>	<u>CJ Scotts Inc / Scott, Cory A / Scott, Jackie E / Scott, Jake A</u>	<u>(309) 335-3696</u>	
<u>Avon</u>	<u>IN</u>	<u>Linn/Griffin Inc / Linn, Mick C / Griffin, Michael / Griffin, Stephanie</u>	<u>(317) 691-3649</u>	
<u>Indianapolis</u>	<u>IN</u>	<u>Clark, Thomas E</u>	<u>(317) 440-3481</u>	
<u>Plainfield</u>	<u>IN</u>	<u>Linn/Griffin Inc / Linn, Mick C / Griffin, Michael / Griffin, Stephanie</u>	<u>(317) 691-3649</u>	
<u>Blaine</u>	<u>MN</u>	<u>Plaisted, Allen M / Plaisted, Kathryn L / Gerry, Mark I / Gerry, Jane R</u>	<u>(763) 784-2160</u>	
<u>Kenmore</u>	<u>NY</u>	<u>Jalak Enterprises Inc / Jakubczak, Gerard T / Stark, Pamela S / Royce, Melissa E</u>	<u>(716) 875-8821</u>	
<u>New London</u>	<u>WI</u>	<u>Fote Inc / Fote, Dean A / Grinde, George / Grinde, Julie / Fote, Terri</u>	<u>(920) 982-3122</u>	
<u>Racine</u>	<u>WI</u>	<u>Kook's Durand Ave LLC / Kook, Thomas F / Kook, Julie A</u>	<u>(262) 583-0226</u>	
<u>West Allis</u>	<u>WI</u>	<u>Toffi LLC / Michaud, Thomas D</u>	<u>(414) 453-8920</u>	
<u>Estero</u>	<u>FL</u>	<u>Sth Inc of Swfl / Hendricks, Scott T</u>	<u>(239) 390-1428</u>	
<u>Terre Haute</u>	<u>IN</u>	<u>Merjan LLC / Bonebrake, Merrill L / Bonebrake, Janice M</u>	<u>812-878-6654</u>	
<u>Terre Haute</u>	<u>IN</u>	<u>Merjan LLC / Bonebrake, Merrill L / Bonebrake, Janice M</u>	<u>812-878-6654</u>	
<u>Oak Grove</u>	<u>MO</u>	<u>Oak Grove 70 Truckstop Inc / Iowa 80 Group Inc / Meier, Delia Moon</u>	<u>(563) 468-5230</u>	
<u>Wilson</u>	<u>NC</u>	<u>SMZ Inc / Hamad, Samer A / Mansfield, Mark F</u>	<u>(252) 342-9294</u>	Family Transfer
<u>Merrimaack</u>	<u>NH</u>	<u>Dion, David C</u>	<u>(603) 315-0244</u>	
<u>Tonawanda</u>	<u>NY</u>	<u>Palmeri's & Son Inc / Palmeri Sr, Michael A / Palmeri, Colleen M</u>	<u>716-478-5133</u>	Family Transfer
<u>Fishomingo</u>	<u>OK</u>	<u>Lay, Scott A</u>	<u>903-877-4128</u>	Removed Partner
<u>West Mifflin</u>	<u>PA</u>	<u>VsDQ Inc / Skerbetz, Sandra J</u>	<u>412-613-6854</u>	
*Transfers where seller sold interest in this particular store, and has left the system				
<u>Phoenix</u>	<u>AZ</u>	<u>GSFM Inc of Arizona / Gregg, Ronald Gene / Gregg, Lynn M / Smith, Albert E</u>	<u>(602) 243-3566</u>	
<u>Riverside</u>	<u>CA</u>	<u>Riverside Desserts of Quality Inc / Reinhardt, Alan J</u>	<u>(951) 343-4075</u>	
<u>Chula Vista</u>	<u>CA</u>	<u>Lee, Thomas C / Lee, Claire M</u>	<u>619-866-1482</u>	
<u>Cypress San Diego</u>	<u>CA</u>	<u>Rs - Tan Accolade Hospitality Management Inc / Tan Pallencaoe, Richard WA / Tan Pallencaoe, Sue C Jeanny</u>	<u>714-791-5615</u> <u>(858) 220-1210</u>	
<u>Yucaipa</u>	<u>CA</u>	<u>Queen Jen Inc / Conroy, Jenifer S</u>	<u>310-408-1209</u>	
<u>Aurora</u>	<u>CO</u>	<u>Doty, Debra A (Estate)</u>	<u>303-204-2784</u>	Deceased

DQ TREAT TRANSFERS 20222023

Colorado Springs	CO	Doty, Debra A (Estate)		Deceased
Colorado Springs	CO	Doty, Debra A (Estate)		Deceased
Firestone	CO	Doty, Debra A (Estate)		Deceased
Lakewood	CO	Doty, Debra A (Estate)		Deceased
Lone Tree	CO	Doty, Debra A (Estate)		Deceased
Wheat Ridge	CO	Doty, Debra A (Estate)		Deceased
Windsor	CO	Elkhorn Park Corp / Baker, Thomas L	970-571-8765	
Fairfield	CT	Frattaroli, Nicholas J	(603)-677-2622	
North Haven	CT	Christophers Ice Cream Enterprise LLC / Christopher, Kelly J	203-605-6188	
Bradenton	FL	Doty, Debra A (Estate)		Deceased
Coconut Creek	FL	Sweet Eats II Inc / Mills, Scott D / Mills, Shannon	954-857-3926	
Key West	FL	Buffalo Gals LLC / Delio, Lisa P / Romain, M Nancy	(305)-304-0877	
Pembroke Pines	FL	Kamrose Inc / Fox, Diane K	(954)-433-5131	
Honolulu	HI	K2 Pacific Inc / Kung, Linda L (Estate)	(808)-250-0628	
Keokuk	IA	Daughters, Alan D / Daughters, Christine M	(319)-670-8322	Family Transfer
Waverly	IA	Hobson, Floyd R / Hobson, Sheryl A	319-415-5723	
Fox Lake	IL	Mordawski, Lawrence	847-421-9653	
Macomb	IL	Clanin, James W	(309)-333-2571	
Berkley	MI	Manju Inc / Manju, Walid A / Manju, Ban S	204-770-3614	
Canton	MI	JK Delights LLC / Daniels, Joseph D / Daniels, Kathryn M	(248)-207-2494	
Troy	MI	E & YPN The Verstraete Corporation / Kim Verstraete, Young	(248) 561-9870	
Lakewood	CO	Seok George Edward / Verstraete, Catherine Ann	(303) 988-8545	
Miramar Beach	FL	Scenic Treat LLC / Mepherston, Robert David Lee	(850) 837-1757	
Arlington Heights	IL	Chameleon Concepts Inc / Laurie, Frank A / Laurie, Mary	(224) 388-1873	
Vandalia	IL	Warner, Dana M / Warner, Jason J	(618) 283-0160	
Crown Point	IN	Kevin Hitzeman, Incorporated / Hitzeman, Kevin L	(219) 775-0795	
Fishers	IN	Soft Serve Treats LLC / Moser Jr, Ronald J / Forbing, Christopher M	(317) 790-9552	
Merrillville	IN	Trevisol, Daniel T / Trevisol, Sharon R	(219) 769-7377	
Brockton	MA	Deftos, Marion T / Deftos, Daniel F / Deftos, Thomas J / Crisona, Ronald P	(508) 243-9494	
Middleton	MA	Colbyco Enterprises / Colby, Linda J / Colby, Duncan A	(978) 304-1627	
Chester	MD	YSCL Inc / Cheng, Chung Hai / Li, Li	(410) 604-2950	
Auburn Hills	MI	Marchelletta, Marco J / Marchelletta, Carol J	(248) 310-8619	
Grand Blanc	MI	Edmonds, Charles N / Edmonds, Cynthia L	(810) 691-1269	
Hartland	MI	Hartland Ice Cream Inc / Eichen, David C / Eichen, Tina M	(239) 202-2500	
Sterling Heights	MI	Marcelino Inc / Bahri, Usam S / Bahri, Leila A	(586) 795-3169	
Roseville	MN	S & B Karmelkorn Shoppes LLC / Braasch, Deborah L	763-438-3818	
South Saint Paul	MN	Lundquist, Karen L	651-260-9331	
Rockingham	NC	Treats of Rockingham Inc / Waterman, Patricia R (Estate)	910-995-1876	
Laconia	NH	Lakeshore Deli LLC / Merrill, Michael J / Merrill, Michelle T	203-259-5659	
Albuquerque	NM	Judy's DDN Inc / Garcia, Daniel F / Garcia, Judy M	(505) 450-7543	
Gallup		James / Meadows, Cheryl	863-5172	
Hamburg	NY	Lazarony Jr, Charles J	716-698-8339	Family Transfer
Harrisburg	PA	Weaver, Leroy / Weaver, Pamela	717-766-5817	
Sinking Spring	PA	Tracie's Paradise Inc / Lutz, Kevin P / Lutz, Deborah L / Sottasante, Bernice M	(484) 955-0652	

DQ TREAT TRANSFERS 2022 2023				
Temple	PA	MBB & Jim Inc / Lutz, Kevin P / Lutz, Deborah L		(484) 955-0652
Cumberland	WI	Clark, Laura L		715-419-0650
De Pere	WI	Nulund Group LLC / Peds LLC / Soderlund, Mark E (Estate) / Soderlund, Margaret M / Taj Enterprises LLC / Nugent, Peter T		920-434-9977
Williamsville	NY	Hallac Foods Inc / Hallac, Michael C / Hallac, Tracey		(716) 572-2162
Bethel Park	PA	Allen, Mary Kay / Allen, John T		(412) 337-4346
Carlisle	PA	Ramsey LLC / Ramsey, G Scott / Ramsey, Lisa		(717) 249-8655
Sparta	WI	Wineinger, David		(608) 269-9191
Wausau	WI	Wausau Treats LLC / Levis, Michael B		(715) 842-3961
Wisconsin Rapids	WI	P J Anhalt Inc / Anhalt, Patrick / Anhalt, Jill		(715) 423-0920

ADQ DQ TREAT FRANCHISE TERMINATIONS IN ~~2022~~2023

DQ TREAT TERMINATIONS 2022 2023						
CITY	ST	ZIP	FRANCHISEE GROUP (S)	PHONE	REASON	
Eseondido	CA	92025-8005	Fourteen Capital Group Inc / Syed, Abutalib / Zainab, Kaneez / Naqvi, Zeeshan	(760) 737-5100	Franchisee Closure	
Santa Rosa Valencia	CA	95401-6304	Ganhara Foods LLC / Lie, Andrew K / Lie, Rani GKam, Fransiskus	(707) 576-9502 (661) 288-2648	Expiration	
Westminster Colorado Springs	CO	CA	92683-4901	WTF Kami Inc / Kim, Peter S Bell Brand Ranches Inc	562-713-8255 (719) 594-9200	Expiration
Denver	CO	Rad Enterprise LLC		(303) 322-7254	Franchisee Closure	
Coral Springs	FL	RSC LLC		(954) 755-0488	Franchisee Closure	
Melbourne	FL	Tlj Palmer Inc		(321) 255-5658	Franchisee Closure	
Merritt Island	FL	Gentile, Michael R / Gentile, Debra T		(321) 452-1610	Terminated	
Newark Ocala	FL	DE	49702-3208	Christiana Treats LLC / Jordan, Michael D / Fisk III, Charles L Pilot Corporation	(302) 737-5958 (352) 347-8499	Franchisee Closure
Palmetto	FL	Osprey Oil Co LLC		(941) 726-9664	Franchisee Closure	
Punta Gorda	FL	Northern Stern Corp		(941) 621-8910	Franchisee Closure	
Buford	GA	30519-4975	Patel Treats LLC / Patel, Vimal	(678) 482-6084	Expiration	
Carnesville Calhoun	GA	30521-3309	Pilot Corporation	(706) 384-2424 624-8391	Mutual Cancellation Franchisee Closure	
Jackson	GA	30233-6131	Pilot Corporation	(770) 504-1146	Mutual Cancellation	
Kamuela	HI	96743-7305	Jan & Jon LLC / Guastalli, Janet M / Adams, Jon S	(808) 887-1139	Expiration	
Belvidere	IL	61008-6012	Sahaj Foods Inc / Patel, Ghanshyam P / Patel, Ruchit P / Patel, Pravinchandra M	(815) 544-1500	Expiration	
Henry Armstrong	IA	IL	61537-1501	Noder, Matthew E Hrtlndtrt LLC	(309) 364-3100 (712) 868-3732	Franchisee Closure
Morton Ottumwa	IA	IL	61550-2032	Carius & Carius / Carius, Curt J / Carius, James A / Carius, Gert V Chebuhar, Catherine A	(309) 263-7033 (641) 682-9767	Franchisee Closure
New Castle Carbondale	IL	IN	47362-2107	Conby Inc / Huekeby, Phillip E (Estate) / Huekeby, Linda L (Estate) Carbondale Treats Inc	(765) 529-5667 (618) 457-5346	Terminated

DQ TREAT TERMINATIONS 2022 2023						
CITY	ST	ZIP	FRANCHISEE GROUP (S)	PHONE	REASON	
Niles	IL	RKW LLC		(847) 581-0094	Franchisee Closure	
Wanatah Noblesville	IN	46390-9542	R Kids Inc / Vinyard, Theodore L / Vinyard, Mary Beth, JD Restaurants Inc	(219) 733-9653(317) 773-5519	Franchisee Closure	
Ruston Frederick	MD	LA	71270	Quarles Restaurant Group LLC / Quarles, Michael D / Quarles, Kelly RRice Sr, Gary C / Rice, Jean E / GCR LLC / Rice Jr, Gary C	(318) 202-3383(301) 662-1588	Franchisee Closure
Dearborn	MI	The Campbell Company LLC		(313) 271-4730	Expiration	
Detroit	MI	Vigilanti, Carol		(313) 898-6433	Franchisee Closure	
Bloomington	MN	Hendrickson Jr, Ronald L		(952) 858-8938	Franchisee Closure	
Bethesda	MD	20817-1018	Qing-Qing Inc / Chu, Hsiu-Hua	(301) 365-8200	Expiration	
Hagerstown	MD	21740-9559	4 M Enterprises Inc / McLaughlin, David C / Pitcher, Marehel C	(240) 362-2500	Expiration	
HanoverEdina	MN	MD	21076-1283	S&R Creamery LLC / Chan, Jason L / Tse, Sau WaJamunlimited Inc	(917) 378-9827(952) 920-6811	Expiration
Minneapolis	MN	Mpls Skyway DQ/OJ LLC		(612) 338-2232	Expiration	
Ocean-City	MD	21842-4710	AIC of MD Inc / Ramadan, Mohamad S	(443) 373-2677	Franchisee Closure	
Ocean-City	MD	21842-3552	AIC of OC Inc / Ramadan, Mohamad S	(443) 373-2674	Franchisee Closure	
Grand Rapids	MI	49504-6261	Sean Diego Inc / Makowski, Sean A	(616) 235-0102	Franchisee Closure	
South-Haven Starbuck	MN	MI	49090-1495	Brecht Enterprises LLC / Brecht, Fred / Brecht, JanetStarbuck's Cone Factory Inc	(269) 767-7492(320) 239-2615	Franchisee Closure
Joplin	MO	Ted's Treats Inc		(417) 782-1188	Expiration	
VirginiaHaw River	NC	MN	55792-3513	Tim's Treats Inc / Vansoest, Timothy N / Vansoest, Andrea LPilot Travel Centers LLC	(218) 749-4495(336) 578-1333	Franchisee Closure
Lincolnton	NC	Circle K Stores Inc		(704) 735-3779	Franchisee Closure	
Winnemucca Fernley	NV	89445-4208	Khourys Inc / Bassam-Issa Khoury Family Revocable Living Trust / Ghassan-Issa Khoury Family Revocable Living Trust / Khoury, Bassam-Issa / Khoury, Mary Nawal K / Khoury, Ghassan-Issa / Khoury, Miriam RPilot Travel Centers LLC	(775) 625-8200(575-6298)	Franchisee Closure	
Watertown	NY		Dnj Management LLC	(315) 681-4316	Franchisee Closure	
Mc Donald	OH		Suich, Kenneth A	(330) 530-1051	Terminated	
Akron	OH	44333-3337	Jns Inc / Thaker, Dishita N / Thaker, Nitin P	(330) 836-6731	Expiration	
Carnegie	PA	15106-3601	Bodnar, Anna M	(412) 276-2008	Franchisee Closure	
Pennsdale	PA	17756-8076	Insinger, Ronald E	(570) 337-0676	Franchisee Closure	
Philadelphia	PA	19106-2311	Santram Krupa Inc / Patel, Hasuben	(215) 627-4200	Franchisee Closure	

DQ TREAT TERMINATIONS 2022 2023						
CITY	ST	ZIP	FRANCHISEE GROUP (S)	PHONE	REASON	
Pittsburgh	PA	15237-3870	Ross Park Mall Treatworks Inc / Sullivan, Claudea M JBLR Inc	(412) 630-9700 561-5772	Expiration Franchisee Closure	
Bishopville Cayce	SC	29010-8932	Pilot Travel Centers LLC	(803) 428-2035 739-5848	Mutual Cancellation Franchisee Closure	
Blacksburg	SC	29702-7377	Pilot Travel Centers LLC	(864) 936-3777	Mutual Cancellation	
Latta Hardeeville	SC	29565-4225	Pilot Travel Centers LLC	(843) 752-0033 784-7771	Mutual Cancellation Franchisee Closure	
Saint George	SC	29477-8944	Pilot Travel Centers LLC	(843) 563-9095	Mutual Cancellation	
Windsboro Lugoff	SC	29180-9607	Pilot Travel Centers LLC	(803) 482-6715 438-7234	Mutual Cancellation Franchisee Closure	
Walterboro	SC	King Petroleum Company		(843) 538-8224	Franchisee Closure	
Lebanon	TN	37090-5352	Pilot Travel Centers LLC	(615) 453-8991	Mutual Cancellation	
West Valley City Nashville	TN	UT	84119-3746	The Teton Tennessee Restaurant Group LLC / Hendricks, Todd K / Crapo, Conn J / Crapo, George M (Estate)	(801) 964-1102 (615) 238-0087	Expiration
Union Gap	WA	98903-1690	Frozen Treats Holdings Inc / Miller, Jeffrey S / Miller, Shawna K / Miller, Patrick T / Miller, Anna M / Satterfield, Thomas A / Satterfield, Traci A	(509) 896-1879	Expiration	
Janesville	WI	53545-4220	Hirsch E Treats Inc / Hirsch, Thomas F / Hirsch, Victoria L	(608) 758-0755	Franchisee Closure	
Portage Wheeling	WV	WI	53901-9664	TA Operating LLC / Travelcenters of America J T Enterprises LLC	(608) 742-1045 (304) 233-4050	Franchisee Closure

Note: The information provided below regarding subfranchised outlets is provided to ADQ by territory operators and is not independently verified by ADQ or [us](#).

DQ MT/ND:

~~DQ~~ TREAT TERRITORY OPERATOR SUBFRANCHISE TRANSFERS IN ~~2022~~2023

DQ TREAT SUBLICENSER TRANSFERS IN 2022 2023				
CITY	ST	SELLER(S) / BUSINESS NAME(S)	PHONE	COMMENT
*Transfers where seller sold interest in this particular store, but remains a franchisee for other store(s)				
Tucson	AZ	Sal Restaurants I LLC / Rizvi, Junaib Ahmed	(503) 484-3161	
Miami	FL	Hong An Inc / An, Weijun / Zhang, Xiaohong	(305) 596-6698	
Winter Haven	FL	Emanuel, Patrick J	(863) 299-5245	Family Transfer
Irvington	NJ	Shaffer Corporation / Shaffer, Michael A	(908) 230-0711	Family Transfer
Ridgefield	NJ	Teng-Fa Chang, Donald	(201) 945-0933	
Huntingdon Valley	PA	Sucrose Concessions LLC / Treacy, Kathy K / Childs, Caleb	(215) 803-6023	
Diamond	IL	Minit Mart LLC / Eg Retail America LLC	(815) 263-3127	

DQ TREAT SUBLICENSE TRANSFERS IN 2022 2023				
CITY	ST	SELLER(S) / BUSINESS NAME(S)	PHONE	COMMENT
Allendale	NJ	Ceyda LLC / Taso, Sukru / Taso, Ulus	(201) 381-9923	
Washington Township	NJ	Ayla LLC / Taso, Ulus	201-213-8766	
*Transfers where seller sold interest in this particular store, and has left the system				
Tucson	AZ	M3C&D LLC / Albers, Mavis L / Albers, Michael W / Durham, Carrie R / Vaccaro, Michelle A / Stevens, Deborah J	(480) 277-2358	
Tucson	AZ	Donjen LLC / Gin, Donald / Gin, Jennifer	(520) 623-7862	
Tucson	AZ	Donjen LLC / Gin, Donald / Gin, Jennifer	(520) 294-5962	
Tucson	AZ	Shrewsbury, Carol	(520) 661-9778	
Miami	FL	An, Weijun / Zhang, Xiaohong	(305) 252-2692	
Clifton	IL	Boudreau, Christopher S / Boudreau, Jacqueline	(815) 694-3202	
Homer Glen	IL	Singh, Amandeep / Patel, Pridesh	(708) 301-5554	
Payson	AZ	Sweet Investment LLC / Nilsen, Bradley R / Vandruff, John E	(928) 472-4675	
Story City	IA	Slammr LLC / Foss, Carol M / Foss, Thomas A	(515) 708-2668	
Cary Schaumburg	IL	Cary DQ LLC / Wesson, Mark BC & R Schaumburg Corp / Bhavsar, Chinar	(847) 997-4339 923-9233	
Naperville	IL	Abraham, Judith / Abraham, Robert A	630-453-7916	Family Transfer
Naperville	IL	Moloney, Karen (Estate)		Deceased
Warrenville Wheaton	IL	Khan, Irshad Patel, Swati / Patel, Anil	(630) 229-7101 462-1723	
Chatfield	MN	DQ917 Inc / Martinka, John R / Martinka, Holly C	507-251-0779	
East Windsor	NJ	The Ice Cream Man LLC / Vardakis Jr, George	(609) 540-1807	
Vernon	NJ	Vernon Dairy LLC / Saccante, Alan / Saccante, Nancy	201-264-1275	
West Milford	NJ	Korsakoff, Dennis	(973) 728-1212	
Wildwood	NJ	Willbill Corporation / Fagan, William / Fagan, Robert	609-254-4385	
North Las Vegas	NV	Mas We Three LLC / Termolova, Mariia Puri Ventures LLC / Puri, Sachin	(702) 417-6948 649-4004	
Hatboro Bensalem	PA	Margraff, David Q & M Inc / Qu, Lanny	(267) 884-3027 523-5899	
Huntingdon Valley	PA	BDP Inc / Weiss Jr, Francis J / Weiss, Vincent HGP Partners Corp / Gluck, Hershy	(610) 314-5685 (347) 461-5311	
New Castle	PA	Doskids Inc / Destilio, Karen A	724-971-3134	
Lansdale	PA	North Penn Soft Serve Inc / Giaimo, John Jr	(610) 564-3158	
Maple Glen	PA	Hameid, Azmi / Hameid, Ebtesam	(267) 419-8582	
Plymouth Meeting	PA	Namubhavik LLC / Patel, Vishnu R	(610) 825-5607	

Note: The information provided below regarding subfranchised outlets is provided to ADQ by territory operators and is not independently verified by ADQ or ~~DQ MT/ND~~us.

DQ TREAT TERRITORY OPERATOR SUBFRANCHISE TERMINATIONS IN ~~2022~~2023

DQ TREAT SUBFRANCHISE TERMINATIONS IN 2022 2023						
CITY	ST	ZIP	FRANCHISEE GROUP (S)	PHONE	REASON	
Miami	FL	33143-1809	Homer Lee Inc / Lee, Jian Ping / Li, Yan	(305)-667-7016	Franchisee Closure	
Lombard	AZ	IL 60148-4744	Kedal Management LLC Series A / Ledwidge, Christopher A Pilot Travel Centers LLC	(630)-261-1390(928) 927-7777	Franchisee Closure	
Rochester	NC	MN 55902-3135	Houdek Development LLC / Houdek, Larry D / Henley, John R / Stewart, Jeffrey A Dairy Queen of Wilmington Inc	(507)-282-6633(910) 763-1650	Franchisee Closure	
Mesquite	NV	Midjit Market Inc		(702) 346-6350	Expiration	
Bowling Green	OH	Jai Shree Ram LLC		(217) 693-2817	Reacquired by Franchisor	
Kimball	NE	69145-1547	Fichtner, Jeffrey L / Fichtner, Debra A	(308)-235-2874	Franchisee Closure	
Hazlet	NJ	07730-4117	Jacks Ice Cream LLC / Vranken, Jack G / Vranken, Young Mi	(732)-787-4100	Franchisee Closure	
Hazlet	NJ	07730-4526	Sawicki, Stanley J / Kang, Young Nyoung	(732)-739-0064	Franchisee Closure	
Ambler	OH	PA 19002-1143	Abm Brothers LLC / Hameid, Ebtessam / Hameid, Azmi I Scream 4-Euclid LLC	(215)-628-4494(440) 781-6807	Franchisee Closure	
Glenside	PA	19038-3832	Qd Delicatessen LLC / Quigg, Eilish	(215)-886-9985	Franchisee Closure	
Mechanicsville	VA	23111-3626	Delford LLC / Ford III, Jesse Ryland The Pantry Inc	(804)-746-7100(276) 637-6488	Franchisee Closure	

ADQ G&C TEXAS RESTAURANT TRANSFERS IN ~~2022~~2023

DQ GRILL AND CHILL TEXAS FRANCHISE TRANSFERS IN 2022 2023					
CITY	ST	SELLER(S) / BUSINESS NAME(S)	PHONE	COMMENT	
*Transfers where seller sold interest in this particular store, but remains a franchisee for other store(s)					
Athens	TX	Hometown Boys LLC / Scally III, Joseph F / Lay, Scott A	(903) 877-4128		
Baytown	TX	Abbys Enterprises Inc	(832) 752-3248	Corporation Change	
Kilgore	TX	Hometown Boys LLC / Scally III, Joseph F / Lay, Scott A	(903) 877-4128		
Red Oak	TX	Red Oak Ice Cream LLC / Glass, Robert V	(972) 935-2738		
Rockwall	TX	Rockwall Ice Cream LLC / Glass, Robert V	(972) 935-2738		
Royse City	TX	Royse City Ice Cream LLC / Glass, Robert V	(972) 935-2738		
Wylie	TX	Wylie Ice Cream LLC / Glass, Robert V	(972) 935-2738		
Crane	TX	Martin, Monty W / Martin, Lynoma	(432)-413-7420		
El Paso	TX	Nowak, Renee M	(915)-755-5780		

Fort Worth	TX	HSB Investments Group LLC / Baidya, Asish / Haq, Kashif U / Singha, Sajib Kumar		(214) 934 6251	
Rhome	TX	Jones, Sue R		(940) 393 6107	
*Transfers where seller sold interest in this particular store, and has left the system					
Houston	TX	Azizi, Javad / Azizi, Habib		(281) 415-6928	
Houston	TX	Shah, Zakir H (Estate)		N/A	Deceased
Ganado	TX	Vorajakkmol, Chingchai / Vorajakkmol, Maria		(361) 771-6143	
Jefferson	TX	Bishop, Larry D		(903) 806-6789	
Kaufman Rowlett	TX	Req Kaufman LLC / Rossi Restaurant Group LLC / Colarossi, Robert J / Colarossi, Rose M / Colarossi, Ryan J Rowlett Ice Cream LLC / Glass, Robert V		(972) 935-2738	(972)-977-0566
Somerset	TX	Bhakta, Ilaben (Estate)		N/A	Deceased
Spring	TX	Fersiss Inc / Pahlavan, Mohammad / Pahlavan, Fereshteh		(281)-850-0303	

ADQ G&C TEXAS RESTAURANT TERMINATIONS IN ~~2022~~2023

TEXAS FRANCHISE TERMINATIONS 2022 IN 2023					
CITY	ST	ZIP	FRANCHISEE - GROUP (S)	PHONE	REASON
Azle Arlington	TX	76020-3135	Treats Investments LLC / Hall, William G / Hall, Carole 4D Enterprises LLC	(817) 444-4062 860-2912	Franchisee Closure
Beaumont Bridgeport	TX	77705-2108	R & L Lozano Operating Ltd / R & L Lozano Ltd / Lozano Management Trust / Lozano, Robert L / Lozano, Laurie G 4D Enterprises LLC	(409) 838-0173 (940) 683-2260	Franchisee Closure
Dalhart	TX		Project Lonestar Inc	(806) 249-4987	Franchisee Closure
Dripping Springs	TX		DDQ Pro Inc	(512) 894-4033	Franchisee Closure
Grand Prairie	TX		AMO TX3 LLC	(682) 270-0454	Franchisee Closure
Brenham San Antonio	TX	77833-3773	Smith Dairy Queens Ltd / DQ of Texas Inc / Tos DQ LLC / Terry O Smith Family Trust / Smith, Karen K / Barron, Heather L / Smith, Jeremy O Motley, Paula Kay	(979) 836-2362 (210) 927-2695	Franchisee Closure
Carrollton Snyder	TX	75010-6336	Dbe Richeson Restaurants LLC / Rajput, Zulqarnain / Ali, Rafiq Murad Inc #2	(972) 695-6344 (325) 573-8501	Franchisee Closure
Groom Spring	TX	79039	Fal Co LLC / Lozano, Robert A / Lynn Lee Inc / Lozano, Robert L / Lozano, Laurie G Taba Restaurants LLC	(806) 248-7015 (832) 698-1858	Franchisee Closure
Vega	TX	79092-0523	Fal Co LLC / Lozano, Robert A / Lynn Lee Inc / Lozano, Robert L / Lozano, Laurie G	(806) 267-2312	Mutual Cancellation

WoodvilleValley View	TX	75979-5609	Fal Co LLC / Lozano, Robert A / Lynn Lee Inc / Lozano, Robert L / Lozano, Laurie G Richeson Restaurants Inc #1	(409) 283-2509 (325) 573-8501	Franchisee Closure
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EXHIBIT J

TERRITORY OPERATOR'S FINANCIAL STATEMENTS

**(~~For the Period January 1, 2020 through~~ As of December 31, 2023 and 2022,
and for the three years in the period ended December 31, 2023)**

LEE & COMPANY

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

1211 Mount Avenue
Missoula, Montana 59801
office 406.721.9919
fax 406.721.2334
www.LeeCoMT.com

The accompanying financial statements and report are intended for the original recipient. They must be presented in their entirety and may not be modified in any manner.

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC
FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members
Dairy Queen Montana/North Dakota LLC
Missoula, Montana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Dairy Queen Montana/North Dakota LLC, which comprise the balance sheet as of December 31, 2023 and 2022, and the related statements of income, members' capital, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dairy Queen Montana/North Dakota LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



Missoula, Montana
July 11, 2024

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Balance Sheets
December 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,017,029	\$ 1,430,600
Accounts receivable, net	429,229	339,061
Note receivable - current	-	20,666
Held-to-maturity securities	741,611	-
Total Current Assets	2,187,869	1,790,327
Property & Equipment		
Office equipment	41,439	37,582
Automobiles	22,321	22,321
Less accumulated depreciation	(58,753)	(48,812)
Total Property & Equipment, Net	5,007	11,091
Other Assets		
Franchise rights	41,900	41,900
Less accumulated amortization	(41,900)	(41,900)
Total Other Assets	-	-
Total Assets	\$ 2,192,876	\$ 1,801,418
Liabilities and Members' Capital		
Current Liabilities		
Accounts payable	\$ 284,246	\$ 219,132
Accrued liabilities	14,733	14,647
Contract liabilities - current	10,326	10,701
Total Current Liabilities	309,305	244,480
Long-Term Liabilities		
Contract liabilities - noncurrent	113,470	123,421
Members' Capital	1,770,101	1,433,517
Total Liabilities and Members' Capital	\$ 2,192,876	\$ 1,801,418

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

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Statements of Income
For the Years Ended December 31, 2023 and 2022

	2023	2022
Revenues		
Royalties	\$ 3,451,186	\$ 3,252,300
Transfer fees	27,000	5,500
Treat center commissions	15,296	15,344
Initial franchise fees earned	10,326	10,701
Total Revenues	3,503,808	3,283,845
Operating Expenses		
Royalty fee	864,720	816,864
Wages	694,789	635,928
Payroll taxes and benefits	198,817	172,410
Administrative expense	116,884	23,075
Professional services	67,259	48,250
Travel	52,477	31,241
Contract service	28,941	22,729
Store incentives	20,765	31,416
Meetings and conventions	17,937	9,488
Telephone	15,561	15,589
Website	11,328	10,838
Depreciation	9,941	7,932
Insurance	6,597	5,085
Promotional expense	4,316	2,538
Office supplies	5,562	3,081
Rent	2,445	3,257
Store design assistance	2,550	5,556
Repairs and maintenance	-	475
Postage and delivery	1,258	1,202
Total Operating Expenses	2,122,147	1,846,954
Income from Operations	1,381,661	1,436,891
Other Income		
Interest income	49,271	3,403
Other income	753	-
Total Other Income	50,024	3,403
Net Income	\$ 1,431,685	\$ 1,440,294

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

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Statements of Changes in Members' Capital
For the Years Ended December 31, 2023 and 2022

	<u>Muriel Brown Trust</u>	<u>Willis Brown FBO James Brown</u>	<u>Willis Brown FBO Christy Brown</u>	<u>Total</u>
Members' Capital Balances December 31, 2021	\$ 1,706,193	\$ 2,615	\$ 12,707	\$ 1,721,515
Net income	360,074	540,110	540,110	1,440,294
Distributions	-	(859,000)	(869,292)	(1,728,292)
Members' Capital Balances December 31, 2022	2,066,267	(316,275)	(316,475)	1,433,517
Net income	357,921	536,882	536,882	1,431,685
Distributions	-	(554,256)	(540,845)	(1,095,101)
Members' Capital Balances December 31, 2023	<u>\$ 2,424,188</u>	<u>\$ (333,649)</u>	<u>\$ (320,438)</u>	<u>\$ 1,770,101</u>

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

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Net income	\$ 1,431,685	\$ 1,440,294
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	9,941	7,932
(Increase) decrease in:		
Accounts receivable	(90,168)	13,160
Note receivable	20,666	9,912
Increase (decrease) in:		
Accounts payable	65,114	(24,582)
Accrued liabilities	86	5,591
Contract liabilities	(10,326)	14,299
	1,426,998	1,466,606
Cash Flows From Investing Activities		
Purchase of property & equipment	(3,857)	(1,849)
Purchase of held-to-maturity securities	(741,611)	-
	(745,468)	(1,849)
Cash Flows From Financing Activities		
Members' distributions	(1,095,101)	(1,728,292)
	(1,095,101)	(1,728,292)
Net Increase (Decrease) in Cash and Cash Equivalents	(413,571)	(263,535)
Cash and Cash Equivalents, Beginning of Year	1,430,600	1,694,135
Cash and Cash Equivalents, End of Year	\$ 1,017,029	\$ 1,430,600
Supplemental Disclosure of Cash Flow Information:		
Cash Paid During the Year for Interest	\$ -	\$ 8

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

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

1. ORGANIZATION

Dairy Queen Montana/North Dakota LLC (the Company) is a Montana limited liability company. The limited liability company is a term company. The term specified for the limited liability company is fifty years, terminating December 31, 2052. The Company is engaged in one business segment -- developing, licensing, franchising, and servicing a system of retail stores featuring over-the-counter sales of dairy desserts, food, and beverages. The Company is a licensed territory operator of American Dairy Queen Corporation for the states of Montana and North Dakota. The Company had 73 and 71 operating stores in 2023 and 2022, respectively.

Following a change to the ownership structure during 2013, income and losses from operations are allocated 25% to the Muriel Brown Trust, 37.5% to Willis Brown FBO James Brown, and 37.5% to Willis Brown FBO Christy Brown. Prior to 2013, income and losses from operations were allocated 25% to the Muriel Brown Trust, 12.69% to the Willis Brown Bypass Trust, and 62.31% to the Willis Brown QTIP Trust. A detailed description of the allocations can be found in the operating agreement.

The operating agreement includes a provision whereby the members have no further obligation to contribute additional amounts of capital to the Company. In addition, the liability of the members of the Company is limited to the members' total capital contribution.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Company are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables, and other accrued assets and liabilities.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on deposit and interest bearing investments due on demand.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property & Equipment - Property and equipment are carried at cost. Depreciation of property and equipment is provided for using the straight-line method for financial reporting purposes over the estimated useful lives of the assets, which are generally from three to five years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized. The cost of maintenance and repairs are charged to expense as incurred; significant renewals or betterments are capitalized.

Franchise Costs - The Company amortizes its franchise cost using the straight line method over a period of forty years from the acquisition date of June 1, 1963. No amortization is allowed for income tax purposes. Franchise costs were fully amortized at December 31, 2023 and 2022.

(Continued)

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740 - ASC 740 addresses financial accounting and reporting for the effects of income taxes that result from an entity's activities during the current and preceding years. The Company is not a taxpaying entity, thus, no provision for income taxes has been recorded in the financial statements. All tax effects of the Company are passed through to the Members. Dairy Queen Montana/North Dakota LLC files income tax returns in the United States federal jurisdiction and in the Montana, North Dakota, and New York state jurisdictions. Federal tax authorities generally have the right to examine and audit a tax return within three years from when a return was due or was filed, whichever is later. The state tax authorities generally have the right to examine and audit a tax return within three years from when a return was due or was filed, whichever is later in North Dakota and New York, and five years after the later of the date the return is filed or the date the return is due in Montana. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. As of December 31, 2023 and 2022, the Company has recognized interest and penalties in the amount of \$0 and \$0, respectively. The Company had no accruals for interest and penalties as of December 31, 2023 and 2022.

Revenue Recognition - The Company's sources of revenue from contracts with customers include sales royalties, transfer fees, treat center commissions, and initial franchise fees. Substantially all of the Company's revenue is from contracts with customers. During 2020 the Company adopted FASB ASU 2014-09. The core principle of the guidance is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services.

The Company recognizes revenue in several ways outlined in each operating agreement, such as, start-up fees, transfer fees, and commissions. The Company recognizes revenue from initial franchise fees paid by licensees over the term of the franchise agreement, generally twenty years. Services provided in connection with the initial franchise fees includes processing the Licensee's application and assisting the Licensee with opening the store. The Company has determined that the initial franchise fees are highly dependent upon and interrelated with the franchise right granted in the franchise agreement. During 2023 and 2022, the Company received revenue from new store start-up fees from 0 and 1 stores, respectively. Direct costs related to each store opening are expensed as incurred.

The Company recognizes revenue from transfer fees earned from contracts with customers related to the transfer of the right to operate a location from an existing licensee to a prospective licensee. Revenue from transfer fees is recognized when the licensee transfers ownership to a different owner, as outlined in each operating agreement, as that is the point in time at which provisional consent for the transfer of the license is granted by the Company to the prospective licensee. Direct costs related to each transfer are expensed as incurred. During 2023 and 2022, the Company received transfer revenue for the transfer of ownership of 5 stores and 2 stores, respectively.

Commissions are earned on the sales at various "Treat Center" locations, operated under an agreement with American Dairy Queen, are not subject to the same fee structure as the other locations. Direct costs related to commissions are expensed as incurred. Continuing fees are recognized as earned, with an appropriate provision for estimated uncollectible amounts charged to administrative expense.

Various economic factors affect revenues and cash flows from the Company's contracts with customers. These factors include competition from other restaurant companies, change in consumer taste and preferences, and the fact that the Company's financial results are impacted to a large extent by the operating results of licensees.

(Continued)

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Royalty Income - The Company receives royalty income from franchises operating in its territory. The amount of revenue received varies among the different franchises based upon the type of store and the original agreement. Royalties are generally based upon a percentage of gross revenues and/or a flat fee per gallon of ice cream sold. Revenue is recognized as store sales occur, generally monthly, and are due in the month subsequent to when the sales occurred.

Accounts Receivable and Allowance for Credit Losses - Accounts receivable represent royalties owed to the Company from individual store locations as part of its contracts with customers. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Net accounts receivable unrelated to contracts with customers are expected to be collected in full within one year of the date of the balance sheet. Allowances, if applicable, are made based on management's assessment of the credit history with stores having outstanding balances and current relationships with them, on the financial statements for any accounts estimated to be uncollectible. At December 31, 2023 and 2022, the allowance for credit losses was \$0 and \$0, respectively, and the Company recognized bad debt recovery of \$0 and \$0 respectively. See note 7 below for more information.

Operating Expenses - Operating, selling, and general and administrative expenses include all operating costs of the Company.

Advertising Costs - Advertising costs are included in administrative expenses and are expensed as incurred.

Concentration of Credit Risk - At times the Company maintains cash deposits in excess of FDIC coverage limits. At December 31, 2023 and 2022, the total cash deposits in excess of FDIC limits were \$627,285 and \$1,180,600, respectively. The Company has not experienced any losses as of December 31, 2023 and 2022.

3. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 11, 2024, the date on which the financial statements were available to be issued.

4. DEFINED CONTRIBUTION PLAN

Until February 2014, the Company had a SIMPLE IRA plan in which all employees could participate. Under the SIMPLE IRA plan, the Company matched employees' contributions based on a percentage of salary contributed by participants up to 3%.

In March 2014, the Company converted their SIMPLE IRA plan to a contributory profit sharing plan as defined under Section 401(k) of the U.S. Internal Revenue Code covering all employees. During 2023 and 2022, the Company made contributions to this plan at a rate of 3% of salary and an additional .50% for each additional percentage point contributed by the employee above 3%. For example, if an employee contributes 4%, the Company contributes 3.50%. There is no vesting period with respect to the employer contributions. Employer contributions during the years ended December 31, 2023 and 2022 were \$27,689 and \$25,316, respectively.

(Continued)

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

5. COMPENSATED ABSENCES

Employees of the Company are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The company's policy is to recognize the costs of compensated absences when actually paid to employees.

6. STORE INCENTIVE PROGRAMS

The Company periodically offers an incentive program for franchisees who improve their existing stores or build a new store. The programs typically offer an incentive equal to the lesser of a percentage of specific capital costs of improving or building a restaurant or a specified incentive dollar limit. The Company recognized \$20,765 and \$31,416 in operating expenses for cash incentives paid to licensees for the years ended December 31, 2023 and 2022.

7. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2023, the Company adopted ASU 2016-13, *Financial Instruments - Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, inclusive of the following additional ASU's, which amend and clarify guidance on Topic 326: ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*, ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses* (Topic 326): *Targeted Transition Relief*, ASU 2019-10, *Financial Instruments - Credit Losses* (Topic 326), ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*, ASU 2020-02, *Financial Instruments - Credit Losses* (Topic 326), ASU 2020-03, *Codification Improvements to Financial Statements*, and ASU 2022-02, *Financial Instruments - Credit Losses* (Topic 326): *Troubled Debt Restructurings and Vintage Disclosures*.

As of December 31, 2023, the Company has assessed their accounts receivable for expected credit losses based on the new requirements of Topic 326. The methodologies utilized by the Company to estimate possible credit losses include the following: an aging matrix approach to estimate credit losses on accounts receivable; historical loss data, current economic conditions, and reasonable forecasts are considered; and, classification of accounts receivable into relevant risk categories based on customer creditworthiness.

After thorough analysis, the Company has determined that there is no expected credit loss for their accounts receivable. This conclusion is based on the following factors: the Company's accounts receivable consists of selective, creditworthy customers with a history of timely payments, the Company maintains effective collection procedures and closely monitors credit quality, and the overall economic environment in the industry remains stable with no indications of significant credit risk.

Thus, the allowance for credit losses related to accounts receivable has been recognized as zero in the financial statements. This reflects the Company's assessment that the credit risk associated with their accounts receivable is minimal. The Company will continue to monitor credit risk and adjust its estimates if necessary. See note 2 above, and note 8 below, for more information.

(Continued)

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

8. CONTRACTS WITH CUSTOMERS

Contract balances with customers consist of the following:

	<u>Balance at</u> <u>December 31, 2022</u>	<u>Balance at</u> <u>December 31, 2023</u>
<i>Operating Agreements</i>		
Accounts receivable, net	339,061	429,229
Contract liabilities	134,122	123,796

Operating Agreements

The Company recognizes revenue related to its' operating agreements as described in Note 2. The contracts outline payments related to Sales Royalties and Treat Center Commissions, transfer fees and initial franchise fees. Receivables have been recorded for sales royalties earned for which payment has not been received, net of an allowance for Sales Royalties estimated to be uncollectible. Contract liabilities have been recorded for the payment of initial franchise fees received in advance of satisfaction of performance obligations.

The following schedule sets forth the anticipated timeline for revenue recognition on unsatisfied performance obligations under existing contracts with customers as of December 31, 2023:

2024	\$ 9,784
2025	9,201
2026	9,201
2027	9,201
2028	9,201
Thereafter	<u>77,208</u>
	<u>\$ 123,796</u>

9. RELATED PARTY TRANSACTIONS

From time to time, the Company will advance funds to its members. No such transactions occurred during 2023 or 2022.

10. NOTE RECEIVABLE

During 2020, one of the individual stores signed a promissory note to the Company related to the underpayment of prior year sales royalties. The note was payable in thirty-six monthly installments of \$1,610, with interest compounded monthly at 0.51%, and matured in August of 2023. Interest income recorded in the statement of activities related to the note for the year ended December 31, 2023 and 2022 was \$285 and \$1,346, respectively.

During 2022, a payback agreement was reached with the new franchisees for the Dickinson store, for amounts owed by the prior franchisee. This note matured in October of 2023. No interest was income was recorded for this agreement.

(Continued)

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

11. HELD-TO-MATURITY SECURITIES

The Company holds U.S. Treasury bills classified as held-to-maturity. These securities appear on the balance sheet as held-to-maturity securities and represent short-term debt instruments issued by the U.S. government. Specifically, there are three treasury bills: a 13-week bill, a 26-week bill, and a 52-week bill, each with face values of \$250,000. The carrying amount of these treasury bills is reported at amortized cost, reflecting the original purchase price adjusted for discounts. As of December 31, 2023, the amortized cost of the 13 - week, 26 - week, and 52 - week bills was \$249,078, \$245,962, and \$246,571, respectively. Given their low risk nature, no credit loss risk has been assessed for these U.S. government investments.

LEE & COMPANY

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

1211 Mount Avenue
Missoula, Montana 59801
office 406.721.9919
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www.LeeCoMT.com

The accompanying financial statements and report are intended for the original recipient. They must be presented in their entirety and may not be modified in any manner.

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

FINANCIAL STATEMENTS
For the Years Ended December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members
Dairy Queen Montana/North Dakota LLC
Missoula, Montana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Dairy Queen Montana/North Dakota LLC, which comprise the balance sheet as of December 31, 2022 and 2021, and the related statements of income, members' capital, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dairy Queen Montana/North Dakota LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



Missoula, Montana
June 14, 2023

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Balance Sheets
December 31, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,430,600	\$ 1,694,135
Accounts receivable, net	339,061	352,221
Note receivable - current	20,666	17,980
Total Current Assets	1,790,327	2,064,336
Property & Equipment		
Office equipment	37,582	35,733
Automobiles	22,321	22,321
Less accumulated depreciation	(48,812)	(40,880)
Total Property & Equipment, Net	11,091	17,174
Other Assets		
Franchise rights	41,900	41,900
Less accumulated amortization	(41,900)	(41,900)
Note receivable - noncurrent	-	12,598
Total Other Assets	-	12,598
Total Assets	\$ 1,801,418	\$ 2,094,108
Liabilities and Members' Capital		
Current Liabilities		
Accounts payable	\$ 219,132	\$ 243,714
Accrued liabilities	14,647	9,056
Contract liabilities - current	10,701	9,451
Total Current Liabilities	244,480	262,221
Long-Term Liabilities		
Contract liabilities - noncurrent	123,421	110,372
Members' Capital		
Total Liabilities and Members' Capital	\$ 1,801,418	\$ 2,094,108

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

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Statements of Income
For the Years Ended December 31, 2022 and 2021

	2022	2021
Revenues		
Royalties	\$ 3,252,300	\$ 3,118,864
Transfer fees	5,500	19,799
Treat center commissions	15,344	14,671
Initial franchise fees earned	10,701	9,451
Total Revenues	3,283,845	3,162,785
Operating Expenses		
Royalty fee	816,864	786,096
Wages	635,928	634,618
Payroll taxes and benefits	172,410	169,061
Professional services	48,250	61,298
Contract service	22,729	24,206
Travel	31,241	23,172
Store incentives	31,416	18,551
Telephone	15,589	15,459
Website	10,838	14,061
Administrative expense	23,075	8,032
Depreciation	7,932	6,693
Insurance	5,085	5,531
Promotional expense	2,538	4,693
Office supplies	3,081	3,853
Meetings and conventions	9,488	2,884
Rent	3,257	2,609
Store design assistance	5,556	-
Repairs and maintenance	475	1,805
Postage and delivery	1,202	682
Total Operating Expenses	1,846,954	1,783,304
Income from Operations	1,436,891	1,379,481
Other Income		
Interest income	3,403	2,459
Other income	-	6,201
Total Other Income	3,403	8,660
Net Income	\$ 1,440,294	\$ 1,388,141

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

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Statements of Changes in Members' Capital
For the Years Ended December 31, 2022 and 2021

	<u>Muriel Brown Trust</u>	<u>Willis Brown FBO James Brown</u>	<u>Willis Brown FBO Christy Brown</u>	<u>Total</u>
Members' Capital Balances December 31, 2020	\$ 1,359,158	\$ 211,062	\$ 211,154	\$ 1,781,374
Net income	347,035	520,553	520,553	1,388,141
Distributions	-	(729,000)	(719,000)	(1,448,000)
Members' Capital Balances December 31, 2021	1,706,193	2,615	12,707	1,721,515
Net income	360,074	540,110	540,110	1,440,294
Distributions	-	(859,000)	(869,292)	(1,728,292)
Members' Capital Balances December 31, 2022	<u>\$ 2,066,267</u>	<u>\$ (316,275)</u>	<u>\$ (316,475)</u>	<u>\$ 1,433,517</u>

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

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Net income	\$ 1,440,294	\$ 1,388,141
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	7,932	6,693
Change in allowance for doubtful accounts	-	(43,898)
(Increase) decrease in:		
Accounts receivable	13,160	57,428
Note receivable	9,912	16,936
Increase (decrease) in:		
Accounts payable	(24,582)	8,235
Accrued liabilities	5,591	(3,274)
Contract liabilities	14,299	15,549
Net Cash Flows From Operating Activities	1,466,606	1,445,810
Cash Flows From Investing Activities		
Purchase of property & equipment	(1,849)	(6,191)
Net Cash Flows From Investing Activities	(1,849)	(6,191)
Cash Flows From Financing Activities		
Members' distributions	(1,728,292)	(1,448,000)
Net Cash Flows From Financing Activities	(1,728,292)	(1,448,000)
Net Increase (Decrease) in Cash and Cash Equivalents	(263,535)	(8,381)
Cash and Cash Equivalents, Beginning of Year	1,694,135	1,702,516
Cash and Cash Equivalents, End of Year	\$ 1,430,600	\$ 1,694,135
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash Paid During the Year for Interest	\$ 8	\$ -

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

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

1. ORGANIZATION

Dairy Queen Montana/North Dakota LLC (the Company) is a Montana limited liability company. The limited liability company is a term company. The term specified for the limited liability company is fifty years, terminating December 31, 2052. The Company is engaged in one business segment -- developing, licensing, franchising, and servicing a system of retail stores featuring over-the-counter sales of dairy desserts, food, and beverages. The Company is a licensed territory operator of American Dairy Queen Corporation for the states of Montana and North Dakota. The Company had 71 and 70 operating stores in 2022 and 2021, respectively.

Following a change to the ownership structure during 2013, income and losses from operations are allocated 25% to the Muriel Brown Trust, 37.5% to Willis Brown FBO James Brown, and 37.5% to Willis Brown FBO Christy Brown. Prior to 2013, income and losses from operations were allocated 25% to the Muriel Brown Trust, 12.69% to the Willis Brown Bypass Trust, and 62.31% to the Willis Brown QTIP Trust. A detailed description of the allocations can be found in the operating agreement.

The operating agreement includes a provision whereby the members have no further obligation to contribute additional amounts of capital to the Company. In addition, the liability of the members of the Company is limited to the members' total capital contribution.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Company are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables, and other accrued assets and liabilities.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on deposit and interest bearing investments due on demand.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property & Equipment - Property and equipment are carried at cost. Depreciation of property and equipment is provided for using the straight-line method for financial reporting purposes over the estimated useful lives of the assets, which are generally from three to five years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized. The cost of maintenance and repairs are charged to expense as incurred; significant renewals or betterments are capitalized.

Franchise Costs - The Company amortizes its franchise cost using the straight line method over a period of forty years from the acquisition date of June 1, 1963. No amortization is allowed for income tax purposes. Franchise costs were fully amortized at December 31, 2022 and 2021.

(Continued)

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740 - ASC 740 addresses financial accounting and reporting for the effects of income taxes that result from an entity's activities during the current and preceding years. The Company is not a taxpaying entity, thus, no provision for income taxes has been recorded in the financial statements. All tax effects of the Company are passed through to the Members. Dairy Queen Montana/North Dakota LLC files income tax returns in the United States federal jurisdiction and in the Montana, North Dakota, and New York state jurisdictions. Federal tax authorities generally have the right to examine and audit a tax return within three years from when a return was due or was filed, whichever is later. The state tax authorities generally have the right to examine and audit a tax return within three years from when a return was due or was filed, whichever is later in North Dakota and New York, and five years after the later of the date the return is filed or the date the return is due in Montana. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. As of December 31, 2022 and 2021, the Company has recognized interest and penalties in the amount of \$0 and \$0, respectively. The Company had no accruals for interest and penalties as of December 31, 2022 and 2021.

Revenue Recognition - The Company's sources of revenue from contracts with customers include sales royalties, transfer fees, treat center commissions, and initial franchise fees. Substantially all of the Company's revenue is from contracts with customers. During 2020 the Company adopted FASB ASU 2014-09. The core principle of the guidance is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services.

The Company recognizes revenue in several ways outlined in each operating agreement, such as, start-up fees, transfer fees, and commissions. The Company recognizes revenue from initial franchise fees paid by licensees over the term of the franchise agreement, generally twenty years. Services provided in connection with the initial franchise fees includes processing the Licensee's application and assisting the Licensee with opening the store. The Company has determined that the initial franchise fees are highly dependent upon and interrelated with the franchise right granted in the franchise agreement. During 2022 and 2021, the Company received revenue from new store start-up fees from 1 and 1 stores, respectively. Direct costs related to each store opening are expensed as incurred.

The Company recognizes revenue from transfer fees earned from contracts with customers related to the transfer of the right to operate a location from an existing licensee to a prospective licensee. Revenue from transfer fees is recognized when the licensee transfers ownership to a different owner, as outlined in each operating agreement, as that is the point in time at which provisional consent for the transfer of the license is granted by the Company to the prospective licensee. Direct costs related to each transfer are expensed as incurred. During 2022 and 2021, the Company received transfer revenue for the transfer of ownership of 2 stores and 4 stores, respectively.

Commissions are earned on the sales at various "Treat Center" locations, operated under an agreement with American Dairy Queen, are not subject to the same fee structure as the other locations. Direct costs related to commissions are expensed as incurred. Continuing fees are recognized as earned, with an appropriate provision for estimated uncollectible amounts charged to administrative expense.

Various economic factors affect revenues and cash flows from the Company's contracts with customers. These factors include competition from other restaurant companies, change in consumer taste and preferences, and the fact that the Company's financial results are impacted to a large extent by the operating results of licensees.

(Continued)

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Royalty Income - The Company receives royalty income from franchises operating in its territory. The amount of revenue received varies among the different franchises based upon the type of store and the original agreement. Royalties are generally based upon a percentage of gross revenues and/or a flat fee per gallon of ice cream sold. Revenue is recognized as store sales occur, generally monthly, and are due in the month subsequent to when the sales occurred.

Accounts Receivable and Allowance for Doubtful Accounts - Accounts receivable represent royalties owed to the Company from individual store locations as part of its contracts with customers. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Net accounts receivable unrelated to contracts with customers are expected to be collected in full within one year of the date of the balance sheet. Allowances have been made based on management's assessment of the credit history with stores having outstanding balances and current relationships with them, on the financial statements for any accounts estimated to be uncollectible. At December 31, 2022 and 2021, the allowance for doubtful accounts was \$0 and \$0, respectively and the Company recognized bad debt recovery of \$0 and \$0 respectively.

Operating Expenses - Operating, selling, general and administrative expenses include all operating costs of the Company.

Advertising Costs - Advertising costs are included in administrative expenses and are expensed as incurred.

Concentration of Credit Risk - At times the Company maintains cash deposits in excess of FDIC coverage limits. At December 31, 2022 and 2021, the total cash deposits in excess of FDIC limits were \$1,180,600 and \$1,444,135, respectively. The Company has not experienced any losses as of December 31, 2022 and 2021.

3. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 14, 2023, the date on which the financial statements were available to be issued.

4. DEFINED CONTRIBUTION PLAN

Until February 2014, the Company had a SIMPLE IRA plan in which all employees could participate. Under the SIMPLE IRA plan, the Company matched employees' contributions based on a percentage of salary contributed by participants up to 3%.

In March 2014, the Company converted their SIMPLE IRA plan to a contributory profit sharing plan as defined under Section 401(k) of the U.S. Internal Revenue Code covering all employees. During 2022 and 2021, the Company made contributions to this plan at a rate of 3% of salary and an additional .50% for each additional percentage point contributed by the employee above 3%. For example, if an employee contributes 4%, the Company contributes 3.50%. There is no vesting period with respect to the employer contributions. Employer contributions during the years ended December 31, 2022 and 2021 were \$25,316 and \$25,183, respectively.

(Continued)

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

5. COMPENSATED ABSENCES

Employees of the Company are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The company's policy is to recognize the costs of compensated absences when actually paid to employees.

6. STORE INCENTIVE PROGRAMS

The Company periodically offers an incentive program for franchisees who improve their existing stores or build a new store. The programs typically offer an incentive equal to the lesser of a percentage of specific capital costs of improving or building a restaurant or a specified incentive dollar limit. The Company recognized \$31,416 and \$18,551 in operating expenses for cash incentives paid to licensees for the years ended December 31, 2022 and 2021.

7. CONTRACTS WITH CUSTOMERS

Contract balances with customers consist of the following:

	<u>Balance at</u> <u>December 31, 2021</u>	<u>Balance at</u> <u>December 31, 2022</u>
<i>Operating Agreements</i>		
Accounts receivable, net	352,221	339,061
Contract liabilities	119,823	134,122

Operating Agreements

The Company recognizes revenue related to its' operating agreements as described in Note 2. The contracts outline payments related to Sales Royalties and Treat Center Commissions, transfer fees and initial franchise fees. Receivables have been recorded for sales royalties earned for which payment has not been received, net of an allowance for Sales Royalties estimated to be uncollectible. Contract liabilities have been recorded for the payment of initial franchise fees received in advance of satisfaction of performance obligations.

The following schedule sets forth the anticipated timeline for revenue recognition on unsatisfied performance obligations under existing contracts with customers as of December 31, 2022:

2023	\$	10,326
2024		9,784
2025		9,201
2026		9,201
2027		9,201
Thereafter		86,409
	<u>\$</u>	<u>134,122</u>

(Continued)

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

8. RELATED PARTY TRANSACTIONS

From time to time, the Company will advance funds to its members. No such transactions occurred during 2022 or 2021.

9. NOTE RECEIVABLE

During 2020, one of the individual stores signed a promissory note to the Company related to the underpayment of prior year sales royalties. The note is payable in thirty-six monthly installments of \$1,610, with interest compounded monthly at 0.51%, and matures in August of 2023. Interest income recorded in the statement of activities related to the note for the year ended December 31, 2022 and 2021 was \$1,346 and \$2,390, respectively. The Company expects to collect \$12,599 of principal in 2023.

During 2022, a payback agreement was reached with the new franchisees for the Dickinson store, for amounts owed by the prior franchisee. As of December 31, 2022, the new franchisee owed \$8,067 under this agreement and had paid \$0 in interest.

LEE & COMPANY

A Professional Corporation

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The accompanying financial statements and report are intended for the original recipient. They must be presented in their entirety and may not be modified in any manner.

NOTICE

THE FOLLOWING FINANCIAL STATEMENT IS PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.

DAIRY QUEEN MT/ND, LLC

Balance Sheet

As of April 30, 2024

	<u>Apr 30, 24</u>	<u>Apr 30, 23</u>
ASSETS		
Current Assets		
Checking/Savings	1,713,953.23	1,226,558.41
Other Current Assets	<u>666,340.61</u>	<u>590,338.44</u>
Total Current Assets	2,380,293.84	1,816,896.85
Fixed Assets	25,806.92	12,710.01
Other Assets	0.00	0.00
TOTAL ASSETS	<u><u>2,406,100.76</u></u>	<u><u>1,829,606.86</u></u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities	<u>563,022.97</u>	<u>519,618.97</u>
Total Liabilities	563,022.97	519,618.97
Equity	<u>1,843,077.79</u>	<u>1,309,987.89</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,406,100.76</u></u>	<u><u>1,829,606.86</u></u>

DAIRY QUEEN MT/ND, LLC

Profit & Loss

January through April 2024

	<u>Jan - Apr 24</u>	<u>Jan - Apr 23</u>
Ordinary Income/Expense		
Income	1,128,254.33	951,379.86
Cost of Goods Sold	<u>275,580.17</u>	<u>238,373.80</u>
Gross Profit	852,674.16	713,006.06
Expense	<u>414,272.93</u>	<u>353,378.32</u>
Net Ordinary Income	438,401.23	359,627.74
Other Income/Expense	<u>33,736.44</u>	<u>2,842.51</u>
Net Income	<u><u>472,137.67</u></u>	<u><u>362,470.25</u></u>

EXHIBIT K

IDQ'S FINANCIAL STATEMENTS

**International Dairy Queen, Inc.
(A wholly-owned subsidiary of Berkshire Hathaway)**

**~~For the Period January 1, 2020 through~~ (As of December 31, 2023 and 2022, and for
the three years
in the period ended December 31, 2023)**

International Dairy Queen, Inc. and Subsidiaries

(A Wholly Owned Subsidiary of Berkshire Hathaway Inc.)

Consolidated Financial Statements as of December 31, 2023 and
2022 and for the Years Ended December 31, 2023, 2022, and 2021
and Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
International Dairy Queen, Inc.
Minneapolis, Minnesota

Opinion

We have audited the consolidated financial statements of International Dairy Queen, Inc. and subsidiaries (the "Company"), a wholly owned subsidiary of Berkshire Hathaway, Inc., which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations and comprehensive income, stockholder's equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

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

In performing an audit in accordance with GAAS, we:

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

Deloitte & Touche LLP

February 9, 2024

INTERNATIONAL DAIRY QUEEN, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Berkshire Hathaway Inc.)
Consolidated Balance Sheets

In thousands

	Assets	
	December 31	
	2023	2022
Current assets		
Cash and cash equivalents	\$ 27,032	\$ 20,207
Notes and accounts receivable—less allowance of \$903 and \$1,292 in 2023 and 2022, respectively	50,742	49,560
Income tax receivable	1,292	2,901
Cash pooling receivable from affiliate	55,807	54,191
Inventories	118	97
Prepaid expenses	2,604	879
Total current assets	137,595	127,835
Noncurrent assets		
Property and equipment, net	12,309	12,228
Goodwill	92,214	92,162
Intangibles, net	80,049	77,184
Operating lease assets	5,799	6,439
Other	32,547	32,343
Total noncurrent assets	222,918	220,356
Total assets	\$ 360,513	\$ 348,191
	Liabilities and Stockholder's Equity	
Current liabilities		
Accounts payable	\$ 24,348	\$ 20,467
Committed advertising	35,618	31,190
Unredeemed gift card liabilities	97,376	89,560
Other liabilities	38,613	28,517
Current portion of operating lease liabilities	962	928
Total current liabilities	196,917	170,662
Noncurrent liabilities		
Deferred franchise income	2,816	2,745
Deferred income taxes—net	17,337	19,352
Long-term operating lease liabilities	8,365	9,300
Other long-term liabilities	41,702	36,621
Total noncurrent liabilities	70,220	68,018
Total liabilities	267,137	238,680
Commitments and contingencies		
Stockholder's equity		
Class A common stock, \$0.01 par value—authorized and outstanding, 1,000 shares	-	-
Additional paid-in capital	152,197	152,197
Retained deficit	(56,286)	(40,170)
Accumulated other comprehensive loss	(2,535)	(2,516)
Total stockholder's equity	93,376	109,511
Total liabilities and stockholder's equity	\$ 360,513	\$ 348,191

See accompanying notes to consolidated financial statements.

INTERNATIONAL DAIRY QUEEN, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Berkshire Hathaway Inc.)
Consolidated Statements of Operations and Comprehensive Income

In thousands

	Years ended December 31		
	2023	2022	2021
Revenues			
Service fees	\$ 188,908	\$ 173,116	\$ 167,579
Other fees and franchise sales	45,918	46,482	43,653
Sales of advertising kits	9,751	13,939	10,104
Sales of company-owned restaurants	3,412	3,146	3,265
Other	<u>272</u>	<u>254</u>	<u>143</u>
Total revenues	<u>248,261</u>	<u>236,937</u>	<u>224,744</u>
Costs and expenses			
Costs of other fees and franchise sales	2,971	4,919	3,000
Cost of sales of advertising kits	9,090	12,647	9,662
Costs of company-owned restaurants	3,805	3,593	3,397
Selling, general, and administrative	<u>111,911</u>	<u>99,868</u>	<u>96,285</u>
Total costs and expenses	<u>127,777</u>	<u>121,027</u>	<u>112,344</u>
Operating income	120,484	115,910	112,400
Net interest income	<u>3,370</u>	<u>1,249</u>	<u>451</u>
Income before income taxes	123,854	117,159	112,851
Provision for income taxes	<u>29,970</u>	<u>28,340</u>	<u>28,522</u>
Net income	<u>\$ 93,884</u>	<u>\$ 88,819</u>	<u>\$ 84,329</u>
Comprehensive income, net of tax			
Net income	\$ 93,884	\$ 88,819	\$ 84,329
Other comprehensive (loss) income — changes in cumulative translation adjustment	<u>(19)</u>	<u>(800)</u>	<u>(339)</u>
Comprehensive income	<u>\$ 93,865</u>	<u>\$ 88,019</u>	<u>\$ 83,990</u>

See accompanying notes to consolidated financial statements.

INTERNATIONAL DAIRY QUEEN, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Berkshire Hathaway Inc.)
Consolidated Statements of Changes in Stockholder's Equity

In thousands

	Common stock and additional paid-in capital	Retained (deficit) earnings	Accumulated other comprehensive loss	Total stockholder's equity
Balance—December 31, 2020	152,197	(18,318)	(1,377)	132,502
Net income	-	84,329	-	84,329
Other comprehensive (loss) income, net	-	-	(339)	(339)
Dividends	<u>-</u>	<u>(110,000)</u>	<u>-</u>	<u>(110,000)</u>
Balance—December 31, 2021	152,197	(43,989)	(1,716)	106,492
Net income	-	88,819	-	88,819
Other comprehensive (loss) income, net	-	-	(800)	(800)
Dividends	<u>-</u>	<u>(85,000)</u>	<u>-</u>	<u>(85,000)</u>
BALANCE—December 31, 2022	152,197	(40,170)	(2,516)	109,511
Net income	-	93,884	-	93,884
Other comprehensive (loss) income, net	-	-	(19)	(19)
Dividends	<u>-</u>	<u>(110,000)</u>	<u>-</u>	<u>(110,000)</u>
BALANCE—December 31, 2023	<u>\$ 152,197</u>	<u>\$ (56,286)</u>	<u>\$ (2,535)</u>	<u>\$ 93,376</u>

See accompanying notes to consolidated financial statements.

INTERNATIONAL DAIRY QUEEN, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Berkshire Hathaway Inc.)
Consolidated Statements of Cash Flows

In thousands

	Years ended December 31		
	2023	2022	2021
Operating activities			
Net income	\$ 93,884	\$ 88,819	\$ 84,329
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	3,351	2,860	2,825
Gain on sale of capital assets	(551)	(337)	(268)
Deferred income taxes	(2,015)	(418)	(2,467)
Changes in assets and liabilities:			
Notes and accounts receivable	(1,118)	(1,425)	(5,901)
Inventories, prepaid expenses, and other assets	(1,266)	7,861	1,292
Accounts payable, accruals, and other liabilities	24,916	(9,453)	26,690
Income taxes	1,588	(3,866)	280
Long term liabilities	5,146	(3)	6,704
Net cash provided by operating activities	<u>123,935</u>	<u>84,038</u>	<u>113,484</u>
Investing activities			
Purchase of franchise rights and other intangibles	(20)	-	(1,400)
Capital expenditures and intangible software	(6,439)	(4,047)	(2,407)
Proceeds from the disposal of property and equipment	731	411	366
Net advances to affiliate pursuant to cash pooling arrangement	(1,616)	(54,191)	-
Net cash used in investing activities	<u>(7,344)</u>	<u>(57,827)</u>	<u>(3,441)</u>
Financing activities			
Dividends paid	(110,000)	(85,000)	(110,000)
Net cash used in financing activities	<u>(110,000)</u>	<u>(85,000)</u>	<u>(110,000)</u>
Effect of exchange rate changes on cash	234	(1,602)	(1,018)
Net increase (decrease) in cash and cash equivalents	6,825	(60,391)	(975)
Cash and cash equivalents, beginning of year	<u>20,207</u>	<u>80,598</u>	<u>81,573</u>
Cash and cash equivalents, end of year	<u>\$ 27,032</u>	<u>\$ 20,207</u>	<u>\$ 80,598</u>
Supplementary disclosures to consolidated statements of cash flows			
Cash paid for income taxes, net	<u>\$ 30,386</u>	<u>\$ 32,656</u>	<u>\$ 31,445</u>

See accompanying notes to consolidated financial statements.