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FRANCHISE DISCLOSURE DOCUMENT

WETZEL'S PRETZELS, LLC
~~A~~a California limited liability company 35 Hugus Alley, Suite 300
Pasadena, CA 91103
Telephone (626) 432 6900 URL:
http://www.wetzels.com
http://www.wetzelsfranchising.com
Facebook: www.facebook.com/WetzelsPretzels

The franchised business is the operation of one or more bakeries specializing in hand- rolled soft fresh-baked pretzels. We offer 43 franchise programs:

1. A single WETZEL'S PRETZELS® Bakery. The total investment necessary to begin operation of a WETZEL'S PRETZELS® Bakery ranges from $~~167,900~~178,500 to $~~683,650~~689,750. This includes between $23,500 and $47,750 that must be paid to the franchisor. If Wetzel's Pretzels grants you a license to operate a Remote Mobile Unit under a Remote Mobile Unit Addendum to your Franchise Agreement, the total investment necessary to begin a Remote Mobile Unit ranges from $~~58,500~~61,000 and $~~138~~143,500. This includes a fee of $5,000 for a Remote Mobile Unit that must be paid to the franchisor.

~~2. Multiple WETZEL'S PRETZELS® Bakeries within a defined area pursuant to a Multi-Unit Development Agreement. There is an initial development fee of $15,000 multiplied by the number of Bakeries which you must open, plus the balance of the initial franchise fee ($25,000) for your first Franchise Agreement. You will pay an initial franchise fee of $40,000 for each Bakery ($25,000 for a second Bakery in the same mall). However, we will credit the development fee against the initial franchise fees (at the rate of $15,000 for the second and each subsequent Franchise Agreement).~~

~~3.~~2. A single WETZEL'S PRETZELS® Concession Truck or Trailer. The total investment necessary to begin operation of a WETZEL'S PRETZELS® Concession Truck or Trailer ranges from $~~174,525~~173,625 to $~~304,200~~317,800. This includes approximately between $5,625 and

$8,250 that must be paid to ~~the~~ franchisor.

~~4.~~ A single TWISTED BY WETZEL'S™ Bakery. The total investment necessary to begin operation of a TWISTED BY WETZEL'S™ Bakery ranges from $~~388~~585,500 to $~~775,650.~~

3. 838,250. This includes between $33,500 and $47,750 that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Wetzel's Pretzels at 35 Hugus Alley, Suite 300, Pasadena, CA 91103, Telephone (626) 432 6900.

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

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

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

ISSUANCE DATE: March 28, ~~2023 as amended February 9,~~ 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 E-1 and E-2.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Wetzel's Pretzels® business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Wetzel's Pretzels® franchisee?	Item 20 or Exhibits E-1 and E-2 list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

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

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to, the failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(i) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(ii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iii) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

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

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WETZEL'S PRETZELS®

FRANCHISE DISCLOSURE DOCUMENT

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

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

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

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

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

MTY or one or more of its Canadian-based subsidiaries franchises over (55) different restaurant concepts and has over 2,500 units under the following trademarks in Canada primarily, and other international countries: Allo Mon Coco, Baton Rouge Steakhouse & Bar, Ben & Florentine, Big Smoke Burger, Bunsmaster, Café Depot, Casa Grecque, Country Style, Cultures, Dagwoods, Frat's Cucina, Extreme Pita, Giorgio, Jugo Juice, Kim Chi, Koryo, Koya, Kuto ~~Comptoir A Tartares, La Boite Verte, La Crémière, La Diperie (and Cakes and Shakes~~

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

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

The following chart summarizes the franchised brands offered in the United States by MTY USA or its affiliates as of November 30, ~~2022~~2023 (or the date following November 30, ~~2022~~2023 when MTY USA or its affiliate acquired the rights to such franchised brand), including the type of business, number of franchised units in operation as of November 30, ~~2022~~2023, and the date MTY USA or its current or former affiliates offered franchises in those brands:

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2022~~2023	Dates unit franchises began being offered by us or our affiliate
Blimpie	Restaurants serving submarine sandwiches and salads	106 franchised units (104 in the United States and 2 internationally) (plus 4 company-owned units in the United States)	From 2006 until 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising
Chicken Strips and Dips	Ghost kitchen concept serving primarily chicken tenders.	6 franchised units	March 2022, Kahala Franchising.
~~America's Taco Shop~~ Cold Stone Creamery	Restaurants serving super-premium freshly ~~prepared Mexican food including tacos, burritos~~made ice cream, cakes, pies, smoothies, shakes, and ~~quesadillas~~other frozen dessert products	1,348 franchised units (952 in the United States and 396 internationally) (plus 1 company-owned unit~~. And, 2~~). 100 Cold Stone Creamery franchises also sell Rocky Mountain Chocolate Factory® products and 1 Cold Stone Creamery franchise also sells Tim Hortons® products. Additionally, 15 licensed units.	~~November 2011~~ From May 2007 until March 2008 by Cold Stone Creamery, Inc., from March 2008 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
Frullati Cafe & Bakery	Restaurants serving sandwiches, salads, smoothies and baked goods	10 franchised units	From 1999 until 2004 by Frullati Franchise Systems, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising

Great Steak	Restaurants serving Philadelphia cheesesteak sandwiches, chicken sandwiches and French fries	34 franchised units (25 in the United States and 9 internationally) .	From 2004 until March 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 20222023	Dates unit franchises began being offered by us or our affiliate
BlimpieJohnnie's New York Pizzeria	Restaurants serving submarine sandwiches and New York style pizza, calzones, salads, and related Italian cuisine menu items	117 2 franchised units (114 in the United States and 3 internationally) (plus 6 company-owned units in the United States)	From 2006 until March 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising
Cereality cereal bar & cafeKahala Coffee Traders	Restaurants serving hotcoffee and cold cereals and cereal blends with toppings, oatmeal, and espresso, tea, baked goods, parfaits, sandwiches and merchandise	05 franchised units. 1 licensed unit.	From 2007 until 2010 by Kahala Franchise Corp. and since August 2010 November 2011 under Kahala Franchising
Chicken Strips and DipsMaui Wowi	Ghost kitchen concept serving primarily chicken tenders.Store fronts or portable units serving fruit smoothies, Hawaiian coffee and espresso	197 franchised unitunits (89 in the United States and 8 internationally)	March 2022,Since November 2015 under Kahala Franchising.
Cold Stone CreameryNrGize Lifestyle Cafe	RestaurantsCafes serving super-premium freshly made ice cream, cakes, pies, smoothies, shakes,fruit drinks and other frozen dessert productsnutritional	1,289 57 franchised units (908 in the United States and 381 internationally) (plus 4 company-owned units). 101 Cold Stone Creamery franchises also sell Rocky Mountain Chocolate Factory® products and 1 Cold Stone Creamery franchise also sells Tim Hortons® products. Additionally, 18	From May 2007 until March 2008 by Cold Stone Creamery, Inc., from March 20082006 until March 2010 by Kahala Franchise Corp.,. and since August 2010 under Kahala Franchising

	supplements	licensed units.	
Frullati Cafe & BakeryPinkberry	Restaurants serving sandwiches, saladsfrozen yogurt, yogurt drinks, smoothies and baked goodsfrozen desserts	1063 franchised units. 30 licensed units.	From 1999July 2008 until 2004 by Frullati Franchise SystemsApril 2016 under Pinkberry Ventures, Inc., from 2004 until March 2010 by Kahala Franchise Corp.,. and since August 2010 June 2016 under Kahala Franchising
Great Steak Planet Smoothie	Restaurants serving smoothies, smoothie bowls, juices and nutritional supplements	36163 franchised units (26158 in the United States and 5 internationally) Additionally, 2 Tasti D-Lite outlets	From 2004 until March 2010 by Since June 2016 under Kahala Franchising

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2022	Dates unit franchises began being offered by us or our affiliate
	Philadelphia cheesesteak sandwiches, chicken sandwiches and French fries	10 internationally) (plus 1 company-owned unit).	Franchise Corp. and since August 2010 under Kahala Franchising
Johnnie's New York Pizzeria	Restaurants serving New York style pizza, calzones, salads, and related Italian cuisine menu items	2 franchised units	From 2006 until March 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising
Kahala Coffee Traders	Restaurants serving coffee and espresso, tea, baked goods, parfaits, sandwiches and merchandise	3 franchised units. And 1 licensed unit.	November 2011 under Kahala Franchising
Maui Wowi	Store fronts or portable units serving fruit smoothies, Hawaiian coffee and espresso	110 franchised agreements (102 in the United States and 8 internationally)	Since November 2015 under Kahala Franchising
NrGize Lifestyle Cafe	Cafes serving smoothies, fruit drinks and nutritional supplements	60 franchised units	From 2006 until March 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising
Pinkberry	Restaurants serving frozen yogurt, yogurt drinks, smoothies and frozen desserts	64 franchised units. And 24 licensed units.	From July 2008 until April 2016 under Pinkberry Ventures, Inc. and since June 2016 under Kahala Franchising
Planet Smoothie	Restaurants serving smoothies, smoothie bowls, juices and nutritional	156 franchised units (152 in the United States and 4 internationally) Additionally, as of fiscal year end	Since June 2016 under Kahala Franchising

	~~supplements~~	~~there were 2 Tasti-D-Lite~~	

~~Brand Name~~	~~Type of Restaurant Business~~	~~Number of Units as of November 30, 2022~~	~~Dates unit franchises began being offered by us or our affiliate~~
		~~outlets.~~	
Ranch One	Restaurants specializing in grilled and crispy breaded chicken sandwiches	2 franchised units	From 2001 until 2004 by Ranch *1 Group, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising

~~Rollerz Rolled Sandwiches~~Brand Name	~~Restaurants serving gourmet rolled sandwiches, salads, soups and baked goods~~Type of Restaurant Business	~~1 franchised unit~~Number of Units as of November 30, 2023	~~From 2000 until 2004 by Rollerz Franchise Systems, L.L.C., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising~~Dates unit franchises began being offered by us or our affiliate
Samurai Sam's Teriyaki Grill	Restaurants serving Japanese rice bowls and noodle bowls	~~13~~12 franchised units	From 2003 until 2004 by SP Franchising, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
Surf City Squeeze	Juice bars serving smoothies, fruit drinks and nutritional supplements	~~69~~ 64 franchised units (plus 1 company--owned unit)	From 1994 until 2004 by Malibu Smoothie Franchise Corp. and Surf City Squeeze Franchise Corp., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
TacoTime	Restaurants serving freshly-prepared Mexican food including burritos, taco, quesadillas and nachos	220 franchised units (99 franchised in the United States and 121 internationally) (plus 1 company-owned unit) Additionally, there are 78 licensed units.	From 2003 until 2004 by Taco Time International, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2023~~2022~~	Dates unit franchises began being offered by us or our affiliate
~~TacoTime~~Extreme Pita	Restaurants serving ~~freshly-prepared Mexican food including burritos, taco, quesadillas~~wrap-style hot and ~~nachos~~cold pita and wrap sandwiches	~~226~~ 1 franchised ~~units (105 franchised in the United States and 121 internationally)~~ unit~~Additionally, there are 78 licensed units.~~	From ~~2003 until 2004 by Taco Time International, Inc., from 2004 until~~ March ~~2010 by Kahala Franchise Corp., and since August 2010 under Kahala~~2001 to July 2014: The Extreme Pita Franchising USA, Inc.; since July 2014: MTY USA
Grabbagreen	Restaurants serving healthy food, juice, smoothies and related products	4 franchised units	Since February 2018 under MTY USA

~~* The company-owned unit referenced above for America's Taco Shop was open as of the last fiscal year, but has since closed.~~

~~Brand Name~~	~~Type of Restaurant Business~~	~~Number of Units as of November 30, 2022~~	~~Dates unit franchises began being offered by us or our affiliate~~
~~Extreme Pita~~	~~Restaurants serving wrap-style hot and cold pita and wrap sandwiches~~	~~0 franchised units~~	~~From March 2001 to July 2014: The Extreme Pita Franchising USA, Inc.; since July 2014: MTY USA~~
~~Grabbagreen~~	~~Restaurants serving healthy food, juice, smoothies and related products~~	~~7 franchised units~~	~~Since February 2018 under MTY USA~~
Ginger Sushi Boutique + Poke Shop	Restaurant serving a variety of sushi menu items and drinks	0 franchised units	From September 2015 under MTY USA
Mucho Burrito	Restaurants offering burritos, quesadillas, tacos, nachos, and other assorted food and drinks	~~0~~1 franchised ~~units~~unit	From January 2010 under Mucho Burrito Franchising USA, Inc.; from March 2019 under MTY USA
Thai Express	Restaurant serving "Thai-style" foods and drinks	~~8~~9 franchised units 7 in the United States and 2 internationally) (plus 1 company-owned)	From February 2015 under MTY USA
La Diperie	Restaurant serving retail sale of an ice cream product and various dips and toppings	1 franchised unit	From April 2019 under MTY USA

Baja Fresh	Restaurant offering a limited menu featuring fresh high quality Mexican-style food products	~~79~~69 franchised units (~~77~~67 in the United States and 2 internationally) (plus ~~7~~11 company-owned units)	October 2016 until July 2017 under Triune, LLC and since then under BFAH
La Salsa	Restaurant offering a limited menu featuring fresh high quality Mexican-style food products	6 franchised units	October 2016 under La Salsa Franchise, LLC
The Counter	Full service restaurant featuring build-your-own burgers, signature burgers, side dishes, sandwiches, and salads	~~22~~15 franchised units (~~19~~14 in the United States and ~~3~~1 internationally) (plus 2 company-owned units)	December 2017 under CB Franchise Systems, LLC. Then from March 2019 under MTY USA
Built Custom Burgers	Fast casual restaurant featuring build-your-own burgers, signature burgers, side dishes, sandwiches, and salads	6 franchised units (3 in the United States and 3 internationally)	December 2017 under Built Franchise Systems, LLC. Then from March 2019 under MTY USA
sweetFrog	Restaurant offering frozen yogurt using a self-serve delivery format	~~231~~ 226 franchised units (~~221~~216 in the United States which include ~~13~~9 licensed franchisees plus 10 internationally)	September 2018 under MTY USA
Manchu WOK	Quick service restaurant serving fast and fresh Chinese cuisine	~~18~~15 franchised units	March 2015~~:~~ under MTY USA

Ben & Florentine	Restaurant serving a superior breakfast & lunch experience	0 franchised units	~~From~~ December 2018 under MTY USA

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2023~~2022~~	Dates unit franchises began being offered by us or our affiliate
Papa Murphy's	Retail food outlet serving primarily take and bake pizza	1,~~182~~154 franchised units (1,~~145~~119 in the United States and ~~37~~35 internationally) plus ~~23~~8 company-owned units	From May 2019 under Papa Murphy's International LLC

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2023~~2022~~	Dates unit franchises began being offered by us or our affiliate
Famous Dave's	Restaurants specializing in authentic, down-home, genuine smoked barbecue	~~99~~88 franchised units (~~91~~81 in the United States and ~~8~~7 internationally) plus ~~42~~35 company-owned units	From March 1994 under Famous Dave's of America, Inc.
Village Inn	Restaurant specializing in pancakes, omelets, skillets, eggs, and other popular breakfast items	~~97~~91 franchised units plus 23 company-owned units	From August 2020 under VI BrandCo, LLC
Barrio Queen	Restaurants specializing in authentic Southern Mexican fine-dining cuisine	7 company-owned units	From March 2023 under BQ Concepts, LLC
Champps Kitchen + Bar	Sports theme restaurants that provide the public with high-quality food and beverage	2 franchised units plus 1 company-owned unit	From September 1999 to October 2008 under Champps Entertainment, Inc. and From August 2023 under BQ Concepts, LLC
Sauce Pizza / Wine	Restaurants serving wood-fired pizzas, a variety of pasta dishes, and salads	13 company-owned units	March 2024

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2023~~2022~~	Dates unit franchises began being offered by us or our affiliate
Wetzel's ~~Pretzel~~Pretzels	Restaurant specializing in hand-rolled fresh-baked soft pretzels	~~329~~356 franchised units (~~322~~346 in the United States and ~~7~~ 10 internationally) plus ~~38~~ 40 company-owned units	From April 1996 under Wetzel's Pretzels, LLC

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

We have been offering franchises since April 1996. Our management began operating a business-

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

The business you will operate under the Franchise Agreement (attached as Exhibit

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

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

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

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

~~If you participate in our Multi-Unit Development Program, we assign a defined area within which you must develop and operate a specified number of WETZEL'S PRETZELS® Bakeries within a specified period of time. The development area may be one city, one or more counties, one or more states, or some other defined geographic area. You will sign a Multi-Unit Development Agreement (Exhibit D) which will describe your development area and your development schedule and other obligations. For each WETZEL'S PRETZELS® Bakery you open pursuant to the Multi-Unit Development Agreement, promptly after our approval of the site for the WETZEL'S PRETZELS® Bakery, you will sign a separate Franchise Agreement on the then current form used by us at the time, except to the extent otherwise provided in your Multi-Unit Development Agreement.~~

The market for a WETZEL'S PRETZELS~~®~~ Bakery will consist of shoppers in shopping malls or other busy pedestrian magnets with anticipated high foot traffic. Your business will be largely dependent upon foot traffic generated by other retail outlets in the place where your Bakery is located. If you operate a Concession Truck or Trailer, your Concession Truck or Trailer will operate within a specified area (referred to as a Mobile Area or a Protected Area). Your Concession Truck or Trailer will be largely dependent upon foot traffic generated near your Concession Truck or Trailer. Your primary competitors will be members of other national, regional or local competition including company owned and franchised chains that specialize in soft pretzels. Some competition is also presented by frozen soft pretzel dough sold in supermarkets.

~~soft pretzel dough sold in supermarkets.~~

A TWISTED BY ~~WETZELS™~~WETZELS Bakery may be located in Power Centers, Shopping Centers or Strip Centers, typically anchored by retailers such as Target, Walmart, Lowe's, Kohls, Ross, TJ Maxx, Old Navy, regional grocers, movie theaters and accompanied by other quick service restaurants and

businesses. A TWISTED BY ~~WETZELS™~~WETZELS Bakery may also be located on/near a college or university campus. Many of these off-mall locations are typically not driven by on-site pedestrian foot traffic, but by vehicular traffic. The market for quick service restaurants and bakeries is highly competitive and fragmented. In addition to the competitors described above for a WETZEL'S PRETZELS® Bakery, TWISTED BY ~~WETZELS™~~WETZELS Bakeries will compete with national, regional and local competition including company owned and franchised chains as well as independently owned restaurants.

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

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

You must comply with all federal, state, and local laws that regulate commerce in general, and the food service industry in particular. In addition to laws and regulations that apply to businesses and restaurant operations generally, your franchised business is subject to:

(i) federal, state, and local health codes regarding health, sanitation, and food safety; and (ii) menu labeling and nutrition laws.

ITEM 2:— BUSINESS EXPERIENCE

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

Chairman of the Board and Chief Executive Officer: Eric Lefebvre

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

Director, Chief Financial Officer: Renee St-Onge

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

Director, Chief Operating Officer: Jeff Smit

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

John Wuycheck, Senior Vice President of Development

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

Jon Fischer, Head of Development – Wetzel's Pretzels

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

Adam Lueras, Sr. Director of Franchise Sales

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

through July 2018. Prior to that, Mr. Lueras served as a National Sales Manager with Avalara Software in Seattle, Washington from February 2014 through March 2016.

Ross Duggal, Director of Franchise Sales – Non-Traditional

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

Diana Krankl, Sr. Franchise Sales Manager

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

Jay Goldstein, Vice President of Franchise Development

Mr. Goldstein has held his current role ~~of Vice President of Franchise Development~~ since May of 2009. Prior to ~~that~~this, he served as Senior Director of Operations, then Senior Director of Development for Kahala Franchising and has worked with the Cold Stone Creamery brand since ~~January of 2008~~October 2005.

Shemar Pucel, Senior Director of Franchise Sales

Shemar Pucel ~~has held her current role of~~ joined the company in November 2020 as Director of Franchise Sales and was promoted to

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

Doug Merenda, Director of Franchise Development

Mr. Merenda has held his current role of Director of Franchise Development since October 2015~~,~~ and was a franchise broker for Kahala Franchising from April 2015 through October 2015.

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

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

Vice President of Franchise Development: Peter Tsafoulias

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

Traci Zandi, Franchise Development Manager

Ms. Zandi has ~~held her current role since September 2022, and has~~ assisted ~~the MTY USA franchising~~ our Development team in awarding franchise units since October 2016 ~~as a Franchise Development Manager. Prior to that she~~. She also served as Office Manager and Executive Assistant for Extreme Pita from April 2011 until October 2016.

ITEM 3: LITIGATION

~~A. Actions Involving Wetzel's Pretzels~~

~~Concluded Litigation/Arbitration:~~

~~Tamnia LLC vs. Wetzel's Pretzels LLC (Los Angeles, California, AAA Case No. 01-21-0002-7668).~~

LITIGATION INVOLVING FRANCHISOR, PREDECESSORS, AND AFFILIATES

~~On~~ ~~May 2, 2016, Wetzel's Pretzels, LLC entered into a franchise agreement with Tamnia LLC. The action arises from certain misrepresentations made to us as to the ownership of the franchisee entity. Due to such misrepresentations, we sent a notice of termination dated April 2, 2021 to the franchisee. On April 19, 2021, the franchisee filed a demand for arbitration with the American Arbitration Association (i) alleging a breach of contract for providing a notice of default and subsequently terminating the franchise agreement as a result thereof; (ii) alleging violations of the California Franchise Relations Act have occurred as a result of the termination of the franchisee's franchise agreement; (iii) alleging a breach of the covenant of good faith and fair dealing in connection an allegation that we acted in bad faith in issuing a notice of default and subsequently terminating the franchise agreement; (iv) alleging unfair competition in violation of the California Business and Professions Code in that it was alleged that we manufactured false events of default in an attempt to take over the franchisee's location; and (v) seeking declaratory relief to declare the rights and obligations of the parties, including injunctive relief precluding the termination of the franchisee's franchise agreement, and to order the parties to participate in an arbitration proceeding. We vehemently deny the claims. On September 29, 2021, we filed a counterclaim seeking a declaratory finding that the franchisee's~~

~~B. Actions Involving our Parent and Affiliates~~

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

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

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

~~Lawsuits Filed by MTY~~

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

KOHO, Inc. ~~**Against Franchisees During Fiscal Year December 1,**~~ *v. Kahala*~~**2021 through November 30, 2022**~~

~~**Suit for Breach of Contract (Franchise Agreement); Personal Guaranty (The Corbetts); and Unjust Enrichment (In the Alternative)**~~

~~*MTY*~~ *Franchising* ~~*USA, Inc. v. Tebrock, David, L.L.C., Lawrence Corbett and Carolina Corbett*~~; In the *, L.L.C.;* Superior Court of the State ~~of Arizona in and for the County of Maricopa; Case No. CV2022-000086.~~of

~~**Suit**~~ ~~**for Breach of Contract (Franchise Agreement and Personal Guaranty)**~~

~~*MTY Franchising USA, Inc. v. Thanhson Nguyen Dinh, Thuy Thanh Tran and Does 1 through 20;* Superior Court of~~ California~~, County of Sacramento, Gordon D. Schaber Courthouse Unlimited Civil; Case No. 34-2022-00316197.~~

~~**Suit**~~ for ~~**Unlawful Detainer for failure to pay rent**~~

~~*MTY Franchising USA, Inc. v. Trimurti Management, Inc.;* Superior Court of California,~~the County of Los Angeles; Case No~~. 22VECV01347.~~.: BC572565.

On

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

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

On or about June 18, 2014, Texas Nrgize #1, Inc., an Nrgize franchisee ("Plaintiff"), filed a Petition and Request for Disclosure against Kahala Franchise Corp and Kahala Holdings, L.L.C. (collectively "Defendants") alleging (i) violations of the Texas Business Opportunities Act, Tex. Bus. & Comm. Code

§§ 51.001 and the Texas Deceptive Trade Practices Consumer Protection Act, Tex. Bus. & Comm. Code §17.46, and (ii) Breach of Contract and Warranties. Plaintiff sought: (i) economic damages in excess of $200,000, plus treble damages and pre- and post-judgment interest at the maximum rates allowed by law; (ii) attorneys' fees and costs; and (iii) such other relief to which the Plaintiff may be justly entitled. On July 16, 2014, Defendants filed a Notice of Removal to the United States District Court for the Northern District of Texas. On July 24, 2014, the judge executed the Order Granting the Unopposed Motion to Substitute Parties and Changing Case Style. Kahala Franchising, L.L.C. ("Defendant") was substituted in as a defendant instead of Kahala Franchise Corp. On July 28, 2014, Defendant filed a Motion to Transfer Pursuant to 28 U.S.C. §1404(A) and Brief in Support. This motion sought an order to transfer the litigation to the United States District Court for the District of Arizona pursuant to the parties' forum selection clause contained in the franchise agreement. On August 1, 2014, Defendant filed its Answer, Counterclaim and Third Party Claim. The Counterclaim was against Plaintiff and the Third Party Claim was filed against Duane W. Martin, Argentina Saldivar, and Margena Wood ("Third Party Defendants"). Defendant alleged: (i) Breach of Franchise Agreement against Plaintiff, and (ii) Breach of Guaranty against Third Party Defendants. Defendant sought: (i) judgment against Plaintiff and the Third Party Defendants in an amount to be proven at trial; (ii) attorneys' fees; (iii) costs pursuant to A.R.S. §§12-341 and 12-341.01 and the parties' contractual agreements; and (iv) any other relief the Court deemed fit. Plaintiff filed its Response to Defendant's Motion to Transfer Pursuant to 28 U.S. C. §1404 (A) and Brief in Support on August 18, 2014, then filed its Answer to Defendant's Counterclaim on August 22, 2014. On August 28, 2014, Defendant filed its Reply in Support of Motion to Transfer Pursuant to 28 U.S. C. § 1404(A) and Brief in Support. On September 24, 2014, the United States District Court for the Northern District of Texas Court requested that each party submit a supplemental brief to benefit the Court in resolving the Defendant's Motion to Transfer. Mediation was held on September 29, 2014, but the parties failed to come to an agreement. On October 17, 2014, Third Party Defendants filed their Answer and Counterclaim. Third Party Defendants alleged: (i) violations of the Texas Business Opportunities Act, Tex. Bus. & Comm. Code §§ 51.001 and the Texas Deceptive Trade Practices Consumer Protection Act, Tex. Bus. & Comm. Code §17.46, and (ii) breach of contract and warranties. Third Party Defendants sought: (i) economic damages in excess of $200,000, plus treble damages under the Code and pre- and-post judgment interest at the maximum rates allowed by law; (ii) attorney's fees; (iii) costs; and (iv) any other general or special relief that the Court deemed fit. On October 24, 2014, Defendant filed its Supplemental Briefing In Support of Its Motion to Transfer Pursuant to 28 U.S.C. §1404(A). On November 10, 2014, Defendant filed its Answer to the Third Party Counterclaims. On November 13, 2014, Defendant filed its Notice of Dismissal Without Prejudice as to Third Party Defendant Argentina Saldivar only. On November 14, 2014, Plaintiff filed its Response to Defendant's Supplemental Briefing In Support of Their Motion to Transfer Pursuant to 28 U.S.C. §1404(A). On November 26, 2014, Defendant filed its Reply to Plaintiff's Response to Defendant's Supplemental Briefing in Support of Its Motion to Transfer Pursuant to 28 U.S.C. §1404(A). On February 24, 2015, the Court granted Defendant's Motion to Transfer the case to the United States District Court of the District of Arizona; Phoenix Division; Case No.: CV15-0337 PHX DGC. In April 2015, Plaintiff moved to compel arbitration which was ultimately denied by the Court. The parties participated in a mediation in August 2015, which was unsuccessful. In December 2015, the parties executed a settlement agreement in which Defendant paid Plaintiff the sum of $35,000. The parties filed a Stipulation to Dismiss With Prejudice on December 18, 2015.

Concluded Arbitration and Litigation Involving Cold Stone Creamery, Inc.

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

On or about October 21, 2013, Kenneth J. Kirwin ("Plaintiff") filed a Complaint In Equity and Demand For Jury Trial against Kahala Corp, inadvertently named as Cold Stone Creamery/Kahala Corp ("Defendant"). The Complaint alleged: (i) promissory estoppel; breach of contract; breach of implied covenant of good faith and fair dealing; (ii) misrepresentation; fraud and deceit violation of M.G.L. Chap. 93A, §11; (iii) unjust enrichment; (iv) misrepresentation and deceit in violation of M.G.L. Chap. 93A, §11; and (v) intentional infliction of emotional distress. Plaintiff sought: (i) judgment against Defendant in an amount the Court deemed appropriate; (ii) interest; (iii) costs of the action; (iv) compensatory damages; (v) punitive damages; (vi) attorneys' fees; and (vii) court costs. On April 7, 2014, Defendant filed its Notice of Removal seeking removal to the United States District Court for the District of Massachusetts. On April 16, 2014, Defendant filed its Motion to Dismiss or Transfer; which Plaintiff opposed in its filing of the April 16, 2014 Opposition to Kahala Corporation's Motion to Dismiss. On May 5, 2014, Defendant filed its Reply to Plaintiff's Opposition to Motion to Dismiss. On May 16, 2014, Defendants filed a Petition to Compel Arbitration against Plaintiff in the United States District Court for the District of Arizona; Case No.: 2:14-cv-01059-NVW. Defendants sought a court order to compel Plaintiff to arbitrate before the American Arbitration Association in Phoenix, Arizona per the language of the franchise agreements. On June 2, 2014, Plaintiff executed a Declaration With Consent to Relief Requested agreeing to arbitrate before the American Arbitration Association in Phoenix, Arizona. On June 3, 2014, Defendants filed a Notice of Voluntary Dismissal against Plaintiff as he had agreed to arbitrate all claims. Mediation occurred on July 15, 2014, and the parties arrived at a settlement in which Defendants would pay Plaintiff $37,500 to settle all disputes. The Settlement Order of Dismissal was filed on July 17, 2014, in the United States District Court District of Massachusetts.

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

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

Concluded Arbitration, and Litigation Involving SFF, LLC, successor in interest to SweetFrog Enterprises, LLC

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

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

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

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

Tri Star Consulting Group, Inc. and Sweet Frog Hauppauge, Inc. v. SweetFrog Enterprises, LLC, SFF, LLC, Ki Young Cha a/k/a Derek Cha; United States District Court, Eastern District of New York; Case No. 2:14-cv-02228-ADS-AKT.

On April 9, 2014, Tri Star Consulting Group, Inc., a licensee and area developer of SweetFrog Enterprises, LLC ("Plaintiff Tri Star"), and Sweet Frog Hauppauge, Inc., a licensee of SweetFrog Enterprises, LLC ("Plaintiff Hauppauge"); (collectively "Plaintiffs"); filed a lawsuit against SweetFrog Enterprises, LLC, ("Defendant SweetFrog"), SFF, LLC ("Defendant SFF"), and Ki Young Cha a/k/a Derek Cha

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

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

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

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

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

On August 29, 2016, SFF, LLC ("Plaintiff") filed a lawsuit against three sweetFrog franchisee entities, Carmel Village Yogurt Company LLC ("Defendant Carmel YC"), Huntersville Yogurt Company, LLC ("Defendant Huntersville YC"), and Mooresville Yogurt Co, LLC ("Defendant Mooresville YC"), and

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

Concluded Arbitration and Litigation Involving Fresh Enterprises, LLC successor in interest to BF Acquisition, LLC

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

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

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

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

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

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

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

Famous Dave's of America, Inc. v. SR El Centro, Inc., et al., Superior Court of the State of California, County of Los Angeles, Central Division, Case No. BC589329, filed July 24, 2015.

Famous Dave's commenced this lawsuit against the former franchisees for the Famous Dave's® Restaurants in El Centro, Long Beach, Palmdale, Simi Valley, and Tracy, California, and others

("Defendants") based in part on the continued operation of the Restaurants as Famous Dave's® Restaurants using Famous Dave's Marks and Restaurant System after the termination of their Franchise Agreements by Famous Dave's for failure to cure breaches of the Franchise Agreement, including the failure to pay the Royalty and Marketing Fund Fees due under the Franchise Agreements, within the prescribed cure period after receipt of written notice, in violation of the post-termination obligations of the Franchise Agreements. Famous Dave's alleged Lanham Act violations, including federal trademark infringement, federal trademark dilution, federal unfair competition and false advertising, and federal trade dress dilution; trademark infringement, trademark dilution, unfair competition and false advertising under California law; common law trademark infringement; breach of the Franchise Agreements; breach of the implied covenant of good faith and fair dealing; and intentional interference with contract. Famous Dave's sought injunctive relief to enjoin Defendants from continuing to use the Marks and Restaurant System and enforcing compliance with the post-termination obligations of the Franchise Agreements, and also sought damages in an amount that was to be determined at trial, reasonable attorneys' fees, interest and costs of suit. On September 29, 2018, the parties agreed to enter into a confidential settlement agreement and a mutual release of claims (the "El Centro Settlement Agreement"), which contained the following material terms: (i) Famous Dave's paid $75,000 to SR Restaurant Holdings Group, Inc. as reimbursement for a portion of the attorneys' and other professional fees it allegedly incurred; (ii) Allan Gantes paid to SR Restaurant Holdings Group, Inc. $7,500; (iii) Defendants agreed to de-identify the Restaurants in Long Beach, California and Tracy, California; (iv) notices were provided to certain customers of the Long Beach, California and Tracy, California Restaurants; and (v) Famous Dave's consented to the sale of certain Restaurant assets by SR El Centro FD, Inc. to Shoreline FD Investors, LLC, John Gantes, and Allan Gantes (or an affiliate), so long as certain designated criteria were met. All of the Famous Dave's Franchise Agreements between the parties were terminated. As a result, the matter was dismissed by the Superior Court of the State of California, County of Los Angeles, Central Division on November 26, 2018.

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

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

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

attorneys' fees. On September 29, 2018, the parties agreed to settle the matter in the El Centro Settlement Agreement described above. As a result, the matter was dismissed by the Superior Court of the State of California, County of Los Angeles, Central Division on November 26, 2018.

Concluded Arbitration and Litigation Involving VI BrandCo, LLC

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

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

Concluded Arbitration and Litigation Involving Wetzel's Pretzels, LLC

Pretzelsdallas1, Inc. v. Wetzel's Pretzels, LLC (Los Angeles, California, AAA Case No.01-19-0002-9326). On or about July 19, 2017, we entered into a franchise agreement with Pretzelsdallas1, Inc. (then known as Triple Scoops, Inc.). On or about September 11, 2019, Pretzelsdallas1, Inc., ("Claimant/Counter Respondent") a franchisee, filed a demand for arbitration against Wetzel's Pretzels, LLC ("Respondent/Counter Claimant") with the American Arbitration Association in which it alleged claims for (i) recission and restitution for intentional misrepresentation, (ii) recission and restitution for negligent misrepresentation and (iii) violation of the California Corporations Code §31201. Claimant/Counter Respondent sought $368,837 in damages. On or about February 26, 2020, Respondent/Counter Claimant filed an answer and counterclaim against Claimant/Counter Respondent. Respondent/Counter Claimant alleged: (i) breach of contract- franchise agreement; (ii) breach of contract – sublease agreement; (iii) breach of guaranty. Respondent/Counter Claimant sought: judgment on its claims for payments on the franchise agreement in the amount of $133,600; (ii) judgment on its claims for payments on the sublease agreement in the amount of $14,8520; judgment in its favor on its claims for payments on the guaranty in the amount of $148,450; (iv) interest on the sums; (v) attorney's fees; and (vi) any other relief the court deems fit. On September 24, 2021, the parties entered into a settlement agreement, in which a mutual release of all claims was agreed to, and Respondent/Counter Claimant paid Claimant/Counter Respondent the sum of $125,000. The matter was subsequently dismissed with prejudice.

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

DTD Pizza LLC, Brian Watson, Alton Spears, LMP Enterprises LLC, Pizza Enterprises LLC, Alan and Denise Barnett, DOB Enterprises, Inc., Douglas and Lesia Billing, Rob & Bud's Pizza, Robert J. Dickerson Trust UA, Rob Dickerson, 4LM Enterprises, Inc., Jana and Randell Liles, Ben and Kim Mayfield, SEAMS Holdings LLC, Scott and Erica Shelby, Robert Hoersting, PM Savannah LLC, James and Mona King, Hans King, Pizza For 4 Kings Corp, Alamo Quality Pizza I, LLC., Quality Pizza III, LLC., Gerardo Torres, George Knost, Arkel Food Services, LLC., Reece Alexander Overcash, III, Angelo

S. Chantilis, Jr., Double AA Partners, LLC., Jeffrey L Comish, John Stalker, and Papa's of Tennessee, LLC. v. Papa Murphy's International LLC, Papa Murphy's Company Stores, Inc., PMI Holdings Inc., Papa Murphy's Intermediate Inc., Papa Murphy's Holdings, Inc., Lee Equity Partners LLC, John D. Barr, Ken Calwell, Thomas H. Lee, Yoo Jin Kim, Benjamin Hochberg, John D. Schafer, Achi Yaffe, Janet Pirus, Victoria Blackwell, Gail Lawson, Dan Harmon, Scott Mullen, Jayson Tipp, Kevin King, Stephen Maeker, Steve Millard, Steve Figiola; Washington Superior Court, Clark County, Case No. 14-2-00904-0.

and

Mitch and Kristen Brink, Brink Holdings Inc., Angela Buchannan, Tim Forester, Z-Axis, Inc., Heather and Gary Nychyk, Bar N Pizza, LLC, John DeMattia, DeMattia LLC, a Texas Limited Liability Company, Harry and Terry Olson, Hot Pizza Inc., Steven Pyatt, Craig Braun, David Mraz, JIM LLC, Philip and Maria Ahn Wilson, Papa South, LLC, Steven and Holly Mead, Thomas Lance, PMG Tampa, LLC, Ilya and Chantal Rubin, Pie in the Sky LLC, Joanna and Glenn Patcha, Alchemy Foods LLC, Ian Hasinoff and Susan Lorimer, Eddrachillis LLC, Cole Kilen, Eye on the Pie LLC, Ann and Harvey Callegan, Just for Fun, LLC, Eugene and Joy Hill, Conn, Edward Turnbull, Turnbull Restaurant Group LP, Turnbull Restaurant Group GP, Conn, LLC, Loralie and Trey Bennett, Pizza Revolution of Fort Walton Beach LLC, Pizza Revolution of Panama City LLC, Pizza Revolution at Tyndall LLC, Steven Terry, Matthew and Cindy Terry, Alice and Douglas Worthington, Thomas Stephenson, Make Dough Enterprises Inc., Jared Richardson, Russell Crader, and Red Rust, LLC, v. Papa Murphy's International LLC, Papa Murphy's Company Stores, Inc., PMI Holdings Inc., Papa Murphy's Intermediate Inc., Murphy's Holdings, Inc., Lee Equity Partners LLC, John D. Barr, Ken Calwell, Thomas H. Lee, , Yoo Jin Kim, Benjamin Hochberg, John D. Schafer, Achi Yaffe, Janet Pirus, Victoria Blackwell, Gail Lawson, Dan Harmon, Scott Mullen, Jayson Tipp, Kevin King, Stephen Maeker, Steve Millard, Steve Figiola; Washington Superior Court, Clark County, Case No. 14-2-01743-3.

These two related actions were commenced in April 2014 and June 2014, respectively, by separate groups of current and former franchisees against us, certain members of our board of managers and executive team, and others in Washington Superior Court (Clark County), alleging misrepresentations involving financial performance representations in ITEM 19 of our franchise disclosure document the franchisees' local marketing obligations, among other things, and brought claims for violation of the Washington Franchise Investment Protection Act ("WFIPA"), fraud, negligent misrepresentation and breach of contract. These two actions were consolidated in September 2014 under Case Number 14-2-00904-0.
Each of the plaintiff groups have entered into settlements with Papa Murphy's in which they dismissed all of their claims against defendants with prejudice and the action was dismissed in June 2020. The settlements are as follows: (1) one plaintiff group dismissed its claims against Papa Murphy's for no consideration; (2) two plaintiff groups agreed to pay amounts ranging from $5,000 to $8,000 to Papa Murphy's and remained in the system; (3) Papa Murphy's agreed to pay one plaintiff group's advertising costs for one year, agreed to allow the franchisee to develop an additional franchise, and agreed to return the franchisee's initial development fee of $10,000; (4) another plaintiff group agreed to remain in the system in exchange for Papa Murphy's paying 3.8% of the franchisees' sales towards local advertising for a period of two years and extending the franchise agreement's term for an additional ten years; (5) Papa Murphy's settled with fifteen different plaintiff groups and paid amounts ranging from $10,000 per group to $4 million per group; (6) Papa Murphy's agreed to purchase one plaintiff group's nine Papa Murphy's stores at an agreed upon value of the stores' assets plus $500,000; and (7) Papa Murphy's agreed to purchase seven plaintiff groups' Papa Murphy's stores at an agreed upon value of the stores' assets.

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

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

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

Concluded State Administrative Actions Involving SFF, LLC, successor in interest to SweetFrog Enterprises, LLC

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

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

Concluded State Administrative Actions Involving Predecessor Blimpie Associates, Ltd.

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

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

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

On November 11, 2005, Maui Wowi Franchising, Inc., the predecessor franchisor of the Maui Wowi brand ("MWF"), entered into a Consent Order with the Securities Commissioner of Maryland ("Commissioner") resulting from MWF inadvertently entering into four franchise agreements with Maryland residents after its registration in Maryland expired on June 9, 2004 ("Maryland Franchisees"). The Consent Order required MWF to cease and desist from the

offer and sale of unregistered franchises in Maryland; to diligently pursue the completion of its then pending application; to register its Offering Circular in Maryland; to develop and implement new franchise law compliance procedures to ensure future compliance with the registration and disclosure provisions of Maryland Franchise Law; and to enroll an officer and a franchise compliance person in a franchise law compliance training program. Upon notification by the Commissioner, MWF sent to the Maryland Franchisees the registered Offering Circular, a copy of the Consent Order, and a letter notifying the Maryland Franchisees that they could rescind their franchise agreements. At this time, MWF is in full compliance with the Consent Order.

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

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

Concluded State Administrative ~~Action~~Actions, Arbitration, and Litigation Involving BF Acquisition Holdings, LLC and/or its predecessors

State of Maryland Determination; Case Number 2012-0073.

In February 2012, the State of Maryland alleged that during the period January 1, 2009 to November 26, 2009, Triune, LLC ("Triune"): (i) did not retain signed acknowledgements of

receipt reflecting the dates that its Franchise Disclosure Document was delivered to certain Maryland residents and non-residents;

(ii) sold franchises to certain Maryland residents and non-residents without providing them with a copy of a 2009 Franchise Disclosure Document;

(iii) sold franchises to certain Maryland residents and non- residents without providing them with a copy of a 2009 Franchise Disclosure Document that contained its 2008 financial statements with a going concern note from its auditors resulting from the unfavorable financial condition of its parent company; and (iv) sold franchises to certain Maryland residents and non- residents without including, or abiding with, a deferral condition in their Franchise Agreements that was imposed upon it by the State of Maryland, all as required by the Maryland Franchise Registration and Disclosure Law (the "Maryland Law") and in violation of the Maryland Law. Without admitting or denying the allegations, in September 2012, Triune voluntarily entered into a Consent Order with the Office of the Attorney General of Maryland and agreed to: (i) not violate the Maryland Law in the future;

~~(iii)~~(ii) pay the Office of the Attorney General the sum of $50,000 as a civil penalty; (iii) retain copies of all acknowledgments of receipt confirming dates that prospective Maryland franchisees received any Maryland Franchise Disclosure Documents; (iv) comply with the disclosure and antifraud provisions of the Maryland Franchise Law and the record keeping and escrow requirements of the Code of Maryland Regulations; and (v) send a copy of the Consent Order to certain Maryland franchisees.

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

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

Lawsuits Filed by MTY Franchising, USA, Inc. Against Franchisees During Fiscal Year December 1, 2022 through November 30, 2023

Suit~~Except~~ for ~~the~~Breach of Contract

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

Other than these actions ~~disclosed above, there are~~, no ~~litigations or actions that must~~litigation is required to be disclosed in this ~~disclosure document involving our Parent or Affiliates~~Item.

ITEM 4: ~~——~~ BANKRUPTCY

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

ITEM 5: INITIAL FEES

Initial Franchise Fee – Bakeries

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

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

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

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

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

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

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

of the franchise (see Item 15 for requirements on management).

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

Initial Franchise Fee – Concession Truck or Trailer

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

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

~~**Initial Development Fee (WETZEL'S PRETZELS® Bakeries Only)**~~

~~When you sign our current form of Multi-Unit Development Agreement, you must pay us an initial development fee equal to $20,000 multiplied by the number of WETZEL'S PRETZELS® Bakeries which you must open, plus the balance of the initial franchise fee ($20,000) for your first franchise agreement. When we accept the site for each Bakery, you will sign a separate franchise agreement and pay us an initial franchise fee of $40,000 (or $25,000 for a second Bakery in the same mall). However, we will credit the development fee against the initial franchise fees (at the rate of $20,000 for the second and each subsequent franchise agreement until the development fee is exhausted). If you signed a form of Multi-Unit Development Agreement which differs from our current form, your initial franchise fees will be determined in accordance with your Multi-Unit Development Agreement. The development fee is fully earned by us when paid, is uniform for franchises currently being offered in this state and is not refundable under any circumstances. We do not offer any discounts toward the development fee or the initial franchise fee paid in connection with a Multi-Unit Development Agreement.~~

~~We do not offer Multi-Unit Development Agreements for TWISTED BY WETZEL'S™ Bakeries or WETZEL'S PRETZELS® Concession Trucks or Trailers.~~

Lease Review Fee (Bakeries Only)

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

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

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

Remote Mobile Unit Fee (Bakeries Only)

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

Trailer.

Deposit on Sublease (Bakeries Only)

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

ITEM 6: OTHER FEES

FEE[1]	AMOUNT	WHEN DUE	REMARKS
Royalties	7% of Adjusted Gross Revenue, except for TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakeries. 5% of Adjusted Gross Revenue for TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakeries.	On Wednesday (or any other weekday designated by us) of each week	See note 2.
Advertising Fund Contributions	For TWISTED BY ~~WETZEL'S™~~WETZEL'S, 1% to 5% of Adjusted Gross Revenue, as determined by us For all franchisees, 1% of Adjusted Gross Revenue	On Wednesday (or any other weekday designated by us) of each week	See note 2
~~Local Marketing Obligation for TWISTED BY WETZEL'S™ Only~~	~~You must spend at least 5% of Adjusted Gross Revenue on Local Marketing, less the then- required Advertising Fund Contribution~~	~~Quarterly; each quarter you must submit evidence of your Local Marketing expenditures~~	~~For example, if we require an Advertising Fund Contribution of 2% of Adjusted Gross Revenue, you will be required to spend 3% of Adjusted Gross Revenue on Local Marketing. Amounts for Local Marketing are paid to third parties.~~

Local Marketing Obligation for TWISTED BY WETZEL'S Only	You must spend at least 5% of Adjusted Gross Revenue on Local Marketing, less the then-required Advertising Fund Contribution	Quarterly; each quarter you must submit evidence of your Local Marketing expenditures	For example, if we require an Advertising Fund Contribution of 2% of Adjusted Gross Revenue, you will be required to spend 3% of Adjusted Gross Revenue on Local Marketing. Amounts for Local Marketing are paid to third parties.
Secret Shopper Fee	$50 per shop	Monthly	Reimburses us for cost of service

Repeat Inspection Fee	$500	On invoice	Only assessed if previous inspection revealed material default
Bi-Annual Convention Registration	$1,000 plus incidental costs to attend	Before convention	We will debit your account for this fee whether or not you attend.

Ongoing Training Fees and Initial Training for New Managers	Cost plus 20%	When class begins	
Audit	All expenses of audit if underpayment exceeds 3% or if audit was undertaken because you did not submit annual financial statements in a timely manner	On invoice	See note 3. We may audit your records at your place of business or require you to send copies of specified records to us at your own expense.
Relocation Fee	$7,500	Before relocation	Not applicable for Concession Trucks or Trailers

Renewal Fee	For a renewal term between five and ten years, the renewal fee will be fifty percent (50%) of (a) our then-current initial franchise fee for a single Bakery (without any applicable discount) or (b) our then-current remote mobile fee for a Remote Mobile Unit, as applicable. For a Bakery or Remote Mobile Unit with a renewal term of less than five years, but at least one year, we will pro-rate the renewal fee by twenty percent (20%) each year. For example, for a three-year renewal term, you will pay sixty percent (60%) of the renewal fee. For a Concession Truck or Trailer: $3,750	On signing new franchise agreement, or an amendment in the case of a one-year extension	For each and all Franchised Businesses, including Remote Mobile Units. You will be required to remit to us a monthly fee of $500 per month until such time as you have entered into a new lease (or sublease) or a renewal of your lease (or sublease).

Transfer Fee	For a Bakery: $40,000 during the first twelve (12) months, $20,000 from then on. For non-traditional location (including, but not limited to a convenience store): $20,000 during the first twelve (12) months, $10,000 from then on. For a Concession Truck or Trailer: $3,750	With notice of intention to transfer	Will be partially refunded if Transfer is denied
Remote Mobile Unit Transfer Fee	½ of current Remote Mobile Unit Fee	Before Transfer completes	Not applicable for Concession Trucks or Trailers
Interest on Late Payments	Lower of 18% per year or highest rate allowed by law	As accrued	Compensation for loss of use of money
Base Rent	Monthly rent	Per your Sublease Agreement, if applicable, usually the first of each month	Upon occasion, we must lease real property to secure a desirable location and sublease it to our franchisee because the landlord is reluctant to rent to the franchisee. The amount of your rent is not uniform and generally it is a pass through of the rent we owe under the master lease, though we may mark-up the rent to account for our risks.
Sublease Fee	The initial Sublease Fee will be $200 monthly or as agreed by Parties, in addition to the Base Rent.	As incurred	The Sublease Fee compensates us for administrative expenses. We may increase the Sublease Fee, from time to time, upon written notice to you, but not by more than $100 per month in a 12-month period.

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

Additional Concession Truck or Trailer Fee	$5,000 per each additional Concession Truck or Trailer	As incurred	The Additional Concession Truck or Trailer Fee is paid to us if we agree to you operating an additional Concession Truck or Trailer in the Mobile Area assigned to you

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

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

3. Also, if the underpayment exceeds 3% of the money owed, we may require that from then on your annual financial statements be audited and certified at your own expense. Audit costs are not refundable.

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

5. We currently require you to pay certain technology fees to us directly or to approved

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

ITEM 7: ESTIMATED INITIAL INVESTMENT

~~As described in Item 5, if you sign a Multi-Unit Development Agreement, you must pay us an initial development fee equal to $20,000 multiplied by the number of WETZEL'S PRETZELS® Bakeries which you must open, plus the balance of the initial franchise fee ($20,000) for your first franchise agreement. When we accept the site for each Bakery, you will sign a separate franchise agreement and pay us the applicable initial franchise fee. However, we will credit the development fee against the initial franchise fees (at the rate of $20,000 for the second and each subsequent franchise agreement until the development fee is exhausted).~~

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

YOUR ESTIMATED INITIAL INVESTMENT WETZEL'S PRETZELS® BAKERY					
TYPE OF EXPENDITURE[1]	**AMOUNT**		**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
	LOW	**HIGH**			
Initial Franchise Fee[2]	$20,000	$40,000	Single payment	At franchise agreement signing	Us
Lease Review Fee[3]	$3,500	$7,000	Single payment	Upon demand	Us or Suppliers
Business Premises[4]	$5,000	$25,000	Two payments	At lease signing	Lessor
Leasehold Improvements[5]	$50,000	$400,000	As arranged	Before opening	Contractor
Food Preparation Equipment[6]	$~~42~~49,000	$~~82~~89,000	As incurred	Before opening	Suppliers

Utility Deposits, Licenses, Permits[7]	$500	$5,000	As incurred	Before opening	Equipment Lessors & Utilities
Insurance	$500	$2,500	As incurred	Before opening	Insurance carriers
Signs & Menu Boards	$~~4~~5,000	$~~12~~16,000	Single payment	Before opening	Suppliers
Digital Display Boards[8]	$5,000	$7,500	Single payment	Before Opening	Suppliers
POS System	$500	$900	Single payment	Before opening	Suppliers
~~Digital Display Boards[8]~~	~~$5,000~~	~~$8,500~~	~~Single payment~~	~~Before Opening~~	~~Suppliers~~
~~POS System~~	~~$3,400~~	~~$6,800~~	~~Single payment~~	~~Before opening~~	~~Suppliers~~
Initial Inventory & Smallwares	$5,500	$10,000	Single payment	Before opening	Suppliers
Training Fee for Additional Trainee[9]	$0	$750	Single payment	Before training begins	Us
Training Expenses	$1,000	$2,500	As arranged	At training	Hotel, Restaurants
Grand Opening Advertising	$500	$2,500	Single payment	At opening	Suppliers
Office Equipment & Supplies	$500	$2,500	As incurred	Before opening	Suppliers
Professional Fees[10]	$1,000	$3,100	As incurred	Before opening	Attorney & Accountant
Architect Engineers & Const. Manager	$~~5,500~~6,000	$20,000	As incurred	Before opening	Architect Engineers & Const. Manager
Additional Funds - first 90 days[11]	$~~20~~25,000	$~~53~~55,500	As incurred	Varies	Employees, others
TOTAL[12]	$~~167,900~~178,500	$~~683,650~~689,750			

1. Except for the "additional funds" category described in note 10, below, this table shows expenses of a WETZEL'S PRETZELS® Bakery through opening day. None of the expenses shown in this table are refundable, except for insurance, utility and security deposits, which may be partially refundable. Neither the franchisor nor any affiliate finances part of the initial investment. Also, we do not offer direct or indirect financing. We will not guarantee your note, lease, or obligation.

2. If you qualify, a discount may be applied to the initial franchise fee for a single WETZEL'S PRETZELS® Bakery to be operated in a traditional or non-traditional location. See Item 5 for more information. Unless expressly stated in Item 5, no ~~discount will be applied to the initial franchise fee. The initial franchise fee for a second or subsequent WETZEL'S PRETZELS® Bakery is $22,500. The initial franchise fee must be paid as a lump sum by wire transfer and is fully earned by us when paid and is non-refundable.~~

discount will be applied to the initial franchise fee. The standard initial franchise fee is $40,000 for a traditional WETZEL'S PRETZELS bakery in a mall, outlet center, or street location. For a second or subsequent WETZEL'S PRETZELS Bakery in the same center, the fee is $22,500. Some non-traditional locations may have lower initial franchisee fees. Bakeries located inside roadside plazas or inside retail outlets have an initial franchise fee of $25,000. Bakeries for other non-traditional locations such as convenience stores and military bases have an initial fee of $20,000. The initial franchise fee must be paid as a lump sum by wire transfer within 5 business days of signing the Franchise Agreement and is fully earned by us when paid and is non- refundable.

3. You must pay us a fee for the review of your lease. The fee will depend on the complexity of the lease.

4. Figures are based on assumption that premises will be rented and that lessor will require an initial payment of one (1) month's rent and, in some cases, a security deposit of one (1) month's rent. The premises will probably be located in a mall or shopping center; and the typical size will range from 600 to 800 square feet, with 15 to 20 linear feet of frontage. If your WETZEL'S PRETZELS Bakery is larger than this, some of your costs may be higher than shown in the "High" column.

~~shopping center; and the typical size will range from 600 to 800 square feet, with 15 to 20 linear feet of frontage. If your WETZEL'S PRETZELS® Bakery is larger than this, some of your costs may be higher than shown in the "High" column.~~

5. Leasehold improvements may vary substantially based on the layout and geographic location of your Bakery, local building codes and labor requirements. This estimate is for an inline location within a mall that is constructed without using union labor. The estimated low amount is for a location that was previously built out for food use and improvements are limited to cosmetic changes rather than structural ones. For a kiosk in a mall, the estimated high amount is likelier to be closer to $300,000. For a Bakery located within a store location (i.e., a Bakery located within a Walmart~~,~~), the estimated high amount for leasehold improvements is likelier to be closer to $250,000 to $300,000 but may vary widely based on the physical characteristics and government jurisdiction requirements of the location. Additionally, the estimated high amount for other non-traditional locations, such as a location inside a convenience store is likelier to be closer to $50,000-$100,000 depending on the layout of store. Where a Bakery is included in the plans of a new convenience store being built from the ground up, the high amount for leasehold improvements is likelier to be closer to $50,000. While we do not require you to use union labor, the use of union labor may be required by the landlord. The use of union labor will typically increase your costs. This estimate does not take into any tenant's improvements or other forms of contribution by your landlord.

6. This category includes such items as food preparation equipment and janitorial equipment.

7. This category includes sales tax deposits or bonds, construction permit, sewer hookup charges, and utility deposits.

8. You will also incur monthly fees from suppliers for ongoing software and support, which is currently approximately $~~29~~30.00 per month, and subject to inflationary increases at supplier discretion.

9. The fee for training the first four people is included in the initial franchisee fee. An additional training fee is assessed for each additional trainee. Your Designated Manager must attend the initial training program. Attendance by others is optional.

10. This figure includes the cost of setting up your books and attorney review of the franchise agreement.

11. This category includes 90 days' wages for 3 full-time and 6 part-time employees, opening cash, rent ranging from $4,000 to $12,500 per month for three months, technology fees and other miscellaneous expenses incurred during the first 90 days of the operations of the WETZEL'S PRETZELS® Bakery. We relied on our own experience and review by our construction coordinator in estimating this figure. You should review these figures carefully in light of local conditions and the economy, consulting a business advisor if necessary.

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

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

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

YOUR ESTIMATED INITIAL INVESTMENT REMOTE MOBILE UNIT					
TYPE OF EXPENDITURE	**AMOUNT**		**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
	LOW	**HIGH**			
Remote Mobile Unit Fee[1]	$5,000	$5,000	Single Payments	At signing of Retail unit Addendum	Us
Remote Mobile Unit Construction[2]	$~~35,500~~38,000	$113,500	As incurred	Varies	Cart Manufacturers, Lessor, Utilities
~~Remote Mobile Unit Equipment~~	~~$18,000~~	~~$20,000~~			
~~TOTAL[3]~~	~~$58,500~~	~~$138,500~~			

Remote Mobile Unit Equipment	$18,000	$25,000			
TOTAL[3]	$61,000	$143,500			

1. If you and your landlord agree that you will operate a Remote Mobile Unit in the same shopping center or mall where your Bakery is located and we grant you a license to do so, you will pay us a remote mobile unit fee of $5,000. The remote mobile unit fee must be paid as a lump sum by wire transfer and is fully earned by us when paid and is non-refundable.

2. If you and your landlord agree that you will operate a Remote Mobile Unit in the same shopping center or mall where your Bakery is located and we grant you a license to do so, you will incur costs of between ~~$35,500~~38,000 and $113,500 for manufacture and installation of the Remote Mobile Unit and for deposits required by utilities and the landlord. A remote mobile unit for indoor use typically costs between ~~$35,500~~38,000 and $63,500 to construct. A remote mobile unit for outdoor use typically costs between ~~$35,500~~38,000 and $113,500 to construct.

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

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

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

YOUR ESTIMATED INITIAL INVESTMENT TWISTED BY ~~WETZEL'S™~~WETZEL'S BAKERY					
TYPE OF EXPENDITURE[1]	**AMOUNT**		**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
	LOW	**HIGH**			
Initial Franchise Fee	$30,000	$40,000	Single payment	At franchise agreement signing	Us
Lease Review Fee	$3,500	$7,000	Single payment	Upon demand	Us or Suppliers
Business Premises	$5,000	$20,000	Two payments	At lease signing	Lessor

Leasehold Improvements[2]	$~~200~~400,000	$~~450~~515,000	As arranged	Before opening	Contractor
Food Preparation Equipment[3]	$90,000	$~~100~~110,000	As incurred	Before opening	Suppliers
Tables, Counters, Chairs and Waste Receptacles	$2,500	$5,000	Single payment	Before opening	Suppliers
Utility Deposits, Licenses, Permits	$500	$8,000	As incurred	Before opening	Equipment Lessors & Utilities
Insurance	$500	$2,500	As incurred	Before opening	Insurance carriers
Signs & Menu Boards	$5,000	$~~15~~20,000	Single payment	Before opening	Suppliers
Digital Display Boards	$5,000	$~~15,000~~7,500	Single payment	Before Opening	Suppliers
POS System	$~~3,~~500	$~~10,800~~900	Single payment	Before opening	Suppliers
Initial Inventory & Smallwares	$7,500	$15,000	Single payment	Before opening	Suppliers
Training Fee for Additional Trainee	$0	$750	Single payment	Before training begins	Us
Training Expenses	$1,000	$2,000	As arranged	At training	Hotel, Restaurants
Grand Opening Advertising[4]	$3,000	$7,500	Single payment	At opening	Suppliers
Office Equipment & Supplies	$500	$2,500	As incurred	Before opening	Suppliers
Professional Fees	$1,000	$3,100	As incurred	Before opening	Attorney & Accountant
Architect Engineers & Const. Manager	$10,000	$18,000	As incurred	Before opening	Architect Engineers & Const. Manager
Additional Funds - first 90 days	$20,000	$53,500	As incurred	Varies	Employees, others
TOTAL[5]	$~~388~~585,500	$~~775,650~~838,250			

1. This table shows the additional expenses that you may incur in connection with a

~~1.~~ TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery. Unless an expense item references a specific note below, please refer to the notes provided to the table above for a WETZEL'S PRETZELS® Bakery. Please note that only certain locations may be approved ~~by~~ us for a TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery based on, but not limited to, factors such as location, size of space, geography, demographics, etc.

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

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

3. cupboard, cabinet, doors, grease trap, freezer, dishwasher, shelves, hooks, digital menu board, radios, amplifiers, and speakers.

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

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

specific costs in your area.

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

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

YOUR ESTIMATED INITIAL INVESTMENT WETZEL'S PRETZELS® CONCESSION TRUCK OR TRAILER					
TYPE OF EXPENDITURE[1]	**AMOUNT**		**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
	LOW	**HIGH**			
Initial Franchise Fee	$5,625	$7,500	Single payment	At franchise agreement signing	Us
Concession Truck or Trailer	$60,000	$98,000	As incurred	As require by supplier	Suppliers
Vehicle Improvements[2]	$86,000	$~~130~~144,000	As incurred	As require by supplier	Suppliers
Insurance	$2,000	$4,~~000~~500	As incurred	Before opening	Insurance carriers
Storage space / Commissary	$0	$2,550	As incurred	Before opening	Lessor
POS System	$~~3,400~~500	$~~6,800~~900	Single payment	Before opening	Suppliers

Initial Inventory & Smallwares	$4,000	$9,000	Single payment	Before opening	Suppliers
Training Fee for Additional Trainee[3]	$0	$750	Single payment	Before training begins	Us
Training Expenses	$1,000	$2,000	As arranged	At training	Hotel, Restaurants
Grand Opening Advertising	$500	$2,500	Single payment	At opening	Suppliers
Professional Fees[4]	$1,000	$3,100	As incurred	Before opening	Attorney & Accountant
State Vehicle Registration	$1,000	$18,000	As incurred	Before opening	Governmental agencies
Additional Funds - first 90 days[5]	$10,000	$20,000	As incurred	Varies	Employees, others
TOTAL[6]	$~~174,525~~173,625	$~~304,200~~317,800			

1. Except for the “additional funds” category described in note 6, below, this table shows expenses of a Concession Truck or Trailer through opening day. None of the expenses shown in this table are refundable, except for insurance, which may be partially refundable.

~~2.~~ The low estimate represents the cost of vehicle improvements for a used (but in good shape) Concession Truck or Trailer with reasonable wear and tear. The high estimate represents the cost of vehicle improvements for a new Concession Truck or Trailer. This category also includes cost and installation of equipment (expected to range between $25,000 on the low side and $~~38~~45,000 on the high side). Equipment may include refrigerators, ovens and other similar equipment. You may purchase only approved equipment only from approved suppliers. This figure also represents

2. an estimate of the vehicle wrap that must be placed on your Concession Truck or Trailer ($4,000 on the low side and $6,000 on the high side). You must not place any non-Wetzel's Pretzels signage on or in your Concession Truck or Trailer.

3. The fee for training the first four people is included in the initial franchisee fee. An additional training fee is assessed for each additional trainee. Your Designated Manager must attend the initial training program. Attendance by others is optional.

4. This figure includes the cost of setting up your books and attorney review of the franchise agreement.

5. This category includes 90 days' wages for 3 full-time and 6 part-time employees, opening cash, storage space or commissary rent ranging from $0 to $850 per month, and other miscellaneous expenses incurred during the first 90 days of the franchised business' operations. We relied on our own experience and review by consultants in estimating this figure. You should review these figures carefully in light of local conditions and the economy, consulting a business advisor if necessary.

6. Your costs may vary based on a number of factors including but not limited to the condition of the Concession Truck and Trailer, whether the Concession Truck or Trailer is used or new, the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales of the Concession Truck or Trailer and your skills at operating a business. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area.

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

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

For WETZEL'S ~~PRETZELS®~~PRETZEL Bakeries only, competition for tenant space is keen in the malls and shopping centers where our Bakeries are located. You must retain our designated broker to negotiate the lease and you must promptly sign it when it is presented to you. The designated broker will be an experienced commercial real estate broker who-

specializes in regional enclosed mall leasing and is familiar with our standards. No later than 18 months prior to lease expiration, you must retain our designated broker to represent you in negotiating a renewal lease.

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

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

Upon occasion, we lease real property and sublease it to our franchisee if that is the only way to secure a desirable location for a Bakery. We require a refundable deposit from a subleasing franchisee, but ask the franchisee to make rent payments directly to the landlord. A copy of our form of Sublease Agreement for a Bakery is attached to this disclosure document as Exhibit G. In some cases, we may also require you to obtain a letter of credit to secure your sublease, in an amount, on terms, and on a form we prescribe, from a bank acceptable to us. This is not applicable to Concession Trucks or Trailers.

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

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

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

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

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

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

We cannot guarantee that any designated supplier will offer or continue any particular pricing, warranty or other terms of sale. Also, we cannot guarantee a continuing supply from any designated supplier. We are not under any obligation to you with respect to the terms

negotiated or the terms of any supplier. We cannot guarantee that designated suppliers will offer or continue to offer you any trade credit terms as that is solely up to the supplier and their credit standards.

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

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

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

~~In our fiscal year ending November 30,~~ For the year ending November 30, 2023 MTY USA and its subsidiaries, as of such date, derived revenues from the sales of products, services, and vendor allowances in the

amount of $43,895,158, which was approximately 7.5% of MTY USA's total consolidated recognized revenue in the amount of $580,280,000.

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

~~2022, according to our unaudited financials our revenue from purchases by franchisees from approved or designated suppliers or according to specifications was $5,140,702, or 9.795% of our total revenues of $52,481,449. Part of this revenue was obtained from the sale to our franchisees of logoed goods such as menu boards, wall murals, manuals, T-shirts, aprons and various small- wares, which we purchase in bulk, stock, sell and ship to our franchisees in order to allow for their manufacture in quantity. According to our unaudited financials, we also received approximately $210,000 in cooperative advertising dollars from our soft drinks supplier during the fiscal year ending November 30, 2022, which we contributed to the advertising fund.~~ We estimate that your payments for purchases from us, from designated or approved suppliers or which must conform to our specifications will represent about 50% of your start-up costs and 95% of your ongoing costs.

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

There are currently no purchasing or distribution cooperatives. We do not provide benefits based on your use of approved sources.

You must maintain one or more insurance policies that we specify. You must maintain the insurance coverages and amounts that we specify. We must be named as an additional

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

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	7.3.1 of Franchise ~~Agreement; 6.1 of Multi-Unit Development~~ Agreement; 7.2 of the Concession Truck or Trailer Amendment	8, 11

b. Pre-opening purchases/leases	7.3.1, 7.3.2 of Franchise Agreement, 7.2 and 7.3 of the Concession Truck or Trailer Amendment	5, 8
c. Site development and other pre-opening requirements	7.3.1, 7.3.2 of Franchise Agreement; ~~6.1 of Multi-Unit Development Agreement;~~ 7.2 and 7.3 of the Concession Truck or Trailer Amendment	11
d. Initial and ongoing training	5.2, 5.5, 6.8, 7.2 of Franchise Agreement	11
e. Opening	7.3.3 of Franchise Agreement	8, 11
f. Fees	Article 6 of Franchise Agreement, Remote Mobile Unit Addendum § 3.3; Article of 5 Multi-Unit Development Agreement; Article 6 of the Concession Truck or Trailer Amendment	5, 6, 7, 11
g. Compliance with standards and policies/operating manual	7.3.4, 7.9.1 of Franchise Agreement	11
h. Trademarks and proprietary information	7.1., 8.1 of Franchise Agreement	13, 14
i. Restrictions on products/services offered	5.4, 7.3.5, 7.3.10 of the Franchise Agreement	16
j. Warranty and customer service requirements	5.4, 7.3.6, 7.3.9, 7.5 of Franchise Agreement	Not Applicable
k. Territorial development and sales quotas	Article 2 of Multi-Unit Development Agreement	12
l. Ongoing product/service purchases	7.3.5, 7.3.8, 7.3.10 of Franchise Agreement	8

m. Maintenance, appearance and remodeling requirements	5.1, 5.3, 7.1.2, 7.3.4, 7.3.8 of Franchise Agreement, Remote Mobile Unit Addendum § 3.5; 7.4 of the Concession Truck or Trailer Amendment	17
n. Insurance	7.8 of Franchise Agreement, Remote Mobile Unit Addendum § 3.6; 7.7 of the Concession Truck or Trailer Amendment	8
o. Advertising	7.1.3, 7.6 of Franchise Agreement; 7.5 of the Concession Truck or Trailer Amendment	11
p. Indemnification	8.5 of Franchise Agreement; ~~10.2 of Multi-Unit Development Agreement~~	Not Applicable
q. Owner's participation/management/staffing	7.5 of Franchise Agreement	15
r. Records and reports	7.7 of Franchise Agreement	11
s. Inspections and audits	6.6, 6.7, 7.3.7, 7.7 of Franchise Agreement	6
t. Transfer	Article 9 of Franchise Agreement; ~~7.3 of Multi-Unit Development Agreement;~~ Article 9 of the Concession Truck or Trailer Amendment	17

~~u. Renewal~~	~~4.5.2 of Franchise Agreement; 4.2, 4.3 and 4.4 of Multi-Unit Development Agreement; 4.7 of the Concession Truck or Trailer Amendment~~	~~17~~
~~v. Post-termination obligations~~	~~10.3 of Franchise Agreement; 4.5 of Multi-Unit Development Agreement; Article 10 of the Concession Truck or Trailer Amendment~~	~~17~~
~~w. Non-competition covenants~~	~~8.6 of Franchise Agreement, Attachment 7; 8.1 and 8.2 of Multi-Unit Development Agreement; 8.2 of the~~	~~17~~
u. Renewal	4.5.2 of Franchise Agreement; 4.7 of the Concession Truck or Trailer Amendment	17
v. Post-termination obligations	10.3 of Franchise Agreement; Article 10 of the Concession Truck or Trailer Amendment	17

w. Non-competition covenants	8.6 of Franchise Agreement, Attachment 7; 8.2 of the Concession Truck or Trailer	17
x. Dispute resolution	11.7 - 11.11 of Franchise Agreement; ~~10.17 of Multi-Unit Development Agreement~~	17

ITEM 10: FINANCING

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

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

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

Pre-Opening Obligations

Before you open your Franchised Business, we will:

Buildout and Decor

~~Buildout and Decor~~

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

Initial Training

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

Manual

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

Approved or Designated Suppliers

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

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

Competition for tenant space is keen in the malls and shopping centers where our Bakeries are located. You must permit us to negotiate the lease and you must promptly sign it when it is presented to you. We do not refund the franchise fee if you do not sign a lease. You must have our prior written approval of any lease you sign and must use your best efforts to add the lease provisions listed in Attachment 6 to the Franchise Agreement to the lease. No later than 18 months before lease expiration, you must permit us to represent you in negotiating a renewal lease. You must sign the lease that we negotiate for you within thirty

(30) days after we present it to you. Failure to sign a lease within the period allowed by the Franchise Agreement is an event of default and, if not cured within 30 days after notice of default, is grounds for our terminating the agreement.

Site Selection (For TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakeries)

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

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

Before leasing or purchasing the site for your TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery, you must submit to us in the form we specify, a description of the site together with other evidence that confirms your favorable prospects for obtaining the site. You must submit the information and materials for the proposed site to us no later than ninety (90) days of executing the Franchise Agreement. We will have forty-five (45) days after we receive this information and materials to evaluate the proposed site. If the proposed site in not approved by us in writing within forty-five

~~five~~ (45) days of our receipt of all required information, the proposed site is disapproved. If approved, you must lease or purchase at your expense, the site for the Franchised Business within seventy- five (75) days after our approval, but no later than six (6) months of executing the Franchise Agreement. You must submit for review any sale or lease contract no later than fifteen (15) days before you sign it. You must furnish to us a copy of the signed lease no later than ten (10) days after it has been fully executed.

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

Once we have received all necessary information about your proposed site(s) as described above, we or a designee may in our sole discretion, conduct an on-site evaluation for one proposed site for your first two TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakeries. The first trip that we make to conduct site evaluations will be made without charge to you. For each additional trip that we make to perform one or more site evaluations we will charge a site evaluation fee of

$750. If we or our designee conduct this initial on-site evaluation and we determine in our sole discretion that a further on-site evaluation is still necessary or if you reasonably request further on-site evaluations, we or our designee may in our sole discretion, conduct an additional on-site evaluation. For each additional on-site evaluation that we or our designee conducts, you will pay a $750 site evaluation fee and reimburse us or our designee for expenses incurred, including the cost of travel, lodging, meals and wages.

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

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

Site Selection (Concession Trucks or Trailers)

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

Time Before Opening (for Bakeries Only)

We estimate that the length of time between signing of the Franchise Agreement and opening of the WETZEL'S PRETZELS~~®~~ Bakery will be about six (6) months. We estimate that the length of time between signing of the Franchise Agreement and opening of the TWISTED BY WETZEL'S Bakery will be about eighteen (18) months.

~~of the TWISTED BY WETZEL'S™ Bakery will be about eighteen (18) months.~~

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

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

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

Based on real estate availability, format and permitting times, we anticipate that a franchisee will open a WETZEL'S PRETZELS® Bakery between three (3) and nine (9) months after signing the Franchise Agreement. The Franchise Agreement requires you to open a WETZEL'S PRETZELS® Bakery and begin business no later than nine (9) months after signing the Franchise Agreement, unless you obtain a written extension of this time period from us.

Based on real estate availability, format and permitting times, we anticipate that a franchisee will open a TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery between nine (9) and eighteen

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

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

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

Time Before Opening (for Concession Trucks and Trailers)

We estimate that the length of time between signing of the Franchise Agreement

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

Remote Mobile Unit Addendum (for Bakeries only)

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

Post-Opening Obligations

During your operation of your Franchised Business, we will:

Continuing Education

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

Consultation

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

Advertising Fund

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

Proprietary Products Availability

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

Advertising Services

We will administer an advertising fund, which will be accounted for separately on the general ledger. ~~We will maintain one advertising fund for Franchised Businesses operating under the WETZEL'S PRETZELS® Marks and a separate advertising fund for Franchised Businesses operating under the TWISTED BY WETZEL'S™ Marks.~~

The purpose of ~~each~~the fund is to pool our advertising money and that of each of our franchisees so as to achieve greater benefits for all in promoting the Trade Name and Marks. Franchisees must contribute to the advertising fund at the following rates: (a) TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakeries must contribute to the advertising fund at a uniform rate ranging

between 1% and 5%, as we determine in our sole discretion; and (b) all other franchisees must contribute to the advertising fund at a rate of 1% of Adjusted Gross Revenue. Company-owned Bakeries presently contribute to the respective fund in the same percentage of their Adjusted Gross Revenues as described above, although we are not obligated to continue to do so.

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

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

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

The advertising program will primarily use point-of-purchase materials. In addition, we may make use of event marketing, radio, and free-standing inserts (Franchise Agreement §5.7.1). In our fiscal year ending November 30, 2023, 76% of the expenditures of the advertising fund were for production and media placement and 24% were for overhead and administration. There was one TWISTED BY WETZEL'S Bakery during our fiscal year ending November 30, 2023. ~~§5.7.1). In our fiscal year ending November 30, 2022, 72% of the expenditures of the advertising fund were for production and media placement and 28% were for overhead and administration. There were no TWISTED BY WETZEL'S™ Bakeries during our fiscal year ending November 30, 2022 and accordingly, we did not administer an advertising fund.~~

We currently use an outside advertising agency to supplement the efforts of our marketing personnel. Each applicable advertising fund may be used to pay for the services of an outside-

advertising agency as well as the salaries of our personnel while they are conducting advertising fund business, which may include but is not limited to conducting market research, public relations, developing advertising materials or conducting other advertising activities.

On Wednesday of each week (or any other weekday we specify) during the ~~term~~Term of

the Franchise Agreement, you will pay the advertising fund contribution (between 1% and 5% of the Adjusted Gross Revenues received by you in the immediately preceding week for TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakeries or 1% of the Adjusted Gross Revenues received by you in the immediately preceding week for all other franchisees). For calculation purposes, each week ends at close of business on Sunday.

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

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

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

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

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

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

If you are required to spend funds toward Local Marketing activities, costs and-

expenditures you may incur for any of the following do not count towards your required Local Marketing expenditures, unless we agree in writing otherwise: (i) salaries and expenses of your employees, including salaries or expenses for attendance at advertising meetings or activities;

(ii) in-store materials consisting of fixtures or equipment; (iii) expenditures relating to the use of

Social Media Platforms and/or the development and/or use of Social Media Materials; and (iv) seminar and educational costs and expenses of your employees.

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

Point of Sale System

You must buy electronic cash registers with touch screen technology ("POS Register") from our designated supplier (usually one or two), plus an electronic receipt printer and modem that meet our specifications. For a WETZEL'S PRETZELS® Bakery or Concession Truck or Trailer, the current price ranges from $3,000 for a one-register system to $6,000 for a two-register system. For a TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery, the current price ranges from $3,000 for a one-register system to $10,000 for a two-register system. You will also participate in our loyalty ~~p rogram~~program, for which you must acquire a scanner for each POS Register, currently $400 to $500 each. During the ~~term~~Term of the Franchise Agreement, we may require you to change the POS system or any component thereof, upon our written notice to you, at your sole cost and expense. There are no restrictions on our right to change the POS system or any component thereof and no limit on the cost of a new or upgrade to the POS system or component thereof.

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

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

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

Manual

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

Manual. The Manual is in digital format, and overall content is equivalent of 239 pages.

Training Program

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

SUPPLEMENTAL TRAINING PROGRAM – TWISTED BY ~~WETZEL'S~~™WETZEL'S BAKERIES			
SUBJECT	**HOURS OF CLASSROOM TRAINING**	**HOURS OF ON THE JOB TRAINING**	**LOCATION**
Operations/Recipes	2	8	A training location* or via videoconference
Product Knowledge	0	6	A training location* or via videoconference

TOTAL	2	14	A training location* or via videoconference

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

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

The training program will be supervised by ~~Vincent Montanelli. His~~ someone such as Eric Weigel, who has multiple years of experience ~~is described~~ in ~~Item 2 of this disclosure document.~~operational training.

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

We will offer continuing education programs at the Bi-Annual Convention. Your attendance at the Bi-Annual Convention is important and mandatory. Because planning and funding the Convention requires a substantial advance financial commitment on our part, we have the right to debit your bank account for a registration fee of $1,000. Failure to attend is a breach of the Franchise Agreement (Franchise Agreement §§ 5.5 and 6.9).

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

ITEM 12: TERRITORY

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

For WETZEL'S PRETZELS® Bakeries Only

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

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

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

For TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakeries Only

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

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

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

Unless you own or have a lease for premises to be used for the operation of a TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery at the time of signing of the Franchise Agreement, we will assign you a development territory at the time of signing of the Franchise Agreement as we determine appropriate for your TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery, in our sole discretion. The development territory is not exclusive and does not give you any rights whatsoever to the development territory. The purpose of the development territory to help guide you as to where you may search for a specific location for your TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery. We will not consider any sites outside of the development territory for the location of your TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery.

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

The "Protected Area" granted to you does not include sites in hotels, motels, airports, railroads, train stations, other modes of mass transportation, sports arenas, casinos, theme parks, movie theaters, college and university campuses, healthcare facilities, malls, regional malls, outlet

malls, guest lodging facilities, day care facilities of any type, government facilities, as well as the premises of any third-party retailer (including supermarkets, grocery stores and convenience stores) or any other location or venue to which access to the general public is restricted such as military installations, higher security headquarters or corporations, which are located within its borders.

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

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

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

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

(a) You and your Related Parties are in good standing under the Franchise Agreement, any other agreement between us or our Related Party and you, and the Manual.

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

~~franchise agreement from us, whichever is later.~~

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

(d) You have agreed that you will, at your own expense, remodel, modernize and redecorate the Bakery premises and replace and modernize the fixtures, equipment, and signs-

~~(d)~~ used in the Bakery to meet the standards of appearance and function applicable to new Bakeries at that time; you will begin remodeling, modernizing and/or redecorating the Bakery within the earlier of three (3) months of date of your renewal franchise agreement or the date such remodeling, modernizing and/or redecorating is required under your lease.

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

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

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

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

~~Neither~~

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

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

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

~~Under the Multi-Unit Development Agreement, we grant you the right to develop and operate a specified number of Bakeries at locations in a specified Development Area, subject to our approval. The Development Area may be one or more cities, counties, states or some other defined area. We will neither directly open and operate nor grant a license or franchise to any other person to open or operate any Bakery at any location within your Development Area without first providing you a right of first refusal ("ROFR"), for a least 30 days, to execute~~

a Franchise Agreement to open and operate a Bakery at that location, provided and on condition that you are not in breach of any of the terms of your Franchise Agreement or Multi-Unit Development Agreement. We need not offer the ROFR to you in any case in which the owner or person or entity controlling that location has established conditions, requirements, or other preconditions that we know or reasonably believe that you do not or cannot satisfy, or for any Bakeries that were already in operation in your Development Area on the date you signed the Multi-Unit Development Agreement. Until the termination or expiration of your Multi-Unit Development Agreement, you retain your right of first refusal as long as you comply with your development schedule and other obligations under the Multi- Unit Development Agreement and your Franchise Agreements. We may operate or license or franchise any other person to operate a Bakery (a) at any location outside your defined Development Area, (b) under names other than the Marks at any location whatsoever and (c) at any Non- Traditional Venue (defined as located within another primary business or in conjunction with other businesses or at institutional settings, including toll roads, hotels and motels, ships, ports, piers, airports, railroads, train stations, other modes of transportation, casinos, movie theaters, theme parks, stadiums, sports arenas, college and university campuses, healthcare facilities, regional malls, outlet malls, guest lodging facilities, day care facilities of any type, government facilities, as well as the premises of any third-party retailer (including grocery stores, supermarkets and convenience stores) or any other location or venue to which access to the general public is restricted such as military installations, higher security headquarters or corporations, and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider, even if located within your Development Area). We also may produce, license, distribute and market products bearing the Marks, and products bearing other marks, including pre-packaged food items and other food and beverage products; books; clothing; souvenirs and novelty items, at or through any location or outlet, including grocery stores and convenience stores (including those which may be located within the Development Area), and through any distribution channel, at wholesale or retail, including by means of mail order catalogs, direct mail advertising, Internet marketing and other distribution methods.

If you fail to meet any of your obligations under the Multi-Unit Development Agreement, including the development obligations, or commit a material breach of any Franchise Agreement that you have signed, or a material breach of any other agreement with us, we may terminate your right to develop, open and operate Bakeries in your Development Area, but the termination of your right to develop your Development Area will not terminate any rights granted under the Franchise Agreements then in effect between you and us, absent a breach of the Franchise Agreement itself. After the early termination or expiration of the term of your Multi-Unit Development Agreement, we may own, operate, or franchise or license others to operate additional bakeries anywhere, without offering you a ROFR and without any restriction, including in your Development Area, subject to the rights granted to you in the Protected Area established under any then-existing Franchise Agreements, provided that, if you determine that further development of your Development Area is desirable after the term of your agreement, you must notify us in writing, including the number of proposed Bakeries and the proposed development schedule, within 180 days before the expiration of your Multi-Unit Development Agreement. If we determine that your proposed additional development is unacceptable in any respect, we will negotiate with you in good faith for 60 days to try to agree upon a mutually acceptable development schedule. If we determine that your proposed additional development is acceptable or if you and we reach an agreement on an alternative additional development obligation, you will have the right to enter into a new

~~Multi-Unit Development Agreement and undertake additional development of your Development Area. Your Multi-Unit Development Agreement is otherwise not renewable.~~

For Concession Trucks or Trailers

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

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

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

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

We typically assign franchisees a mobile area with a population of approximately 500,000-_2,000,000 people. Mobile areas may also be described using geographic boundaries, such as zip codes, a city, county, a portion of a county, specific streets or highways. We will assign you a Mobile Area with a size, location and a population number as we determine appropriate for your Franchised Business, in our sole discretion, and there is no guarantee that your Mobile Area will contain a population of at least 500,000 people. We may assign you a Territory with a population that is significantly fewer than 500,000 people. Because population figures generally fluctuate throughout time, we do not guaranty that during the entire term of your Franchise Agreement, the Mobile Area will be comprised of a population of at least 500,000 people.

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

restaurants, and concession trucks or trailers located anywhere, including but not limited to the Mobile Area.

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

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

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

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

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

Area.

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

ITEM 13: TRADEMARKS

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

~~On October 1, 2002,~~ The following trademarks have been registered with the ~~U.S.~~United States Patent and Trademark Office ~~("USPTO") granted our application~~on the Principal Register:

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE
WETZEL'S PRETZELS	2627228	October 1, 2002
WETZEL'S PRETZELS	3530326	November 11, 2008
TWISTED BY WETZEL'S	7190524	October 10, 2023

We have applied to register the following Mark for registration ~~of our Mark, WETZEL'S PRETZELS®, on the principal register for use in connection with restaurant services, registration number 2627228. All required affidavits have been filed.~~with the United States Patent and Trademark Office on the Principal Register:

~~On October 28,~~

TRADEMARK	APPLICATION NUMBER	FILING DATE
	98106758	July 28, 2023

~~2021, we filed an application with the USPTO for the Mark, TWISTED BY WETZEL'S™ on the principal register in connection with restaurant services, serial number 97096999.~~

AS OF THE DATE OF THIS DISCLOSURE DOCUMENT, WE DO NOT HAVE A REGISTERED TRADEMARK FOR THE ~~WORD~~STYLIZED "W" MARK ~~"TWISTED BY WETZEL'S™"~~ (SERIAL NUMBER ~~9709699~~98106758). THEREFORE, THE ~~WORD~~STYLIZED "W" MARK ~~"TWISTED BY WETZEL'S™"~~ (SERIAL NUMBER ~~9709699~~98106758) DOES NOT HAVE MANY LEGAL BENEFITS AND RIGHTS AS FEDERALLY REGISTERED TRADEMARKS. IF OUR RIGHT TO USE THE ~~WORD~~STYLIZED "W" MARK ~~"TWISTED BY WETZEL'S™"~~ (SERIAL NUMBER ~~9709699~~98106758) IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSES.

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

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

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

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

We must indemnify and hold you harmless from all expenses and liabilities of any kind arising from or in any way connected to any third-party claim that your operation of a Franchised Business infringes its intellectual property rights or misappropriates its trade secrets. If you are made a party to a legal proceeding in connection with a claim of this type, we will hire counsel to protect our interests and will defend you at our own expense. You will be bound by any settlement we negotiate, but we will reimburse you for your cost of compliance with the settlement agreement.

We have invested substantial time, energy, and money in the promotion and protection of our Trade Name and Marks as they exist on the Start Date. We have no present intention of altering them. However, we may change our Trade Name and Marks and the specifications for each when we believe that these changes will benefit the WETZEL'S PRETZELS®

Network. You must promptly conform, at your own expense, to any such changes. You will not have any rights against us if we require you and the other members of the WETZEL'S PRETZELS® Network to modify or discontinue use of the Trade Name or other Mark because of a legal proceeding, settlement of a dispute, or any other reason.

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

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

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

We consider much of the information contained in the Manual to be confidential your Related Parties to sign confidentiality agreements in regard to its contents as well as in regard to specified trade secrets subject to explicit non-disclosure provisions in the Franchise Agreement.

We also maintain that our recipes and food preparation processes are valuable trade secrets and expect you to protect their secrecy.

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

The Franchised Business must be open and operating for business for a minimum number of days per week and hours per day, as described in greater detail in the Manual. Generally, Wetzel's Pretzels® Bakeries are open and operating not less than fifty-six (56) hours per week (eight ~~(8) hours each per day) or as otherwise required by the Franchisee's landlord. Wetzel's Pretzels® Concession Trucks or Trailers are open and operating not less than sixteen~~ (8) hours each per day) or as otherwise required by the Franchisee's landlord. Wetzel's Pretzels Concession Trucks or Trailers are open and operating not less than sixteen (16) hours per week (four (4) hours for four (4) days per week) and not less than forty (40) weeks per year.

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

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

within 30 days. Any successor Designated Manager must successfully complete our training program before starting work in the Franchised Business.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

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

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

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

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

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

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION OF FRANCHISE AGREEMENT**	**SUMMARY**
a. Length of the franchise ~~term~~	4.5.1	The term for a WETZEL'S PRETZELS® ~~Bakery is ten years or length of lease or sublease, as applicable, whichever is shorter.~~ ~~The term for a Remote Mobile Unit is the shorter of WETZEL'S PRETZELS® Bakery lease or temporary space lease.~~ ~~The term for a TWISTED BY WETZEL'S™ Bakery is ten years from opening.~~ ~~The term for a Concession Truck or Trailer is five years.~~
term~~b. Renewal or extension of the term~~	~~4.5.2~~	~~For a WETZEL'S PRETZELS® Bakery, if you meet conditions described in 17c, you may extend the term of your franchise for a renewal term of one (1) year, two (2) years, three (3) years, four (4) years or between five (5) years and ten (10) years.~~ ~~Remote Mobile Unit renewal is tied to renewal of lease for WETZEL'S PRETZELS® Bakery.~~ ~~For a TWISTED BY WETZEL'S™~~ Bakery is the earlier of: (a) ten years from the Start Date; or (b) the expiration of the term of the lease or sublease, as

		applicable,~~Bakery, if you meet conditions described in 17c, you may extend the term of your franchise for a renewal term of five (5) years.~~ ~~For a Concession Truck or Trailer, the~~ excluding any extensions or renewal options of such lease or sublease. The term for a Remote Mobile Unit is the shorter of WETZEL'S PRETZELS Bakery lease or temporary space lease. The term for a TWISTED BY WETZEL'S Bakery is ten years from opening. The term for a Concession Truck or Trailer is five years.
b. Renewal or extension of the term	4.5.2	For a WETZEL'S PRETZELS Bakery, if you meet conditions described in 17c, you may extend the term of your franchise for a renewal term of ten (10) years. Remote Mobile Unit renewal is tied to renewal of lease for WETZEL'S PRETZELS Bakery. For a TWISTED BY WETZEL'S Bakery, if you meet conditions described in 17c, you may extend the term of your franchise for a renewal term of five (5) years. For a Concession Truck or Trailer, the renewal term is five (5) years.

c. Requirements for franchisee to renew or extend	4.5.2	We use the term "renewal" to refer to extending our franchise relationship at the end of your initial term (and any other renewal or extension of the initial term). Upon renewal, you will be required to sign a new franchise agreement that may have materially different terms and conditions. Other conditions include: be in good standing, give timely notice, remodel the Bakery or the Concession Truck or Trailer, as applicable, remodel the equipment, renew lease or sublease, as applicable, agree to employ a general contractor and/or designated construction manager, complete supplemental training, if required by us, and pay fee and sign release. If you sublease your premises from us, we are not obligated to renew our master lease at the expiration of the current or any subsequent term, and if we elect not to do so, it will be your responsibility to obtain a new direct lease with the landlord in order to renew your franchise.
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable

f.	Termination by franchisor with cause	10.2.1	We can terminate only upon uncured or non-curable material event of default.
g.	"Cause" defined – curable defaults	10.2.2(a)-(d) and (q)	You have 5 days after notice to cure non-payment defaults and 30 days to cure other curable defaults. Curable defaults include those specified in any (sub)lease or any other agreement between you and us and are also defaults which must be cured within the time specified in those agreements.
h.	"Cause" defined –non-curable defaults	10.2.2(e)-(q)	Non-curable defaults include failure to successfully complete initial training, misuse of marks, misrepresentation in securing franchise, abandonment, repeated defaults, unapproved transfer, insolvency, conviction of criminal conduct, competition with Franchise Network, and non-curable defaults specified in any (sub)lease or any other agreement between you and us. ~~Option terminates if you do not accept a proposed site in the optioned mall.~~
i.	Franchisee's obligations on termination/ non-renewal	10.3	Complete de-identification, payment of amounts due, honoring option to purchase, assigning phone numbers, and more.
j.	Assignment of contract by franchisor	9.7	May assign to company that we reasonably believe can perform obligations and that promises in writing to perform obligations.
k.	"Transfer" by franchisee – defined	3.~~13~~16	Includes lien or transfer of agreement or sale of assets or ownership change.
l.	Franchisor approval of transfer by franchisee	9.~~3~~4	We have the right to approve all Transfers but will not unreasonably withhold approval. Remote Mobile Unit must transfer with Bakery if landlord agrees.

~~m.~~ Conditions for franchisor approval of transfer	9.2 – 9.4	Except as describe below, you may not transfer your Franchise Agreement except with our written consent. You may transfer the Franchise Agreement to an entity of which you directly own 100% interest for convenience of ownership. If the new franchisee is a business entity, all holders of a 10% or greater interest in the new franchisee must sign a guaranty. You must reimburse us for all costs and expenses that we incur in connection with such a transfer, including attorneys' fees. With our written consent, you may transfer the Franchise Agreement to a new franchisee provided that the new franchisee qualifies, the transfer fee ~~i s~~is paid, the purchase agreement approved, training is completed, a release signed, and the new franchisee signs current agreement. Before shares of a Franchisee which is a business entity may be offered by private offering, you must provide us with copies of all offering materials; indemnify us, our affiliates, officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each in connection with the offering; and pay us a non-refundable fee to reimburse us for our costs and expenses associated with reviewing the offering materials.
n. Franchisor's right of first refusal to acquire franchisee's business	9.3	We have the right to match any offer to buy your business, exercisable within thirty (30) days of receiving the required written notice.
o. Franchisor's option to purchase franchisee's business	10.3(f)	We have an option but not the obligation to buy any of the assets of your business upon termination.
p. Death or disability of franchisee	9.6	Heirs must qualify within sixty (60) days of your death or have ~~six (6) months to sell.~~an additional one hundred twenty

		(120) days from the
		disapproval of the transfer or the end of the sixty (60) day period, whichever is first, to find and notify us of a proposed transfer to a qualified transferee.
q. Non-competition covenants during the term of the franchise	8.6, Attachment ~~7~~8	Unless we otherwise consent, you can not engage in "Competitive Activities" defined as owning, operating, lending to, advising, being employed by, or having any financial interest in (i) any bakery, concession truck or trailer or business that specializes in preparation, production or sale, at retail or wholesale, of any food product or any other featured menu item which is now or in the future an Authorized Wetzel's Pretzels® Product, other than a Bakery or Concession Truck or Trailer operated pursuant to a validly subsisting franchise agreement with us. "Competitive Activities" does not include the direct or indirect ownership solely as an investment, of securities of any entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, the entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of the entity.
r. Non-competition covenants after the franchise is terminated or expires	8.6, Attachment ~~7~~8	If your Franchised Business is a Bakery, then, except with our express written consent, you may not have any involvement in any Competitive Activities, as defined above, for twenty-four (24) months within the Protected Area, within five (5) miles of the Protected Area, within the protected area of any other Wetzel's Pretzels® Bakery or within five (5) miles of the protected area of any other Wetzel's Pretzels® Bakery.

s. Modification of the agreement	11.4	Modification of agreement only by written agreement of parties; Manual may change from time to time.

t. Integration/merger clause	11.6	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.

u. Dispute resolution by arbitration or mediation	11.7, 11.8	Mediation and/or arbitration will be conducted under the rules of the AAA in Los Angeles County, California.
v. Choice of forum	Not applicable	None, except in arbitration clause.
w. Choice of law	11.2	Federal law governs arbitration and trademark rights. Otherwise, the law of your State.

~~**This table lists certain important provisions of the Multi-Unit Development Agreement. You should read these provisions in the agreement attached to this disclosure document.**~~

~~Provision~~	~~Section in Multi-Unit Development Agreement~~	~~Summary~~
~~a. Term of the license~~	~~§ 4.1~~	~~Typically 3 years or until you sign a franchise agreement for your last Bakery necessary to satisfy your Development Obligation, whichever is earlier.~~
~~b. Renewal or extension of the term~~	~~§ 4.2~~	~~You do not have the right to renew your Multi-Unit Development Agreement. However, if we determine that further development of your Development Area is desirable, if you are in good standing and you are not in default under your Multi-Unit Development Agreement, we will offer you the opportunity to develop additional Bakeries under a new Multi-Unit Development Agreement.~~
~~c. Requirements for you to renew or extend~~	~~§§ 4.3–4.4~~	~~We use the term "renewal" to refer to extending our franchise relationship at the end of your initial term (and any other renewal or extension of the initial term) and you must, at our option, sign a new Multi-Unit Development agreement that may have materially different terms and conditions than your original contract.~~ ~~You must sign a new Multi-Unit Development Agreement on our then current form, which will contain your additional development obligation. You and your affiliates who have a currently existing franchise agreement or Multi-Unit Development agreement with us must sign a general release.~~
~~d. Termination by you~~	~~None~~	~~Not Applicable~~

e. Termination by Us without	None	Not Applicable
f. Termination by Us with cause	§ 9.1	We can terminate if you or any of your affiliates materially default under the Multi-Unit Development Agreement, an individual franchise agreement, or any other agreement with us or any of our affiliates.
g. "Cause" defined – defaults which can be cured	§ 9.1	You have You have 5 days to cure non-payment of fees and 10 days to cure any other default, provided that in the case of a breach or default in the performance of your obligations under any franchise agreement or other agreement, the notice and cure provisions of such agreement will control.
h. "Cause" defined – defaults which cannot be cured	§ 9.1	Non-curable defaults include: unapproved transfers; failure to meet development obligations, and any breach of unfair competition provisions.
i. Your obligations on termination/non-renewal	§ 4.5	You will have no further right to develop or operate additional Bakeries which are not, at the time of termination, the subject of a then-existing franchise agreement between you and us. You may continue to own and operate all Bakeries pursuant to then- existing franchise agreements.
j. Assignment of contract by Us	§ 7.1	No restriction on our right to assign.
k. "Transfer" by you – definition	§ 7.3	Includes transfer of the agreement or change in ownership of a franchisee which is an entity.
l. Our approval of transfer by you	§ 7.3	Transfers require our express written consent, which consent may be withheld for any reason at all in our sole judgment.

m. Conditions for our approval of transfer	§§ 7.2 and 7.3	Except as describe below, you may not transfer your Multi-Unit Development Agreement or any franchise agreement signed pursuant to the Multi-Unit Development Agreement except with our written consent and a simultaneous assignment of the Multi-Unit Development Agreement and all franchise agreements signed pursuant to the Multi-Unit Development Agreement to the same assignee. With our written consent, you may transfer a franchise agreement to an entity of which you directly own 100% interest for convenience of ownership. If the new franchisee is a business entity, all holders of a 10% or greater interest in the new franchisee must sign a guaranty. You must reimburse us for all costs and expenses that we incur in connection with such a transfer, including attorneys' fees. At our election, the assignee must sign our then current form of franchise agreement for each Bakery then developed or under development. Before shares of a Franchisee which is a business entity may be offered by private offering, you must provide us with copies of all offering materials; indemnify us, our Affiliates, officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each in connection with the offering; and pay us a non-refundable $5,000 fee to reimburse us for our costs and expenses associated with reviewing the proposed offering.
n. Our right of first refusal to acquire your business	§ 7.3	We can match any offer for your business.

o. Our option to purchase your business	§ 7.3	We have the right to purchase all assets of your business, including all fixtures, equipment, inventory and contract rights, free and clear of all liens and encumbrances at any time after the earlier of: (a) twenty four (24) months after the opening date of the first Bakery you open under the Multi-Unit Development Agreement; or (b) the day that your Multi-Unit Development Agreement is terminated, if terminated due to your failure to meet your development obligation. The purchase price will, at your option, be either (i) (a) 5 times your Bakery-Level EBITDA for the previous 12 months for Bakeries that have been open and operating for more than twelve (12) months, plus (b) the initial franchisee fee and certain costs for Bakeries that have not opened or have not been open and operating for twelve (12) months; or (ii) the fair market value of the assets. If you do not make a timely selection of the methodology, then the methodology used will be determined by us. You must make customary representations and warranties to us.
p. Your death or disability	§§ 7.3 and 9.1	Your heirs have sixty (60) days after your death or legal incapacity to assign the Multi-Unit Development Agreement to a person acceptable to us. See also "m" above.

q. Non-competition covenants during the term of the franchise	§ 8.1	Unless we otherwise consent, you can not engage in "Competitive Activities" defined as owning, operating, lending to, advising, being employed by, or having any financial interest in (i) any bakery or business that specializes in preparation, production or sale, at retail or wholesale, of any food product or any other featured menu item which is now or in the future an Authorized Wetzel's Pretzels® Product, other than a Bakery operated pursuant to a validly subsisting franchise agreement with us. "Competitive Activities" does not include the direct or indirect ownership solely as an investment, of securities of any entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, the entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of the entity.
r. Non-competition covenants after the franchise is terminated or expires	§ 8.2	Except with our express written consent, no involvement in any Competitive Activities, as defined above, for twenty-four (24) months within the Development Area, within five miles of the Development Area, within any protected area assigned under any franchise agreement entered into in connection with the Multi-Unit Development Agreement, within five miles of any protected area assigned under any franchise agreement entered into in connection with the Multi Unit Development Agreement, within the protected area of any other Wetzel's Pretzels® Bakery or within five miles of the protected area of any other Wetzel's Pretzels® Bakery.
s. Modification of the agreement	§ 10.9	The agreement may be modified only by written agreement between the parties.
t. Integration/ merger clause	§ 10.9	Only the terms of the Multi-Unit Development Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Multi-Unit Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	§§ 10.17 and 10.18	Mediation and/or arbitration will be conducted under the rules of the AAA in Los Angeles County, California.
v. Choice of forum	§§ 10.15, 10.17 and 10.18	None, except in arbitration clause.

~~w. Choice of law~~	~~§ 10.8~~	~~The laws of the State in which the Development Area is located apply.~~

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

ITEM 18: PUBLIC FIGURES

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

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

Other than this Item 19, we do not make any financial performance representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it immediately to the franchisor's management by contacting Jon Fischer, Wetzel's Pretzels, LLC, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, telephone (626) 432-6900, the Federal Trade Commission and the appropriate state regulatory agencies.

As used in this Item 19, the term "Adjusted Gross Revenue" has the definition given to it in-

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

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

The information presented in this Item 19 also excludes sales information from (a) affiliate- owned WETZEL'S PRETZELS® Bakeries, (b) WETZEL'S PRETZELS® Bakeries that were not open at the start of fiscal 2023 or that were not continuously ~~open and~~ operating under the same franchise owner throughout the ~~2022 calendar~~2023 fiscal year, or that did not record at least 27 weeks of sales, and (c) WETZEL'S PRETZELS® Bakeries that submitted late, incomplete, or illegible financial information, experienced hardware or software technical issues that inhibited proper reporting, or submitted such information in an unacceptable format.

~~reporting, or submitted such information in an unacceptable format.~~

	All Franchised WETZEL'S PRETZELS® Bakeries	WETZEL'S PRETZELS® Bakeries in Entertainment Center locations	WETZEL'S PRETZELS® Bakeries in Outlet Malls	WETZEL'S PRETZELS® Bakeries in Regional Malls	WETZEL'S PRETZELS® Bakeries in NTO/Transit Locations	WETZEL'S PRETZELS® Bakeries in Walmart Store Locations	WETZEL'S PRETZELS® Concession Trucks or Trailers
Sample Size	~~239~~243	~~9~~10	~~34~~32	~~160~~159	~~14~~16	~~16~~18	~~6~~8
Average Adj. Gross Revenues	~~856,793~~871,649	~~869,857~~1,004,096	~~982,554~~1,066,886	~~913,837~~915,662	~~580,024~~642,629	~~500,337~~541,165	~~199,753~~252,011
% of WETZEL'S PRETZELS® Bakeries at or Above Average	~~41~~39%	~~44~~50%	~~35~~38%	~~41~~40%	~~36~~31%	~~38~~56%	50%
# of WETZEL'S PRETZELS® Bakeries at or Above Average	~~97~~95	~~4~~5	12	~~65~~64	5	~~6~~10	~~3~~4
Highest Adj. Gross Revenues	2,~~606,696~~550,874	1,~~509,371~~892,471	2,~~311,029~~459,967	2,~~606,696~~550,874	1,~~717,468~~866,388	1,~~042,089~~039,705	~~273,522~~376,187
Median Adj. Gross Revenues	~~767,795~~787,619	~~714,446~~885,112	~~837,140~~885,107	~~809,993~~820,994	~~395,745~~423,863	~~452,468~~551,601	~~195,672~~260,888
Lowest Adj. Gross Revenues	~~58,077~~80,835	~~391,147~~359,710	~~152,878~~226,411	~~240,851~~279,069	~~58,077~~80,835	~~235,686~~207,492	~~129,321~~126,694
Average # of weeks with sales in FY ~~2022~~2023 (out of 52 weeks)	51.~~7~~3	~~50.7~~47.2	~~52.0~~51.9	51.~~9~~8	51.~~6~~4	51.~~8~~6	~~46.5~~43.3

Notes to Table 1:

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

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

another location within the same mall. Your total Adjusted Gross Revenue may depend on whether you operate a Remote Mobile Unit in addition to your WETZEL'S PRETZELS® Bakery.

3. Of the 194191 WETZEL'S PRETZELS® Bakeries located in Regional Malls and Outlet Malls that were open for 12 months ended January 1November 30, 2023, 159158 WETZEL'S PRETZELS® Bakeries operate without an RMU and 3533 WETZEL'S PRETZELS® Bakeries operate with an RMU. The 159158 WETZEL'S PRETZELS® Bakeries that operate without an RMU achieve Average Adjusted Gross Revenues of $805,645 and832,552and a Median Adjusted Gross Revenues of $769,624794,625. 44.73% of the WETZEL'S PRETZELS® Bakeries that operate without an RMU achieve Average Adjusted Gross Revenues in excess of $769,624. The 35 832,552. 51.5% of the WETZEL'S PRETZELS® Bakeries that operate without an RMU achieve Median Adjusted Gross Revenues in excess of $794,625. The 33 WETZEL'S PRETZELS Bakeries that operate with an RMU achieve Average Adjusted Gross Revenues of $1,472,092460,224 and a Median Adjusted Gross Revenues of $1,490,398. 54.3524,517. 51.5% of WETZEL'S PRETZELS® Bakeries that operate with an RMU achieve Average Adjusted Gross Revenues in excess of
2. $1,460,224. 48.5% of WETZEL'S PRETZELS Bakeries that operate with an RMU achieve Median Adjusted Gross Revenues in excess of $1,472,092524,517.

4. The above chart includes 239243 WETZEL'S PRETZELS® Bakeries that were open for 12 months ended January 1November 30, 2023, and recorded sales for a majority (27 or more) of the 52 weeks of the fiscal year ending January 1November 30, 2023. Of the 239243 WETZEL'S PRETZELS® Bakeries, 26 were in Arizona, 128127 in California, 1 in Colorado, 2 in Connecticut, 2 in2in Florida, 1 in Georgia, 1 in
Iowa, 34 in Idaho, 8 in Illinois, 3 in Indiana, 23 in Maryland, 3 in Massachusetts, 2 in Michigan,
3. 2 in Minnesota, 21 in Missouri, 4 in Nevada, 10 in New Jersey, 67 in New York, 5 in Oregon, 1 in Pennsylvania, 7 in Puerto Rico, 1 in Tennessee, 1516 in Texas, 1 in Utah, and 45 in Washington. The franchises are substantially similar to those being offered in this disclosure document.

5.4. The figures for franchised WETZEL'S PRETZELS® Bakeries were provided to Wetzel's Pretzels by franchisees. In all cases the Adjusted Gross Revenue figures have been used by us as the basis for collecting Royalties and calculating the Advertising Fund Contribution. In many instances, we have not audited these figures, nor have we independently confirmed their accuracy.

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

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

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

Regional Malls: For purposes of Table 1, the term Regional Malls meanmeans all types of malls-

other than Outlet Malls.

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

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

~~7.~~ Each of the WETZEL'S PRETZELS® Bakeries used in compiling the figures in Table 1 above

6. had been in operation for at least 12 months. In most cases financial performance, revenues and overall results for WETZEL'S PRETZELS® Bakeries are materially less favorable during a WETZEL'S PRETZELS® Bakery's first 12 months of operation.

~~8.~~7. The last row in the table titled "**Average # of weeks with sales in FY 2023~~2022~~ (out of 52 weeks)**" identifies the average number of weeks during fiscal year 2023~~2022~~ during which sales were recorded. Some formats, particularly, Wetzel's Pretzels® Concession Trucks or Trailers tend not to be open and operating every week of the year for reasons that include, vacation time, weather, and truck repair.

TABLE 2: 2023~~2022~~ ADJUSTED ANNUAL GROSS REVENUES FOR REGIONAL MALLS AND OUTLET MALLS (WETZEL'S PRETZELS® BAKERIES ONLY)

Systemwide - Regional Malls and Outlet Malls			
Adj. Gross Revenues Range	**Low**	**High**	**Number of WETZEL'S PRETZELS® Bakery Franchises**
1	$700,000	and up	~~124~~126
2	$550,000	$699,999.99	~~28~~27
3	$400,000	$549,999.99	~~23~~22
4	$250,000	$399,999.99	~~14~~15
5	Up to	$249,999.00	~~5~~1

Note to Table 2:

1. Because, as of ~~January 2~~November 30, 2023, ~~81~~79% of our franchisees operate a WETZEL'S PRETZELS® Bakery within a Regional Mall or Outlet Mall, we have provided a further breakdown of the Adjusted Gross Revenues for those WETZEL'S PRETZELS® Bakeries that are operated in Regional Malls or Outlet Malls.

General Notes to Item 19:

1. **Some WETZEL'S PRETZELS® Bakeries have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.**

2. Your sales will be affected by your own operational ability, which may include your experience

with managing a business, your capital and financing (including working capital), continual training of you and your staff, customer service orientation, product quality, your business plan, and the use of experts, e.g., an accountant, to assist you with your business plans. Your sales also may be affected by franchise location and site criteria, including traffic count, brand awareness and brand development in local markets, local household income, residential and/or daytime populations, ease of ingress and egress, parking, visibility of your sign, physical condition of premises, number and type of other businesses around your location, competition, inflation, economic conditions, seasonal conditions (particularly in colder climates), inclement weather (e.g., hurricanes), changes in the Homeland Security threat level, etc.

3. Many of the WETZEL'S PRETZELS Bakeries represented in this financial performance representation have operated for many years, have had time to develop brand awareness locally through grass roots promotional efforts, marketing efforts, and community involvement, and have had time to develop a base of customers that help provide a recurring revenue stream. New franchisees developing Bakeries in new markets where there is limited brand awareness and limited unit development may need to take more time and make more effort to build marketing effectiveness, brand awareness, a base of customers, and operational efficiencies. New markets often require franchisees to undertake additional local grass roots outreach to build affinity at the community level, to offer discounts to encourage customers to try the WETZEL'S PRETZELS Bakery as an outreach to new potential guests. Local efforts are required to enhance the impact of other forms of marketing, including national digital and social media exposure we may provide. From an operational standpoint, new markets often lack the density of Bakeries necessary to help build greater supply chain distribution efficiencies. These elements may affect your results and the time necessary to build your business.

4. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

5. We encourage you to consult with your own accounting, business, and legal advisors to assist you to prepare your budgets and projections, and to assess the likely or potential financial performance of your franchise. We also encourage you to contact existing franchisees to discuss their experiences with the system and their franchise business.

TABLE 3A: ADJUSTED GROSS REVENUES, COSTS OF GOODS SOLD AND OPERATING EXPENSES FOR 2022 (WETZEL'S PRETZELS REGIONAL MALLS AND OUTLET MALLS BAKERIES ONLY)

All Regions	Average	% of Net Sales	% of WETZEL'S PRETZELS Bakeries at or Above Average	# of WETZEL'S PRETZELS Bakeries at or Above Average
Net Sales	$956,895	100.0%	37.3%	48
Costs of Goods Sold	$199,287	20.8%	38.6%	64
Gross Profit	$757,609	79.2%		
Operating Expenses:				
Labor	$254,569	26.6%	42.2%	70
Rent	$146,117	15.3%	38.6%	64
Other Expenses	$143,534	15.0%	37.3%	62
Total Expenses	$544,220	56.9%	29.7%	65

Net Operating Income	$213,388	22.3%	42.2%	70

TABLE 3B: LOWEST, MEDIAN AND HIGHEST ADJUSTED GROSS REVENUES, COSTS OF GOODS SOLD AND OPERATING EXPENSES FOR 2022 (WETZEL'S PRETZELS REGIONAL MALLS AND OUTLET MALLS BAKERIES ONLY)

All Regions	Lowest	Median	Highest
Net Sales	$194,775	$822,112	$2,597,664
Costs of Goods Sold	$33,301	$174,576	$524,480
Gross Profit	$119,030	$659,246	$2,073,184
Operating Expenses:			
Labor	$15,951	$226,434	$646,143
Rent	$15,392	$124,665	$490,353
Other Expenses	$29,216	$123,317	$389,650
Total Expenses	$151,051	$490,093	$1,525,572
Net Operating Income	-$100,120	$183,578	$755,574

Notes to Tables 3A and 3B:

1. This section is based on the unaudited sales and operating costs reported for 200 franchised regional mall or outlet mall stores that were open and operating for the full 2022 calendar year, and for which the franchisee submitted profit and loss statements in the appropriate format for this period ("**Benchmark Stores**"). Although we have no information or basis to believe the data regarding Benchmark Stores is inaccurate, we have relied on the data reported by franchisees and have not formally audited it. We are pursuing initiatives to automate profit and loss reporting with the goal of further increasing the amount and accuracy of the available data. Note: As franchised stores have approximately 120 days to submit year-end financial statements, 2023 sales and operating costs are not currently available. Thought the numbers appear to accurately reflect the level of results expected, there is no guarantee that they are in whole or part correct.

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

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

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

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

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

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

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

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

Net Operating Income – Gross Profit minus Total Expenses.

General® Notes to Item 19:

1. **Some WETZEL'S PRETZELS Bakeries have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.**

2. Your sales will be affected by your own operational ability, which may include your experience with managing a business, your capital and financing (including working capital), continual training of you and your staff, customer service orientation, product quality, your business plan, and the use of experts, e.g., an accountant, to assist you with your business plans. Your sales also may be affected by franchise location and site criteria, including traffic count, brand awareness and brand development in local markets, local household income, residential and/or daytime populations, ease of ingress and egress, parking, visibility of your sign, physical condition of premises, number and type of other businesses around your location, competition, inflation, economic conditions, seasonal conditions (particularly in colder climates), inclement weather (e.g., hurricanes), changes in the Homeland Security threat level, etc.

3. Many of the WETZEL'S PRETZELS Bakeries represented in this financial performance representation have operated for many years, have had time to develop brand awareness locally through grass roots promotional efforts, marketing efforts, and community involvement, and have had time to develop a base of customers that help provide a recurring revenue stream. New franchisees developing Bakeries in new markets where there is limited brand awareness and limited unit development may need to take more time and make more effort to build marketing effectiveness, brand awareness, a base of customers, and operational efficiencies. New markets often require franchisees to undertake additional local grass roots outreach to build affinity at the community level, to offer discounts to encourage customers to try the WETZEL'S PRETZELS® Bakery as an outreach to new potential guests. Local efforts are required to enhance the impact of other forms of marketing, including national digital and social media exposure we may provide. From an operational standpoint, new markets often lack the density of Bakeries necessary to help build greater supply chain distribution efficiencies. These elements may affect your results and the time necessary to build your business.

4. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

5. We encourage you to consult with your own accounting, business, and legal advisors to assist you to prepare your budgets and projections, and to assess the likely or potential financial performance of your franchise. We also encourage you to contact existing franchisees to discuss their experiences with the system and their franchise business.

ITEM 20:——OUTLETS AND FRANCHISEE INFORMATION

We have revised our fiscal year so that it now ends November 30th rather than on or about

December 31st. The 2023 and 2022 figures are reported as of our fiscal year ending November 30, ~~2022. The 2021 figures are reported on a fiscal year ending January 2, 2022. The 2020 figures are reported as of our fiscal year ending December 27, 2020.~~

2023. The 2021 figures are reported on a fiscal year ending January 2, 2022.

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

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS ~~2020~~2021 THROUGH 2023~~2022~~

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	~~2020~~2021	~~313~~306	~~306~~309 (3)	~~-7~~3(3)
	2022	309	322 (4)	13(4)
	2023	322	347 (1)(2)	25 (1)(2)
Company-Owned	2021	30	33	3
	2022	33	38 (5)	5 (5)
	2023	38	40 (6)	2 (6)
Total Outlets	2021	336	342 (3)	6 (3)
	2022	342	360 (4)	18(4)
	2023	360	387(1)(2)	27 (1)(2)

	2021	306	310	4
	2022	310	322	12
Company-Owned	2020	26	30	4
	2021	30	33	3
	2022	33	38	5
Total Outlets	2020	339	336	-3
	2021	336	343	7
	2022	343	360	17

(1) Includes 3 Twisted by Wetzel's outlets as noted in the other tables as well.
(2) Includes 17 WETZEL'S PRETZELS® Concession Truck or Trailer outlets including 10 of which were opened in the 2023 Fiscal year and accounts for one closure.
(3) Includes 3 WETZEL'S PRETZELS® Concession Truck or Trailer outlets that opened that fiscal year
(4) Includes 6 WETZEL'S PRETZELS® Concession Truck or Trailer outlets that opened during the 2022 fiscal year and 1 that closed
(5) Includes 1 WETZEL'S PRETZELS® Concession Truck or Trailer outlets opened during the same fiscal year
(6) Includes 2 WETZEL'S PRETZELS® Concession Truck or Trailer outlets including one opened during the same fiscal year.

TABLE NO. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS OTHER THAN WETZEL'S PRETZELS FOR YEARS 20202021 THROUGH 20232022

State	Year	Number of Transf
Arizona	20202021	01
	2021	1
	2022	0
	2023	1
California	20202021	1
	2021	6
	2022	16
Idaho	2020	0
	2021	4
	2022	0
Maryland	2020	2
	2021	0
	2022	0

~~Michigan~~	~~2020~~	~~0~~
	~~2021~~	~~1~~
	~~2022~~	~~0~~
~~Minnesota~~	~~2020~~	~~0~~
	~~2021~~	~~0~~
	~~2022~~	~~1~~
~~New York~~	~~2020~~	~~1~~
	~~2021~~	~~0~~
	2023	9
Florida	2021	0
	2022	0
~~Puerto Rico~~	~~2020~~2023	0
Idaho	2021	4
	2022	0
	2023	0
Illinois	2021	0
	2022	~~1~~0
~~Washington~~	~~2020~~2023	0
Indiana	2021	0
	2022	0
	2023	0
Maryland	2021	0
	2022	0
	2023	0
Massachusetts	2021	0
	2022	0
	2023	0
Michigan	2021	1
	2022	0
	2023	0
Minnesota	2021	0
	2022	1
~~Totals~~	~~2020~~2	~~3~~0

	023	
Nevada	2021	~~7~~0
	2022	~~9~~0
	2023	0
New York	2021	0
	2022	0
	2023	0
Oregon	2021	0
	2022	0
	2023	0
Puerto Rico	2021	0
	2022	1
	2023	0
Tennessee	2021	0
	2022	0
	2023	1
Texas	2021	0
	2022	0
	2023	2
Washington	2021	0
	2022	1
	2023	1
Totals	2021	7
	2022	9
	2023	14

* No WETZEL'S PRETZELS Concession Truck or Trailer or TWISTED BY WETZEL'S Bakery outlets were transferred during any of the 3 above fiscal years

TABLE NO. 3-

STATUS OF FRANCHISED OUTLETS FOR YEARS ~~2020~~2021 THROUGH ~~2022~~2023

State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	~~Reacquired~~ Reacquired by Franchisor	Ceased ~~Operations~~ Operations - Other Reasons	Outlets at End of the Year
~~AZ~~	~~2020~~	~~33~~	~~2~~	~~0~~	~~1~~	~~0~~	~~1~~	~~33~~
	2021	33	2	0	~~1~~2	0	0	~~34~~33

AZ								
	2022	3433	2 (4)	0	0	0	0	3635 (4)
CA	20202023	16535	75 (1) (5)	0	0	0	50	16740 (1) (5)
CA	2021	167	11 (3)	0	1	0	5	172 (3)
	2022	172	8 (4)	02	10	0	32	176
	2023	176	20 (2) (5)	2	1	0	1	192 (2) (5)
CO	20212020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	1	0	0	1
CT	20202023	41	0	0	0	0	10	31
CT	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
FL	20202023	53	0	0	0	0	30	23
FL	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
GA	20202023	13	01	0	0	0	0	14
GA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
ID	2021	4	0	0	0	0	0	4

~~ID~~	~~2020~~2022	~~5~~4	0	0	0	0	~~1~~0	4
	~~2020~~2023	4	0	0	0	0	0	4
IL	2021~~20~~ ~~22~~	~~4~~11	0	0	0	0	0	~~4~~11
~~IL~~	~~2020~~2022	~~12~~11	~~0~~1	0	~~0~~1	0	~~1~~0	11
	2023~~2~~ ~~021~~	11	~~0~~1	0	0	0	0	~~11~~12
IN	2021~~20~~ ~~22~~	~~11~~5	~~1~~0	0	~~1~~0	0	0	~~11~~5
~~IN~~	~~2020~~2022	~~4~~5	~~1~~0	0	0	0	~~0~~1	~~5~~4
	2023~~2~~ ~~021~~	~~5~~4	0	0	0	0	0	~~5~~4
IA	2021~~20~~ ~~22~~	~~5~~2	0	0	0	0	1	~~4~~1
~~IA~~	~~2020~~2022	~~2~~1	0	0	0	0	0	~~2~~1
	~~2021~~2023	~~2~~1	0	0	0	0	~~1~~0	1
MD	2021~~2~~ ~~022~~	~~1~~2	0	0	0	0	0	~~1~~2
~~MD~~	~~2020~~2022	~~3~~2	~~0~~1 [(4)]	0	0	0	~~1~~0	~~2~~3 [(4)]
	~~2021~~2023	~~2~~3	0	0	0	0	0	~~2~~3
MA	2021~~2~~ ~~022~~	~~2~~3	~~1~~0	0	0	0	0	3
~~MA~~	~~2020~~2022	3	0	0	0	0	0	3
	~~2021~~2023	3	0	0	0	0	0	3
MI	2021~~2~~ ~~022~~	~~3~~2	~~0~~1	0	~~0~~1	0	0	~~3~~2
~~MI~~	~~2020~~2022	~~3~~2	0	0	0	0	~~1~~0	2
	~~2021~~2023	2	~~1~~2[(5)]	0	~~1~~0	0	0	~~2~~4[(5)]
	2021~~2~~	~~2~~3	0	0	0	0	~~0~~1	2

MN	022							
MN	20202022	32	0	0	0	0	0	32
	20232021	32	0	0	0	0	10	2
MO	20212022	2	0	0	0	0	0	2
MO	20202022	2	0	0	0	0	0	2
	20232021	2	0	0	01	0	0	21
NV	20212022	24	01	0	0	0	0	25
NV	20202022	35	10	0	0	0	0	45
	20232021	45	1	0	0	0	0	56
NH	20212022	51	0	0	01	0	0	50
NH	20202022	10	0	0	0	0	0	10
	20232021	10	0	0	10	0	0	0
NJ	20222021	012	0	0	0	0	0	012
NJ	20202022	912	31	0	0	0	0	1213
	20232021	1213	02(5)	0	0	0	01	1214(5)
NY	20222021	129	10	0	0	0	0	139
NY	20202022	119	03	0	01	0	21	910
	20232021	910	02	02	02	0	0	98

	~~2022~~	~~9~~	~~2~~	~~0~~	~~1~~	~~0~~	~~1~~	~~9~~
OH	~~2012~~2021	0	0	0	0	0	0	0
	2022~~2021~~	0	0	0	0	0	0	0
	~~2022~~2023	0	0	0	0	0	0	0
~~OR~~	~~2020~~	~~5~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~5~~
OR	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
~~PA~~	~~2020~~2023	~~2~~5	~~1~~0	0	0	0	0	~~3~~5
PA	2021	3	0	0	0	0	2	1
	2022	1	0	0	0	0	0	1
~~PR~~	~~2020~~2023	~~8~~1	0	0	0	0	0	~~8~~1
PR	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
~~TN~~	~~2020~~2023	~~0~~8	~~1~~0	0	0	0	0	~~1~~8
TN	2021	1	0	0	0	0	0	1
	2022	1	1[(4)]	0	0	0	0	2[(4)]
~~TX~~	~~2020~~2023	~~19~~2	0	0	0	0	~~4~~0	~~15~~2
TX	2021	15	1[(3)]	0	0	0	0	16[(3)]
	2022	16	3[(4)]	0	0	0	1[(3)]	18[(3) (4)]
~~UT~~	~~2020~~2023	~~1~~18	~~0~~2[(5)]	0	0	0	~~1~~0	~~0~~20[(5)]
UT	2021	0	1[(3)]	0	0	0	0	1[(3)]
	2022	1	1	0	0	0	0	2
~~VA~~	~~2020~~2023	~~0~~2	0	0	0	0	~~0~~1	~~0~~1[(5)]

VA	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
~~WA~~	~~2020~~2023	~~7~~0	~~1~~0	0	0	0	~~2~~0	~~6~~0
WA	2021	6	0	0	0	0	1	5
	2022	5	2	0	0	0	0	7
~~Totals~~	~~2020~~2023	~~313~~7	~~17~~0	0	~~1~~0	0	~~23~~0	~~306~~7
Totals	**2021**	**306**	**18**(3)	**0**	**~~4~~5**	**0**	**10**	**~~310~~309**(3)
	2022	**~~310~~309**	**~~22~~23**(4)	**~~0~~2**	**4**	**0**	**6**(4)	**322**
	2023	**322**	**36**(1) (2) (5)	**4**	**4**	**0**	**3**	**347**(1) (2) (5)

(1) includes 1 TWISTED BY WETZEL'S Bakery outlets that opened in AZ
(2) includes 2 TWISTED BY WETZEL'S Bakery outlets that opened in CA
(3) includes 3 WETZEL'S PRETZELS Concession Truck or Trailer outlets that opened in 2021 in CA, TX and UT
(4) includes 6 WETZEL'S PRETZELS Concession Truck or Trailer that opened in 2022 in AZ, CA, MD, TN and TX and 1 that closed in TX
(5) includes 10 WETZEL'S PRETZELS Concession Truck or Trailer that opened in 2023 in AZ, CA, MI, NJ and TX and 1 that closed in UT

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS ~~2020~~2021 THROUGH ~~2022~~2023

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets ~~Reacquired~~ Reacquired From Franchisee	Outlets Closed	Outlets Sold to ~~Franchisee~~ Franchisee	Outlets at End of the Year
CA	~~2020~~2021	9	~~0~~2	0	0	0	~~9~~11
	2022~~2021~~	~~9~~11	2 (1)	0	0	0	~~11~~13 (1)
	~~2022~~2023	~~11~~13	3(2)	0	0	0	~~13~~16(2)
CO	~~2020~~2021	~~4~~5	~~2~~1	0	~~1~~0	0	~~5~~6
	2022~~2021~~	~~5~~6	~~1~~0	0	0	0	6
	~~2022~~2023	6	0	0	0	0	6
FL	~~2020~~2021	~~7~~8	~~1~~3	0	0	0	~~8~~11
	2022~~2021~~	~~8~~11	~~3~~2 (1)	0	0	0	~~11~~13(1)
	~~2022~~2023	~~11~~13	~~2~~0	0	~~0~~1	0	~~13~~12
NV	~~2020~~2021	5	0	0	0	0	5
	2022~~2021~~	5	~~0~~1	0	0	0	~~5~~6
	~~2022~~2023	~~5~~6	0	0	0	0	~~5~~6
Totals	~~2020~~2021	~~25~~27	~~3~~6	**0**	~~1~~0	**0**	~~27~~33
	2022~~2021~~	~~27~~33	~~6~~5(1)	**0**	**0**	**0**	~~33~~38(1)
	~~2022~~2023	~~33~~38	~~5~~3(2)	**0**	~~0~~1	**0**	~~38~~40(2)

(1) Includes two WETZEL'S PRETZELS Concession Truck or Trailer outlets that opened during the 2022 fiscal year in CA & FL.
(2) Includes one WETZEL'S PRETZELS Concession Truck or Trailer outlets that opened during the 2023 fiscal year in CA

TABLE NO. 5
PROJECTED OPENINGS AS OF NOVEMBER 30, ~~2022~~2023

State	Franchise Agreements Signed But Outlets Not Opened as of 11/30/23	Projected New Franchised Outlets in the Next Fiscal Year (~~2023~~2024)	Projected New Company-Owned Outlet in the Next Fiscal Year (~~2023~~2024)
Alabama	1	1	0
Arizona	2	2	0
California	34	~~24~~20	~~3~~0
~~Florida~~Colorado	1	1	0
Delaware~~Illinois~~	1	~~0~~1	0

Florida	3	5	0
Idaho	1	2	0
Illinois	1	2	0
Kansas	1	1	0
Maryland	1	1	0
Minnesota	0	2	0
Missouri	0	1	0
Nebraska	1	1	0
~~Michigan~~Nevada	1	1	~~0~~1
New Jersey	1	1	0
New Mexico	~~2~~1	1	0
New York	5	6	0
Tennessee	1	1	0
Texas	4	6	0
Utah	1	1	0
Washington	1	2	0
Virginia	1	1	0
TOTAL	**63**	**60**	**1**

~~New Jersey~~	~~3~~	~~3~~	~~0~~
~~New York~~	~~5~~	~~4~~	~~0~~
~~Texas~~	~~1~~	~~1~~	~~0~~
~~Washington~~	~~2~~	~~2~~	~~0~~
~~TOTAL~~	~~53~~	~~40~~	~~3~~

Attached as Exhibit E-1 to this disclosure document are the names, addresses and telephone numbers of all current franchisees as of November 30, ~~2022~~2023. This Exhibit also lists the addresses of the existing Remote Mobile Units.

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

with us within ten weeks of the disclosure document issuance date.

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

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

ITEM 21: FINANCIAL STATEMENTS

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

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

ITEM 22: CONTRACTS

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

TITLE OF AGREEMENT	EXHIBIT/ ATTACHMENT #	SIGNED BY
Franchise Agreement	Exhibit C	You and us
Special Release of Claims	Attachment 2	You
Authorization Agreement for Prearranged Payment	Attachment 3	You and your financial institution
Remote Mobile Unit Addendum to Franchise Agreement	Attachment 4	You and us
Assignment of Telephone Numbers, E-mail Address and URL's and Special Power of Attorney	Attachment 5	Franchisee
Nondisclosure and Noncompetition Agreement (in connection with the Franchise Agreement)	Attachment 7	Related Parties* and Certain Employees
Personal Guaranty and Subordination Agreement	Attachment 8	Officers, 10% shareholders, general partners and limited liability company members
Concession Truck or Trailer Amendment	Attachment 9	You and us
~~Multi-Unit Development Agreement~~	~~Exhibit D~~	~~You and us~~
~~Nondisclosure and Noncompetition Agreement (in connection with the Multi-Unit Development Agreement)~~	~~Exhibit D to the Multi-Unit Development Agreement~~	~~Related Parties* and Certain Employees~~
~~Equipment Rental Agreement~~	~~Exhibit F~~	~~You and us~~
Sublease Agreement	Exhibit G	You and us

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

ITEM 23: RECEIPTS

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

ADDENDUM TO
DISCLOSURE DOCUMENT:
STATE SPECIFIC DISCLOSURES

California

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

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

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

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

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

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

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

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

Hawaii

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

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

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

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

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

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

1. The following paragraph is added to Item 17:

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

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

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

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

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

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

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

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

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

Illinois

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

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

Indiana

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

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

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

Item 17.t is supplemented with the following language:

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

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

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

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

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

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

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

Maryland

Item 5 of the disclosure document is amended as follows:

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

Item 17 of the disclosure document is amended as follows:

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

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

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

Minnesota

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

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

1. The following special risk factor is added: **Supplier Control**: "You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

2. The following special risk factor is added: **Unopened Franchises**: "The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet."

3. The following paragraph is removed from Item 8: "By suggesting a particular site for the premises of a Bakery, we do not guarantee that the Bakery operating at that location will be successful. By negotiating or approving the lease, we do not guarantee that all its provisions will benefit you.

4. The following sentence is removed from Item 8: "we expressly disclaim any warranties or representations as to the condition of the goods or services, including, but not limited to, expressed or implied warranties as to merchantability or fitness for any intended purpose".

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

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

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

New York

~~1.~~5. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A-1 OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW

YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE-

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

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

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

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

~~2.~~6. The following is added at the end of Item 3:

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

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

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

~~C.~~ No such party has been convicted of a felony or pleaded nolo contendere to a felony

charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of

C. 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-

~~D.~~ securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

~~3.~~7. The following is added to the end of Item 4:

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

~~4.~~8. The following is added to the end of Item 5:

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

~~5.~~9. The following is added to the end of the "Summary" sections of Item 17I, titled **"Requirements for franchisee to renew or extend,"** and Item 17(m), entitled **"Conditions for franchisor approval of transfer"**:

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

~~6.~~10. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee"**:

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

~~7.~~11. The following is added to the end of the "Summary" section of Item 17(j), titled **"Assignment of contract by franchisor"**:

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

~~Franchise Agreement.~~

~~8.~~12. The following is added to the end of the "Summary" sections of Item 17(v), titled **"Choice of forum"**, and Item 17(w), titled **"Choice of law"**:

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

North Dakota

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

Item 17c: The Franchise Agreement says that we may require you to sign a special-

release of claims, except for non-waivable statutory claims, as a condition of renewal or transfer of your franchise. Any claim under the North Dakota Franchise Investment Law is a non-waivable statutory claim.

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

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

Rhode Island

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

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

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

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

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

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

South Dakota

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

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

b. Covenants not to compete upon termination or expiration of the Agreement are generally unenforceable in the state of South Dakota, except in certain limited instances as provided by law. If this Agreement contains a covenant not to compete which is inconsistent with South Dakota Law, the covenant may be unenforceable.

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

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

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

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

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

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

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

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

Virginia

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

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

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

Washington

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

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

The franchise agreement requires you to sign a release of claims as a condition of

renewing or transferring the franchise. A release or waiver of rights signed by a franchise owner may not include rights under the Washington Franchise Investment Protection Act.

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

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

~~Commissioner of Department of~~

Wisconsin

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

WISCONSIN LAW MODIFICATIONS

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

a. The Wisconsin Fair Dealership Law, among other things, grants you the right, in most circumstances, to 90 days' prior written notice of non-renewal and 60 days within which to remedy any claimed deficiencies. If the Franchise Agreement contains a provision that is inconsistent with the Wisconsin Fair Dealership Law, the provisions of the Franchise Agreement shall be superseded by the Law's requirements and shall have no force or effect.

b. The Wisconsin Fair Dealership Law, among other things, grants you the right, in most circumstances, to 90 days' prior written notice of termination and 60 days within which to remedy any claimed deficiencies. If the Franchise Agreement contains a provision that is inconsistent with the Wisconsin Fair Dealership Law, the provisions of the Franchise Agreement shall be superseded by the Law's requirements and shall have no force or effect.

c. If the Franchise Agreement requires that it be governed by a state's law, other than the State of Wisconsin, to the extent that any provision of the Franchise Agreement conflicts with the Wisconsin Fair Dealership Law such provision shall be superseded by the law's requirements.

d. Any condition, stipulation or provision in the Agreement requiring Franchisee to waive compliance with any provision under the Wisconsin Franchise Investment law may be void.

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

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

EXHIBIT A-1

STATE ADMINISTRATORS

Commissioner of ~~Commerce~~

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

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

Chief
Franchise Bureau

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

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

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

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

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

Assistant Attorney General
Bureau of Investor Protection and Securities
New York State Department of Law
120 Broadway,
[2]3rd Floor
New York, New York 10271
(212) 416-8211

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

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

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

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

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

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

EXHIBIT A-2

AGENTS FOR SERVICE OF PROCESS

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

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT ~~C~~

~~FRANCHISE AGREEMENT~~B-1

FINANCIAL STATEMENTS

Consolidated financial statements of MTY Franchising USA, Inc.

For the years ended November 30, 2023 and 2022

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Report of Independent Auditors

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

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

pwc

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

PricewaterhouseCoopers LLP[1]

Montreal, Canada
February 2, 2024

[1] CPA auditor, public accountancy permit No. A125677

MTV Franchising USA, Inc.
Consolidated statements of operations and comprehensive income
Years ended November 30. 2023 and 2022
(In thousands of US dollars)

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

MTV Franchising USA, Inc.
Consolidated statements of changes in stockholder's equity
Years ended November 30, 2023 and 2022
(111 thousands of US dollars, except number of common stock issued)

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

MTV Franchising USA, Inc.
Consolidated balance sheets
As at November 30, 2023 and 2022
(In thousands of US dollars)

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

MTV Franchising USA, Inc.
Consolidated balance sheets (continued)
As at November 30, 2023 and 2022
(Irl thousands of US dollars)

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

Approved by the Board on February 2, 2024

_____,Director

MTV Franchising USA, Inc.

Consolidated statements of cash flows

Years ended November 30. 2023 and 2022

(In thousands of US dollars)

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

MTV Franchising USA, Inc.

Consolidated statements of cash flows (continued)

Years ended November 30. 2023 and 2022

(In thousands of US dollars)

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

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

1. Nature of operations

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

2. Significant accounting policies

Basis of presentation

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

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

Presented below are those policies considered particularly significant:

Basis of consolidation

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

The principal subsidiaries of the Company are as follows:

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

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

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

Business combinations

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

2. Significant accounting policies (continued)

Business combinations (continued)

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

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

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

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

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

Goodwill

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

Functional currency

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

Revenue recognition

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

Revenue from franchise locations

i) Royalties are based either on a percentage of gross sales as reported by the franchisees or on a fixed monthly fee. They are recognized on an accrual basis in accordance with the substance of the relevant agreement, as they are earned.

ii) Promotional fund contributions are based on a percentage of gross sales as reported by the franchisees. Corresponding promotional fund transfers are presented directly on the consolidated balance sheets. The Company is not entitled to retain these promotional fund payments received and is obligated to transfer these funds to be used solely for use in promotional and marketing-related costs for specific restaurant banners. The Company sometimes charges a fee for the administration of the promotional funds.

2. Significant accounting policies (continued)

Revenue recognition (continued)

Revenue from franchise locations (continued)

iii) Initial franchise fees are recognized on a straight-line basis over the term of the franchise agreement as the performance obligation relating to franchise rights is fulfilled. Amortization begins once the restaurant has opened.

iv) Upfront fees related to master license agreements are recognized over the term of the master license agreements on a straight-line basis.

v) Renewal fees and transfer fees are recognized on a straight-line basis over the term of the related franchise agreement.

vi) The Company earns rent revenue on certain leases it holds; the Company's policy is described below.

vii) Revenue from equipment sale and retail sales are recognized upon transfer of control, generally upon shipment of the equipment or goods. This revenue is recorded in resale material and retail sales.

viii) The Company recognizes breakage income proportionately as each gift card is redeemed, based on the historical redemption patterns of the gift cards. The Company also charges various program fees to its franchisees as gift cards are redeemed. Notably, this does not apply to gift card liabilities assumed in a business acquisition, which are accounted for at fair value at acquisition date.

ix) The Company receives considerations from certain suppliers. Fees are generally earned based on the value of purchases during the period. Agreements that contain an initial upfront fee, in addition to ongoing fees, are recognized on a straight-line basis over the term of the respective agreement. Supplier contributions are recognized as revenue as they are earned and are recorded in franchising revenue.

x) The Company earns e-commerce fees, which includes point-of-sale ("POS") support fees and transaction fees for purchase made through one of the Company's brands' e-commerce platforms. POS supports fees are received quarterly in advance and are recognized over the period they cover. Transaction fees are recognized when the food items purchased from a store are delivered or picked up by customers.

Revenue from corporate-owned locations

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

Contract cost asset

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

Leasing

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

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

2. Significant accounting policies (continued)

Leasing (continued)

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

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

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

The Company as lessee

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

The Company as lessor

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

Income taxes

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

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

Allowance for doubtful accounts

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

2. Significant accounting policies (continued)

Assets held for sale

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

Property, plant and equipment

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

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

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

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

Depreciation is based on the following terms:

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

Intangible assets

Intangible assets acquired separately

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

Intangible **assets** acquired In a business combination

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

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

2. Significant accounting policies (continued)

Intangible assets (continued)

Derecognition of intangible assets

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

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

Franchise rights

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

Trademarks

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

Other

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

Impairment of long-lived assets other than goodwill

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

Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to the unit or group of units ("reporting unit") that are considered to represent the lowest level within the group at which the goodwill is monitored for internal management purposes. As at November 30, 2023, goodwill is allocated as follows:

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

2. Significant accounting policies (continued)

Impairment of goodwill (continued)

Goodwill is tested for impairment on an annual basis (August 31 for the Company) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Fair value is determined using a discounted cash flow methodology with a risk adjusted weighted average cost of capital.

Cash and restricted cash

Cash and restricted cash include cash on hand and short-term investments, if any, with maturities upon acquisition of generally three months or less or that are redeemable at any time at full value and for which the risk of a change in value is not significant. As at November 30, 2023, cash and restricted cash included $271 of restricted cash (2022 - $504) that is required as part of guarantees on certain lease commitments.

Inventories

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

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

Contingencies

Litigation, disputes and closed stores

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

Contingent liabilities acquired in a business combination

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

Financial instruments

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

Promotional funds

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

2. Significant accounting policies (continued)

Promotional funds (continued)

Cash held pursuant to the promotional funds received are classified as unrestricted cash as there are no legal restrictions on the use of these funds; however, the Company intends to use these funds solely to support the promotional funds rather than to fund its ongoing operations. As at November 30, 2023, promotional funds were in a net liability position amounting to $11,357 (2022 - net liability position of $13,278).

Subsequent events

Subsequent events were evaluated through the date that the consolidated financial statements were issued, which was February 2, 2024.

Estimates and assumptions

Business combinations

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

Goodwill and indefinite-lived intangible assets

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

Contingencies

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

Gift card liabilities

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

3. Business acquisitions

I) Sauce Pizza and Wine (2023)

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

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

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

3. Business acquisitions (continued)

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

The final purchase price allocation is as follows:

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

(1) Goodwill is deductible for tax purposes.

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

3. Business acquisitions (continued)

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

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

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

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

3. Business acquisitions (continued)

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

The final purchase price allocation is as follows:

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

(1) Goodwill is deductible for tax purposes.

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

3. Business acquisitions (continued)

III) BBQ Holdings (2022)

On September 27, 2022, the Company completed the acquisition of all of the issued and outstanding common shares of BBQ Holdings. BBQ Holdings is a franchisor and operator of casual and fast casual dining restaurants across 37 states in the US, Canada, and the United Arab Emirates. As of the date of the acquisition, BBQ Holdings was operating 198 franchised and 103 corporate-owned restaurants under 10 different brands. The purpose of the transaction was to diversify the Company's range of offerings in the US as well as to bring proficiency in operating corporate-owned restaurants.

The transaction included a purchase consideration totaling $182,458, repayment of long-term debt of $24,625 and early cash settlement of stock options and restricted stock units of $10,204, as detailed below. The resulting aggregate cash outflow in connection with the BBQ Holdings acquisition was $207,123.

	As previously reported	Adjustments	2022
	$	$	$
Consideration paid:			
Cash	207,083		**207,083**
Amount paid for early settlement of options	10,164		**10,164**
Cash amount paid for early settlement of options[1]		40	**40**
Total consideration	217,247	40	**217,287**

3. Business acquisitions (continued)

III) BBQ Holdings (2022) (continued)

The final purchase price allocation is as follows:

	As previously reported	Adjustments	2022
	$	$	$
Net assets acquired:			
Current assets			
Cash	20,595		**20,595**
Accounts receivable(1)	5,847	(537)	**5,310**
Inventories	3,853		**3,853**
Prepaid expenses and deposits(1)	1,348	271	**1,619**
Income taxes receivable	895		**895**
	32,538	(266)	**32,272**
Loans receivable(1)	143	87	**230**
Other assets(1)	180	(180)	
Property, plant and equipment(1)	54,238	(983)	**53,255**
Operating lease right-of-use assets<1)	79,601	81	**79,682**
Intangible assets - Franchise rights<1)	8,130	(1,340)	**6,790**
Intangible assets - Trademarks<1)	121,440	(8,010)	**113,430**
Intangible assets - Other(1)	1,007	517	**1,524**
Goodwill (2)	52,484	14,933	**67,417**
	349,761	4,839	**354,600**
Current liabilities			
Accounts payable(1)	5,644	113	**5,757**
Accrued liabilities	17,502	(880)	**16,622**
Gift card liability<1)	7,609	4,798	**12,407**
Current portion of operating lease liabilities<1)	12,561	63	**12,624**
Current portion of deferred revenue and deposits<1)	425	(425)	
	43,741	3,669	**47,410**
Other liabilities<1)	605	63	**668**
Operating lease liabilities<1)	67,040	18	**67,058**
Deferred income taxes<1)	21,128	1,049	**22,177**
	132,514	4,799	**137,313**
Net purchase price	217,247	40	**217,287**

<1> The Company has recorded adjustments to its previously reported preliminary purchase price allocation reported in the annual 2022 financial statements. The adjustments relate to the fair values of accounts receivable, other assets, prepaid expenses and deposits, loans receivable, property, plant and equipment, operating lease right-of-use assets, franchise rights, trademarks, other intangible assets, accounts payable, gift card liability, current portion of deferred revenue and deposits, current portion of operating lease liabilities, operating lease liabilities, deferred income taxes and other liabilities.

(2) Goodwill is deductible for tax purposes.

Total expenses incurred related to acquisition costs during the year ended November 30, 2023 amounted to $417 (2022 - $3,566).

4. Accounts receivable

Details of accounts receivable are as follows:

	2023	2022
	$	$
Total accounts receivable	**31,738**	26,974
Less: Allowance for credit losses	**(2,277)**	(2,013)
Total accounts receivable, net	**29,461**	24,961
Of which:		
Not past due	**25,787**	21,364
Past due for more than one day but no more than 30 days	**430**	677
Past due for more than 31 days but no more than 60 days	**208**	248
Past due for more than 61 days	**3,036**	2,672
Total accounts receivable, net	**29,461**	24,961

	2023	2022
	$	$
Allowance for credit losses, beginning of year	**(2,013)**	(2,063)
(Provision) recovery	**(733)**	97
Additions through business acquisition	**(374)**	(369)
Reversal of amounts previously written off	**(2)**	
Write-offs	**845**	322
Allowance for credit losses, end of year	**(2,277)**	(2,013)

5. Assets held for sale

Assets held for sale as at November 30, 2023 and 2022 are stated at fair value less costs to sell and are comprised of one location's leasehold improvements, land and building that were acquired with BBQ Holdings and that were transferred from property, plant and equipment (Note 7). They did not meet the definition of assets held for sale as at the acquisition date of BBQ Holdings.

6. Leases

Operating lease right-of-use assets

The following table provides the net carrying amounts of the operating lease right-of-use assets by class of underlying asset and the changes in the years ended November 30, 2023 and 2022:

	Offices and stores	Other	Total
	$	$	$
Balance as at November 30, 2021	100,769	103	100,872
Additions	1,948		1,948
Additions through business acquisitions (Note 3)	79,208	393	79,601
Depreciation expense	(28,644)	(63)	(28,707)
Impairment charge	(247)		(247)
De-recognition/lease modifications	12,174		12,174
Balance as at November 30, 2022	165,208	433	165,641
Additions	**7,115**	**160**	**7,275**
Additions through business acquisitions (Note 3)	**29,274**		**29,274**
Depreciation expense	**(40,972)**	**(278)**	**(41,250)**
De-recognition/lease modifications	**26,139**	**(5)**	**26,134**
Balance as at November 30, 2023	**186,764**	**310**	**187,074**

The Company recorded sublease income from its operating lease right-of-use assets amounting to $24,789 (2022 - $24,414).

6. Leases (continued)

Operating lease liabilities

The following table provides the net carrying amounts of the operating lease liabilities and the changes in the years ended November 30, 2023 and 2022:

	2023	2022
	$	$
Operating lease liabilities, beginning of year	**167,716**	101,910
Additions	**7,284**	1,948
Additions through business acquisitions (Note 3)	**29,380**	79,601
Lease renewals and modifications	**29,624**	13,918
Lease terminations	**(3,554)**	(1,763)
Other adjustments	**(201)**	282
Interest expense	**10,449**	3,853
Payments	**(50,205)**	(32,033)
Operating lease liabilities, end of year	**190,493**	167,716

Recorded in the consolidated balance sheets as follows:

	2023	2022
	$	$
Current portion	**37,080**	35,431
Long-term portion	**153,413**	132,285
	190,493	167,716

Maturity analysis

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after November 30, 2023:

	Leases	Expected sublease income
	$	$
2024	47,680	23,049
2025	41,990	19,288
2026	35,406	15,232
2027	29,151	11,325
2028	22,532	7,672
Thereafter	52,003	9,385
Total undiscounted lease payments	**228,762**	**85,951**
Less: Unearned finance income	(38,269)	
Total present value of lease liabilities and expected sublease income	**190,493**	**85,951**

7. Property, plant and equipment

Cost	Equipment	Leasehold improve-ments	Rolling stock	Computer hardware	Land	Building	Total
	$	$	$	$	$	$	$
Balance as at November 30, 2021	3,117	642	40	1,147			4,946
Additions	596	682		538		14	1,830
Additions through business acquisition (Note 3)	18,275	25,400		2,407	3,925	4,231	54,238
Disposals	(522)	(11)	(16)	(94)			(643)
Impairment (Note 10)	(167)	(171)					(338)
Transfer to assets held for sale		(47)			(780)	(736)	(1,563)
Balance as at November 30, 2022	21,299	26,495	24	3,998	3,145	3,509	58,470
Additions through business acquisitions (Note 3)	**2,014**	**6,242**	**(8)**	**(89)**	**75**	**(314)**	**7,920**
Additions	**6,215**	**5,978**		**1,007**		**50**	**13,250**
Disposals	**(578)**	**(155)**		**(125)**			**(858)**
Impairment (Note 10)	**(139)**	**(16)**		**(14)**			**(169)**
Balance as at November 30, 2023	**28,811**	**38,544**	**16**	**4,777**	**3,220**	**3,245**	**78,613**

Accumulated depreciation	Equipment	Leasehold improve-ments	Rolling stock	Computer hardware	Land	Building	Total
	$	$	$	$	$	$	$
Balance as at November 30, 2021	1,381	232	20	324			1,957
Depreciation	459	1,292	3	682		44	2,480
Disposals	(305)	(12)	(16)	(92)			(425)
Balance as at November 30, 2022	1,535	1,512	7	914		44	4,012
Depreciation	**3,362**	**7,381**	**(7)**	**524**		**98**	**11,358**
Disposals	**(282)**	**(65)**		**(9)**			**(356)**
Balance as at November 30, 2023	**4,615**	**8,828**		**1,429**		**142**	**15,014**

Carrying amounts	Equipment	Leasehold improve-ments	Rolling stock	Computer hardware	Land	Building	Total
	$	$	$	$	$	$	$
November 30, 2022	19,764	24,983	17	3,084	3,145	3,465	54,458
November 30, 2023	**24,196**	**29,716**	**16**	**3,348**	**3,220**	**3,103**	**63,599**

8. Intangible assets

Cost	Franchise rights	Trademarks	Other	Total
	$	$	$	$
Balance as at November 30, 2021	174,870	300,297	1,050	476,217
Additions			2,950	2,950
Additions through business acquisitions (Note 3)	8,130	121,440	1,007	130,577
Impairment (Note 10)	(1,776)	(3,867)		(5,643)
Balance as at November 30, 2022	181,224	417,870	5,007	604,101
Additions			**565**	**565**
Additions through business acquisitions (Note 3)	**34,260**	**67,830**	**517**	**102,607**
Disposals			**(177)**	**(177)**
Impairment (Note 10)	**(559)**	**(3,504)**		**(4,063)**
Balance as at November 30, 2023	**214,925**	**482,196**	**5,912**	**703,033**

Accumulated amortization	Franchise rights	Trademarks	Other	Total
	$	$	$	$
Balance as at November 30, 2021	66,514		556	67,070
Amortization	14,079		552	14,631
Balance as at November 30, 2022	80,593		1,108	81,701
Disposals			**(49)**	**(49)**
Amortization	**18,434**		**779**	**19,213**
Balance as at November 30, 2023	**99,027**		**1,838**	**100,865**

Carrying amounts	Franchise rights	Trademarks	Other	Total
	$	$	$	$
November 30, 2022	100,631	417,870	3,899	522,400
November 30, 2023	**115,898**	**482,196**	**4,074**	**602,168**

9. Goodwill

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

	2023	2022
	$	$
Goodwill, beginning of year	**286,713**	234,229
Amount recognized from business acquisitions (Note 3)	**138,115**	52,484
Goodwill, end of year	**424,828**	286,713
Accumulated impairment, beginning and end of year	**(48,653)**	(48,653)
Carrying amount	**376,175**	238,060

10. Impairment

The Company performed its annual impairment test as at August 31, 2023, resulting in the recognition of $4,063 (2022 - $5,643) of impairment losses on its intangible assets for four of its brands (2022 - three brands), following indicators of impairment that were noted.

Additionally, the Company recorded $169 of impairment losses on its property, plant and equipment (2022 - $338), and did not record any impairment on goodwill (2022 - nil), for a total of $4,232 (2022 - $5,981) of impairment charges on its property, plant and equipment and intangible assets for the year ended November 30, 2023, which have been recognized in the consolidated statement of operations.

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

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

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

10. Impairment (continued)

Impairment by reporting unit for the year ended November 30, 2022:

		Intangible assets		
	Property, plant and equipment	Franchise rights	Trademarks	Total
	$	$	$	$
Reporting Unit A	79	1,776	3,867	5,722
Reporting Unit B	259			259
Reporting Unit C				
	338	1,776	3,867	5,981

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

10. Impairment (continued)

The following table presents the key assumptions used in the Company's impairment tests, as well as the recoverable amounts measured at fair value as at August 31, 2023 and 2022:

	2023				2022	
($, except percentage data)	**Reporting Unit A**	**Reporting Unite**	**Reporting Unit C**	**Reporting UnitD**	Reporting Unit A	Reporting Unit B
Discount rates after tax	**10.So/o**	**10.s•to**	**10.5%**	**10.5•/4**	10.3%	10.3%
Discount rates pre-tax	**13.4%**	**13.8%**	**13.7%**	**13.6%**	13.1%	13.2%
Recoverable amounts	**539,407**	**266,604**	**313,644**	**270,246**	515,478	250,715

Long-term growth rates ranging from 0% to 2% (2022 - 0% to 2%) were used in the impairment test for Reporting Unit A. A change of 100 basis points in discount rates in Reporting Unit A would result in additional impairment charges on intangible assets of three brands (2022 - four brands) representing 0.7% (2022 - 0.5%) of the total carrying value of the franchise rights and trademarks in that unit. A change of 100 basis points in discount rates in Reporting Unit A would not result in additional impairment charges on goodwill for the years ended November 30, 2023 and 2022. For Reporting Unit A, an increase of 440 basis points (2022 - 320 basis points) in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

A long-term growth rate of 1.5% (2022 - 1.5%) was used in the impairment test for Reporting Unit B. A change of 100 basis points in discount rates in Reporting Unit B would not result in additional impairment charges on intangible assets or goodwill for the years ended November 30, 2023 and 2022. For Reporting Unit B, an increase of 200 basis points (2022 -110 basis points) in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

Long-term growth rates of 2.0% were used in the impairment test for Reporting Unit C. A change of 100 basis points in discount rates in Reporting Unit C would not result in additional impairment charges on intangible assets or goodwill for the years ended November 30, 2023. For Reporting Unit C, an increase of 200 basis points in the discount rate would have resulted in its recoverable amount being equal to its carrying value. For the year ended November 30, 2022, the impairment test of Reporting Unit C was performed as at November 30, 2022 and was based on qualitative factors, which did not give rise to any indications of impairment.

A long-term growth rate of 2.0% was used in the impairment test for Reporting Unit D. A change of 100 basis points in discount rates in Reporting Unit D would not result in additional impairment charges on intangible assets or goodwill for the year ended November 30, 2023. For Reporting Unit D, an increase of 160 basis points in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

11. Gift card liability

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

	2023	2022
	$	$
Gift card liability, beginning of year	**91,453**	76,097
Activations	**52,873**	37,978
Redemptions	**(39,603)**	(25,168)
Gift card liability acquired and purchase price allocation adjustments (Note 3)	**5,884**	7,609
Deferred program fees and other	**(1,065)**	(873)
Gift card breakage recorded	**(4,684)**	(4,190)
Gift card liability, end of year	**104,858**	91,453

12. Deferred revenue and deposits

	2023	2022
	$	$
Franchise fee deposits	**28,948**	25,246
Unearned rent	**1,794**	1,880
Supplier contributions and other allowances	**1,786**	3,733
	32,528	30,859
Current portion	**(7,775)**	(7,571)
	24,753	23,288

Deferred revenues consist mostly of initial, transfer and renewal franchise fees paid by franchisees, as well as upfront fees paid by master franchisees, which are generally recognized on a straight-line basis over the term of the related agreement. Deferred revenues also include amounts paid in upfront fees received from agreements with suppliers, which are amortized over the term of the related agreement.

$8,055 (2022 - $7,598) of revenue recognized in the current year was included in the deferred revenue balance at the beginning of the year.

The following table provides estimated revenues expected to be recognized in future years related to performance obligations that are unsatisfied as at November 30, 2023:

Estimate for fiscal year:	$
2024	7,775
2025	3,416
2026	3,066
2027	2,614
2028	2,026
Thereafter	13,631
	32,528

13. Receivables and advances from ultimate parent, parent company and companies under common control

The receivable from ultimate parent is primarily comprised of a renewable one-year term loan facility of $148,670 (2022 - $126,128). The term loan is unsecured and bears interest at the rate set at the Applicable Federal Rates as issued by the US Internal Revenue Service for short-term instruments. The term loan may be repaid, in whole or in part, at any time, without premium or penalty. MTY USA may also request repayment, in whole or in part, at any time, without penalty.

The advance from ultimate parent was repaid in conjunction with the issuance of another loan that makes up a portion of the interest bearing loans totaling $405,833 seen in note 14 (2022 - $198,785). Those loans are due December 8, 2029, are unsecured and bear interest at 9.26%. The term loans may be repaid, in whole or in part, at any time, without premium or penalty.

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

14. Long-term loan from company under common control

	2023	2022
	$	$
Interest-bearing loan at 5.4%, repayable by November 27, 2026(1)	**299,850**	299,850
Two interest-bearing loans at 9.26%, repayable by December 8, 2029	**405,833**	
	705,683	299,850

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

15. Holdback payable

	2023	2022
	$	$
Non-interest-bearing holdback on acquisition of Sauce Pizza and Wine, repayable in December 2023 (Note 3)	**837**	
Non-interest-bearing holdback on acquisition of the assets of two restaurants located in California, repayable within the next 12 months	**75**	
Current portion of holdback payable	**912**	

16. Contingencies

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

	2023	2022
	$	$
Provision for litigations, disputes and other contingencies, beginning of year	**724**	966
Reversals	**(304)**	(421)
Amounts used	**(8,797)**	(56)
Additions	**11,226**	235
Provision for litigations, disputes and other contingencies, end of year	**2,849**	724

17. Common stock

	2023		2022	
	Shares issued	$	Shares issued	$
Balance, beginning and end of year	**15**	**179,154**	15	179,154

18. Financial instruments

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

Fair value of recognized financial instruments

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

The table below shows the fair value and the carrying value of other financial instruments as at November 30, 2023 and 2022. Since estimates are used to determine fair value, they must not be interpreted as being realizable in the event of a settlement of the instruments.

	2023		2022	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Loans receivable	**423**	**423**	1,004	1,004

Determination of fair value

The following methods and assumptions were used to estimate the fair values of each class of financial instrument:

Cash, restricted cash, accounts receivable, receivable from ultimate parent, deposits, accounts payable, holdback payable, accrued liabilities, advance from parent company, advances from companies under common control- The carrying amounts approximate fair values due to the short maturity of these financial instruments.

Risk management policies

The Company, through its financial assets and financial liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at November 30, 2023.

Credit risk

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

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

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

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

Interest rate risk

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

19. Revenue

	For the year ended					
	November 30, 2023			November 30, 2022		
	Franchising	Corporate	Total	Franchising	Corporate	Total
	$	$	$	$	$	$
Corporate store revenues		337,937	337,937		67,015	67,015
Royalties	128,461		128,461	99,637		99,637
Franchise fees, transfer fees and master license fees	4,996		4,996	5,203		5,203
Promotional funds	56,734		56,734	51,867		51,867
Program allowances	32,499		32,499	20,619		20,619
Breakage income	4,684		4,684	4,190		4,190
Resale material and retail sales	5,754		5,754	8,587		8,587
Other	9 ,215		9,215	6,568		6,568
	242,343	337,937	580,280	196,671	67,015	263,686

20. Operating expenses

	For the year ended					
	November 30, 2023			November 30, 2022		
	Franchising	Corporate	Total	Franchising	Corporate	Total
	$	$	$	$	$	$
Cost of goods sold	2,284	94,465	96,749	2,994	21,494	24,488
Wages and benefits	54,590	115,976	170,566	36,336	24,271	60,607
Advertising, marketing and promotion	462	5,311	5,773	442	2,130	2,572
Rent	4,369	35,294	39,663	2,964	7,096	10,060
Professional and consulting fees and commission	12,054	4,394	16,448	14,942	197	15,139
Office, travel, meals and entertainment and utilities	13,302	37,713	51,015	9,099	7,273	16,372
Promotional funds	56,734		56,734	51,867		51,867
Gift card program costs	6,695		6,695	6,296		6,296
Other [1]	2,342	25,474	27,816	1,573	5,640	7,213
Bad debt expense (recovery)	438	250	688	(70)	120	50
	153,270	318,877	472,147	126,443	68,221	194,664

[1] Other operating expenses are comprised mainly of other office administration expenses.

Franchising operations

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

Corporate store operations

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

21. Interest expense

	2023	2022
	$	$
Interest charged by ultimate parent company (Note 24)		1,943
Interest charged by companies under common control (Note 24)	**53,977**	16,192
Interest expense	**53,977**	18,135

22. Income taxes

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

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

Income tax expense (recovery)	2023	2022
	$	$
Current tax expense	**7,807**	9,911
Deferred tax recovery	**(6,405)**	(2,496)
Total tax expense	**1,402**	7,415

The provision for income taxes recorded in the consolidated financial statements differs from the amount which would be obtained by applying the statutory federal income tax rate of 21% (2022 - 21%) to the income for the period as follows:

	2023	2022
	$	$
Income before income taxes	**18,380**	26,988
Income tax expense at federal statutory rate	**3,860**	5,679
State and local income taxes net of federal tax benefit	**2,360**	2,457
Non-deductible/non-taxable items	**(216)**	549
Temporary difference for which no deferred tax asset is recognized		(44)
True-up of prior year tax provision	**(2,239)**	(598)
Rate variation on deferred income tax	**(102)**	(552)
Credits generated and used in current year	**(2,371)**	286
Other	**110**	(362)
Income tax expense	**1,402**	7,415

22. Income taxes (continued)

Components of the net deferred tax asset (liability):

	2023	2022
	$	$
Inventories	**(264)**	42
Allowance for credit losses	**595**	228
Deferred revenue and deposits	**4,725**	4,482
Gift card liability	**2,947**	16,835
Accrued liabilities	**33,567**	6,658
Non-capital losses and other tax credits	**4,570**	12,832
Other	**(1,285)**	98
Operating lease liabilities	**48,406**	42,998
Total deferred tax assets	**93,261**	84,173
Deferred costs	**(948)**	(859)
Property, plant and equipment	**(11,490)**	(12,420)
Operating lease right-of-use assets	**(47,497)**	(42,260)
Intangible assets	**(143,345)**	(120,483)
Holdback payable	**(233)**	(95)
Total deferred tax liabilities	**(203,513)**	(176,117)
Net deferred tax liability	**(110,252)**	(91,944)

23. Supplemental cash flow information

During the year ended November 30, 2023, the Company paid $8,268 (2022 - $8,894) in income taxes. Furthermore, there are non-cash items included in the proceeds on disposition amounting to a net liability of $1,574 (2022 - net asset of $25). The non-cash items were primarily related to commitments made as part of the disposal of a portfolio of corporately-owned locations.

24. Related party transactions

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

Consolidated financial statements of MTY Franchising USA, Inc.

For the years ended November 30, 2022, 2021 and 2020

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Report of Independent Auditors

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

Opinion

We have audited the accompanying consolidated financial statements of MTY Franchising USA, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of November 30, 2022, 2021 and 2020, and the related consolidated statements of operations and comprehensive income (loss), of changes in stockholder's equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of November 30, 2022, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 3 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

PricewaterhouseCoopers LLP[1]

Montréal, Quebec, Canada
February 6, 2023

[1] CPA auditor, public accountancy permit No. A123475

MTY Franchising USA, Inc.
Consolidated statements of operations and comprehensive income (loss)
Years ended November 30, 2022, 2021 and 2020
(In thousands of US dollars)

	Notes	2022	2021	2020
		$	$	$
			Adjusted (Note 3)	*Adjusted (Note 3)*
Revenue	22	**263,686**	216,655	192,657
Costs and expenses				
Operating expenses	3 & 23	**194,664**	141,877	141,386
Depreciation – property, plant and equipment	9	**2,480**	1,057	1,415
Amortization – intangible assets	11	**14,631**	13,888	14,174
Impairment charge – property, plant and equipment	9 & 13	**338**	27	579
Impairment charge – operating lease right-of-use assets	3 & 8	**247**	42	774
Impairment charge – intangible assets and goodwill	11, 12 & 13	**5,643**	2,862	62,143
Interest expense	24	**18,135**	16,264	16,764
Management fees charged by parent company	27	**2,928**	1,733	1,830
		239,066	177,750	239,065
Other income (expenses)				
Interest income		**2,256**	1,536	683
Gain (loss) on disposal of property, plant and equipment and assets held for sale		**92**	1,986	(276)
Gain on extinguisment of holdback		**—**	27	—
Gain on de-recognition/lease modification of operating lease liabilities	3 & 8	**20**	793	475
		2,368	4,342	882
Income (loss) before income taxes		**26,988**	43,247	(45,526)
Income tax expense (recovery)	3 & 25			
Current		**9,911**	12,727	3,076
Deferred	3	**(2,496)**	(168)	(11,779)
		7,415	12,559	(8,703)
Net income (loss) and comprehensive income (loss)	3	**19,573**	30,688	(36,823)

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

MTY Franchising USA, Inc.
Consolidated statements of changes in stockholder's equity
Years ended November 30, 2022, 2021 and 2020
(In thousands of US dollars, except number of common stock issued)

	Common stock issued	Common stock value	Retained earnings	Total stockholder's equity
		$	$	$
			Adjusted (Note 3)	*Adjusted (Note 3)*
Balance as at November 30, 2019	15	179,154	45,152	224,306
Adjustment on adoption of ASC 842 (Note 3)	—	—	(1,786)	(1,786)
Balance as at December 1, 2019	15	179,154	43,366	222,520
Net loss and comprehensive loss	—	—	(36,823)	(36,823)
Balance as at November 30, 2020	15	179,154	6,543	185,697
Net income and comprehensive income	—	—	30,688	30,688
Balance as at November 30, 2021	**15**	**179,154**	**37,231**	**216,385**
Net income and comprehensive income	**—**	**—**	**19,573**	**19,573**
Balance as at November 30, 2022	**15**	**179,154**	**56,804**	**235,958**

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

MTY Franchising USA, Inc.
Consolidated balance sheets
As at November 30, 2022, 2021 and 2020
(In thousands of US dollars)

	Notes	2022	2021	2020
		$	$	$
			Adjusted (Note 3)	*Adjusted (Note 3)*
Assets				
Current assets				
Cash		**23,059**	17,868	16,017
Restricted cash		**504**	361	361
Accounts receivable	5	**24,961**	17,207	19,559
Inventories		**6,164**	2,462	2,296
Assets held for sale	6 & 9	**1,563**	—	—
Current portion of loans receivable	7	**461**	551	690
Receivable from company under common control	16	**3**	3	11
Receivable from ultimate parent	16 & 27	**126,323**	100,926	58,895
Prepaid expenses and deposits		**7,728**	4,324	3,585
Other current assets		**3,167**	1,918	1,030
Income taxes receivable	25	**2,827**	2,367	—
		196,760	147,987	102,444
Loans receivable	7	**543**	561	919
Contract cost asset		**3,127**	2,749	2,291
Other assets	3	**1,492**	1,291	825
Property, plant and equipment	9	**54,458**	2,989	2,741
Operating lease right-of-use assets	3 & 8	**165,641**	100,872	124,217
Intangible assets	11	**522,400**	409,147	425,894
Goodwill	12	**238,060**	185,576	185,576
		1,182,481	851,172	844,907
Liabilities				
Current liabilities				
Accounts payable		**16,650**	9,980	12,225
Accrued liabilities	3	**29,565**	19,293	23,270
Gift card liability	14	**91,453**	76,097	70,571
Promotional funds payable		**16,303**	16,521	10,589
Current portion of operating lease liabilities	3 & 8	**35,431**	25,033	29,017
Current portion of deferred revenue and deposits	15	**7,571**	6,358	5,894
Income taxes payable	25	**—**	—	11,904
Advance from parent company	16 & 27	**2,928**	1,733	1,830
Advance from ultimate parent		**198,801**	—	—
Advances from companies under common control	16 & 27	**42**	184	184
Current portion of holdbacks payable	18	**—**	7,076	3,810
		398,744	162,275	169,294

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

MTY Franchising USA, Inc.
Consolidated balance sheets (continued)
As at November 30, 2022, 2021 and 2020
(In thousands of US dollars)

	Notes	2022	2021	2020
		$	$	$
			Adjusted (Note 3)	*Adjusted (Note 3)*
Liabilities (continued)				
Long-term loan from company under common control	17	**299,850**	299,850	299,850
Other liabilities		**412**	804	—
Operating lease liabilities	3 & 8	**132,285**	76,877	97,862
Deferred revenue and deposits	15	**23,288**	21,669	18,725
Deferred income taxes	3 & 25	**91,944**	73,312	73,479
		946,523	634,787	659,210
Stockholder's equity				
Common stock	20	**179,154**	179,154	179,154
Retained earnings	3	**56,804**	37,231	6,543
		235,958	216,385	185,697
		1,182,481	851,172	844,907

Approved by the Board on February 6, 2023

_____, Director

MTY Franchising USA, Inc.
Consolidated statements of cash flows
Years ended November 30, 2022, 2021 and 2020
(In thousands of US dollars)

	Notes	2022	2021	2020
		$	$	$
			Adjusted (Note 3)	*Adjusted (Note 3)*
Operating activities				
Net income (loss) and comprehensive income (loss)	3	**19,573**	30,688	(36,823)
Items not affecting cash, restricted cash:				
Depreciation – property, plant and equipment	9	**2,480**	1,057	1,415
Amortization – intangible assets	11	**14,631**	13,888	14,174
Interest expense	24	**18,135**	16,264	16,764
(Gain) loss on disposal of property, plant and equipment and assets held for sale		**(92)**	(1,986)	276
Impairment charge – property, plant and equipment	9 & 13	**338**	27	579
Impairment charge – operating lease right-of-use assets	3 & 8	**247**	42	774
Impairment charge – intangible assets and goodwill	11, 12 & 13	**5,643**	2,862	62,143
Gain on extinguisment of holdback		**—**	(27)	—
Gain on de-recognition/lease modification of operating lease liabilities	3 & 8	**(20)**	(793)	(475)
Deferred income tax recovery	3	**(2,496)**	(168)	(11,779)
		58,439	61,854	47,048
Interest paid		**(16,192)**	(16,192)	(16,192)
Changes in non-cash working capital items				
Accounts receivable		**(213)**	450	(4,344)
Inventories		**151**	(166)	(1,006)
Prepaid expenses and deposits		**(2,997)**	(2,336)	1,487
Loans receivable		**329**	497	(236)
Other current assets		**(574)**	(888)	(1,030)
Income taxes		**(1,048)**	(5,276)	25
Accounts payable		**(2,511)**	(2,245)	3,080
Accrued liabilities		**(6,759)**	(4,075)	(2,662)
Promotional funds payable		**(218)**	5,932	6,297
Gift card liability		**7,747**	5,526	2,474
Deferred revenue and deposits		**2,831**	3,408	5,009
Other	3	**74**	(645)	(760)
Net cash provided from operating activities		**39,059**	45,844	39,190

	Notes	2022	2021	2020
		$	$	$
			Adjusted (Note 3)	*Adjusted (Note 3)*
Investing activities				
Net cash outflow on acquisition	4	**(207,083)**	—	—
Net cash acquired through business acquisition	4	**10,431**	—	—
Additions to property, plant and equipment	9	**(1,830)**	(2,338)	(1,273)
Additions to intangible assets	11	**(2,950)**	(3)	(68)
Proceeds on disposal of property, plant and equipment		**326**	4,339	300
Proceeds on disposal of assets held for sale		**—**	—	8,405
Net cash (used in) provided from investing activities		**(201,106)**	1,998	7,364
Financing activities				
Net advance from (to) ultimate parent and parent company		**174,599**	(42,128)	(53,125)
Net advance (to) from companies under common control		**(142)**	8	(105)
Repayment of holdbacks payable	18	**(7,076)**	(3,871)	(1,433)
Net cash provided from (used in) financing activities		**167,381**	(45,991)	(54,663)
Net increase (decrease) in cash, restricted cash		**5,334**	1,851	(8,109)
Cash, restricted cash, beginning of year		**18,229**	16,378	24,487
Cash, restricted cash, end of year		**23,563**	18,229	16,378
Supplemental cash flow information	26			

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

1. Nature of operations

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

2. Significant accounting policies

Basis of presentation

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

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

Presented below are those policies considered particularly significant:

Basis of consolidation

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

The principal subsidiaries of the Company are as follows:

Principal subsidiaries	Percentage of equity interest
	%
BF Acquisition Holdings, LLC	100
Built Franchise Systems, LLC	100
CB Franchise Systems, LLC	100
Kahala Brands Ltd.	100
Papa Murphy's Holdings Inc.	100
BBQ Holdings, Inc. (Note 4)	100

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

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

2. Significant accounting policies (continued)

Business combinations

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

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

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

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

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

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

Goodwill

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

2. Significant accounting policies (continued)

Functional currency

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

Revenue recognition

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

Revenue from franchise locations

i) Royalties are based either on a percentage of gross sales as reported by the franchisees or on a fixed monthly fee. They are recognized on an accrual basis in accordance with the substance of the relevant agreement, as they are earned.

ii) Promotional fund contributions are based on a percentage of gross sales as reported by the franchisees. Corresponding promotional fund transfers are presented directly on the consolidated balance sheets. The Company is not entitled to retain these promotional fund payments received and is obligated to transfer these funds to be used solely for use in promotional and marketing-related costs for specific restaurant banners. The Company sometimes charges a fee for the administration of the promotional funds.

iii) Initial franchise fees are recognized on a straight-line basis over the term of the franchise agreement as the performance obligation relating to franchise rights is fulfilled. Amortization begins once the restaurant has opened.

iv) Upfront fees related to master license agreements are recognized over the term of the master license agreements on a straight-line basis.

v) Renewal fees and transfer fees are recognized on a straight-line basis over the term of the related franchise agreement.

vi) The Company earns rent revenue on certain leases it holds; the Company's policy is described below.

vii) Revenue from equipment sale and retail sales are recognized upon transfer of control, generally upon shipment of the equipment or goods. This revenue is recorded in resale material and retail sales.

viii) The Company recognizes breakage income proportionately as each gift card is redeemed, based on the historical redemption patterns of the gift cards. The Company also charges various program fees to its franchisees as gift cards are redeemed. Notably, this does not apply to gift card liabilities assumed in a business acquisition, which are accounted for at fair value at acquisition date.

ix) The Company receives considerations from certain suppliers. Fees are generally earned based on the value of purchases during the period. Agreements that contain an initial upfront fee, in addition to ongoing fees, are recognized on a straight-line basis over the term of the respective agreement. Supplier contributions are recognized as revenue as they are earned and are recorded in franchising revenue.

2. Significant accounting policies (continued)

Revenue from franchise locations (continued)

x) The Company earns e-commerce fees, which includes point-of-sale ("POS") support fees and transaction fees for purchase made through one of the Company's brands' e-commerce platforms. POS supports fees are received quarterly in advance and are recognized over the period they cover. Transaction fees are recognized when the food items purchased from a store are delivered or picked up by customers.

Revenue from corporate-owned locations

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

Contract cost asset

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

Leasing

The Company adopted ASC 842, Leases ("ASC 842") on December 1, 2021. See note 3 for further details.

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

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

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

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

2. Significant accounting policies (continued)

Leasing (continued)

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

The Company as lessee

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

The Company as lessor

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

Income taxes

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

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

Allowance for doubtful accounts

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

2. Significant accounting policies (continued)

Assets held for sale

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

Property, plant and equipment

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

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

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

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

Depreciation is based on the following terms:

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

Intangible assets

Intangible assets acquired separately

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

2. Significant accounting policies (continued)

Intangible assets (continued)

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

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

Franchise rights

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

Trademarks

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

Other

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

Impairment of long-lived assets other than goodwill

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

2. Significant accounting policies (continued)

Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to the unit or group of units ("reporting unit") that are considered to represent the lowest level within the group at which the goodwill is monitored for internal management purposes. As at November 30, 2022, goodwill is allocated as follows:

	Reporting unit description
US excluding Papa Murphy's and BBQ Holdings	A group of units comprised of acquired brands in the US, excluding the Papa Murphy's ("Papa Murphy's") and BBQ Holdings, Inc. ("BBQ Holdings") brands
Papa Murphy's	One unit comprised of the Papa Murphy's brand
BBQ Holdings	A group of units comprised of the BBQ Holdings brands

Goodwill is tested for impairment on an annual basis (August 31 for the Company) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Fair value is determined using a discounted cash flow methodology with a risk adjusted weighted average cost of capital.

Cash and restricted cash

Cash and restricted cash include cash on hand and short-term investments, if any, with maturities upon acquisition of generally three months or less or that are redeemable at any time at full value and for which the risk of a change in value is not significant. As at November 30, 2022, cash and restricted cash included $504 of restricted cash (2021 and 2020 – $361) that is required as part of guarantees on certain lease commitments.

Inventories

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

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

Contingencies

Litigation, disputes and closed stores

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

2. Significant accounting policies (continued)

Contingencies (continued)

Contingent liabilities acquired in a business combination

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

Financial instruments

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

Promotional funds

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

Cash held pursuant to the promotional funds received are classified as unrestricted cash as there are no legal restrictions on the use of these funds; however, the Company intends to use these funds solely to support the promotional funds rather than to fund its ongoing operations. As at November 30, 2022, promotional funds were in a net liability position amounting to $13,278 (2021 – net liability position of $14,603; 2020 – net liability position of $9,559).

Subsequent events

Subsequent events were evaluated through the date that the consolidated financial statements were issued, which was February 6, 2023.

2. Significant accounting policies (continued)

Estimates and assumptions

Business combinations

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

Goodwill and indefinite-lived intangible assets

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

Contingencies

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

Gift card liabilities

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

2. Significant accounting policies (continued)

Estimates and assumptions (continued)

Impact of COVID-19

During the year ended November 30, 2022, the COVID-19 pandemic continued to impact the markets in which MTY USA and its franchise partners and suppliers operate. The beginning of the year saw the spread of the Omicron variant, which impacted certain markets with additional government-mandated restrictions. However, over the following months such restrictions were gradually eased, with most government-imposed restrictions lifted in the second quarter in most of the markets in which MTY USA operates. The continuing vaccination campaigns, including the administration of boosters and the gradual expansion of the coverage of the population, allowed those markets to mostly remain open in the second half of the year, with small disruptions in certain areas. Although there is uncertainty surrounding the effects that the lifting of restrictions will have on the number of infections and the potential emergence of new variants, the current situation appears to highlight a familiar sense of back-to-normal with the longer-term impact on the economy and the rules and restrictions that will apply to MTY USA's restaurants.

As a result of the continued and uncertain economic and business impacts of the COVID-19 pandemic, the Company continues to monitor the estimates, judgments and assumptions used in the financial statements. For the year ended November 30, 2022, the Company determined that there were no specific triggers for impairment assessments attributable to COVID-19. Accordingly, the Company did not record impairment charges on its property, plant and equipment, intangible assets, and goodwill in the period attributable to COVID-19. These estimates, judgments and assumptions are subject to change.

3. Changes in accounting policies

ASU 2016-13 – Financial instruments ("ASU 2016-13")

In June 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments, which revised guidance for the accounting for credit losses on financial instruments within its scope, and through March 2020 issued ASUs that amended the standard (ASU No. 2018-19, ASU No. 2019-04, ASU No. 2019-05, ASU No. 2019-11, and ASU No. 2020-03). The new standard introduced an approach, based on expected losses, to estimate credit losses on certain types of financial instruments and modified the impairment model for available-for-sale debt securities. The new approach to estimating credit losses (referred to as the current expected credit losses model) applies to most financial assets measured at amortized cost and certain other instruments, notably trade and other receivables and loans. For the Company, this ASU was effective December 1, 2023 but the Company chose to early adopt this ASU on December 1 2021 and it did not have a material impact due to the nature and extent of the Company's financial instruments in scope for this ASU (primarily trade receivables) and the historical, current and expected credit quality of its customers as of the date of adoption.

ASU 2016-02 – Leases (Topic 842) ("ASU 2016-02")

The early adoption of ASC 842 on December 1, 2021 had a material impact on the Company's assets and liabilities due to the recognition of operating lease right-of-use assets and operating lease liabilities on its consolidated balance sheets. The Company elected to adopt ASC 842 using the retrospective method using December 1, 2019 as the date of initial application. As such, the Company has adjusted the comparative periods for its 2020 and 2021 financial years. The Company elected to apply the package of practical expedients under which it has not reassess the classification of its existing leases, re-evaluate whether any expired or existing contracts are or contain leases or reassessed initial direct costs under the new guidance. Additionally, the Company has elected lessee and lessor practical expedients to not separate non-lease components from lease components. The Company did not elect the practical expedient that permits a reassessment of lease terms for existing leases. The Company has also made an accounting policy election to keep leases with an initial term of 12 months or less off the balance sheet. The impacts on each financial year are outlined in the tables below.

3. Changes in accounting policies (continued)

ASU 2016-02 – Leases (Topic 842) ("ASU 2016-02") (continued)

Consolidated balance sheets	As previously reported under ASC 840 November 30, 2019	ASC 842 adoption adjustments	ASC 842 adoption December 1, 2019	As previously reported under ASC 840 November 30, 2020	ASC 842 adoption adjustments	Restated November 30, 2020	As previously reported under ASC 840 November 30, 2021	ASC 842 adoption adjustments	Restated November 30, 2021
	$	$	$	$	$	$	$	$	$
Assets									
Prepaid expenses and deposits	5,210	—	5,210	3,585	—	3,585	5,463	(1,139)	4,324
Operating lease right-of-use assets	—	133,949	133,949	—	124,217	124,217	—	100,872	100,872
Other assets	—	—	—	—	825	825	—	1,291	1,291
	5,210	133,949	139,159	3,585	125,042	128,627	5,463	101,024	106,487
Liabilities and Stockholder's equity									
Current liabilities									
Accrued liabilities	25,932	(770)	25,162	23,270	—	23,270	19,293	—	19,293
Current portion of operating lease liabilities	—	30,809	30,809	—	29,017	29,017	—	25,033	25,033
	25,932	30,039	55,971	23,270	29,017	52,287	19,293	25,033	44,326
Operating lease liabilities	—	105,505	105,505	—	97,862	97,862	—	76,877	76,877
Deferred income taxes	85,234	191	85,425	73,934	(455)	73,479	73,536	(224)	73,312
	111,166	135,735	246,901	97,204	126,424	223,628	92,829	101,686	194,515
Retained earnings	45,152	(1,786)	43,366	7,925	(1,382)	6,543	37,893	(662)	37,231

3. Changes in accounting policies (continued)

ASU 2016-02 – Leases (Topic 842) ("ASU 2016-02") (continued)

Consolidated statements of operations and comprehensive income (loss)	As previously reported under ASC 840 Year ended November 30, 2020	ASC 842 adoption adjustments	Restated Year ended November 30, 2020	As previously reported under ASC 840 Year ended November 30, 2021	ASC 842 adoption adjustments	Restated Year ended November 30, 2021
	$	$	$	$	$	$
Costs and expenses						
Operating expenses	**141,443**	(57)	**141,386**	**142,077**	(200)	**141,877**
Impairment charge – operating lease right-of-use assets	**—**	774	**774**	**—**	42	**42**
Other income						
Gain on de-recognition/lease modification of operating lease liabilities	**—**	475	**475**	**—**	793	**793**
Income tax recovery						
Deferred	**(11,133)**	(646)	**(11,779)**	**(399)**	231	**(168)**
Net (loss) income and comprehensive (loss) income	**(37,227)**	404	**(36,823)**	**29,968**	720	**30,688**

4. Business acquisition

I) BBQ Holdings (2022)

On September 27, 2022, the Company completed its acquisition of all of the issued and outstanding common shares of BBQ Holdings. BBQ Holdings is a franchisor and operator of casual and fast casual dining restaurants across 37 states in the US, Canada, and the United Arab Emirates. As of the date of the acquisition, BBQ Holdings was operating over 190 franchised and over 100 corporate-owned restaurants under nine different brands. The purpose of the transaction was to diversify the Company's range of offerings in the US as well as to bring proficiency in operating corporate-owned restaurants.

The transaction included a purchase consideration totaling $182,458, repayment of long-term debt of $24,625 and early cash settlement of stock options and restricted stock units of $10,164, as detailed below. The payment of stock options and restricted stock units was settled with cash acquired from BBQ Holdings.

The Company has not yet completed its fair value assessment of all assets acquired and liabilities assumed in connection with the BBQ Holdings acquisition. The most significant aspects remaining to be finalized relate to the valuation of property, plant and equipment, franchise rights, trademarks, gift card liability and deferred income taxes. Consequently, the table below presents management's preliminary assessment of the fair values of the assets acquired and the liabilities assumed. The final determination of the fair values will be made within 12 months of the acquisition date. Accordingly, the following values and goodwill are subject to change and such changes may be material.

	2022
	$
Consideration paid:	
Cash	207,083
Amount paid for early settlement of options	10,164
Total consideration	217,247

4. Business acquisition (continued)

I) BBQ Holdings (2022) (continued)

The preliminary purchase price allocation is as follows:

	2022
	$
Net assets acquired:	
Current assets	
Cash	20,595
Accounts receivable	5,847
Inventories	3,853
Prepaid expenses and deposits	1,348
Income taxes receivable	895
	32,538
Loans receivable	143
Other assets	180
Property, plant and equipment	54,238
Operating lease right-of-use assets	79,601
Intangible assets – Franchise rights	8,130
Intangible assets – Trademarks	121,440
Intangible assets – Other	1,007
Goodwill [1]	52,484
	349,761
Current liabilities	
Accounts payable	5,644
Accrued liabilities	17,502
Gift card liability	7,609
Current portion of operating lease liabilities	12,561
Current portion of deferred revenues	425
	43,741
Other liabilities	605
Operating lease liabilities	67,040
Deferred income taxes	21,128
	132,514
Net purchase price	217,247

[1] Goodwill is deductible for tax purposes.

Total expenses incurred related to acquisition costs amounted to $3,566.

5. Accounts receivable

Details of accounts receivable are as follows:

	2022	2021	2020
	$	$	$
Total accounts receivable	26,974	19,270	23,330
Less: Allowance for credit losses	(2,013)	(2,063)	(3,771)
Total accounts receivable, net	24,961	17,207	19,559
Of which:			
Not past due	21,364	12,835	13,483
Past due for more than one day but no more than 30 days	677	793	841
Past due for more than 31 days but no more than 60 days	248	358	707
Past due for more than 61 days	2,672	3,221	4,528
Total accounts receivable, net	24,961	17,207	19,559

	2022	2021	2020
	$	$	$
Allowance for credit losses, beginning of year	(2,063)	(3,771)	(1,507)
Current period recovery (provision)	97	829	(2,547)
Additions through business acquisition (Note 4)	(369)	—	—
Reversal of amounts previously written off	—	(1)	(10)
Write-offs	322	880	293
Allowance for credit losses, end of year	(2,013)	(2,063)	(3,771)

6. Assets held for sale

Assets held for sale as at November 30, 2022 are stated at fair value less costs to sell and are comprised of one location's leasehold improvements, land and building that were acquired with BBQ Holdings and that were transferred from property, plant and equipment (Note 9). They did not meet the definition of assets held for sale as at the acquisition date of BBQ Holdings.

7. Loans receivable

Loans receivable generally result from the sales of franchises and of various advances to certain franchisees and consist of the following:

	2022	2021	2020
	$	$	$
Loans receivable bearing interest between 0% and 8% per annum, receivable in monthly instalments of $91 in aggregate, including principal and interest, ending in 2028	1,004	1,112	1,609
Current portion	(461)	(551)	(690)
	543	561	919

The total allowance for uncollectible amounts on loans receivable amounted to $683 as at November 30, 2022 (2021 – $826; 2020 – $1,383).

The capital repayments in subsequent years will be:

	$
2023	461
2024	104
2025	90
2026	28
2027	5
Thereafter	316
	1,004

8. Leases

Operating lease right-of-use assets

The following table provides the net carrying amounts of the operating lease right-of-use assets by class of underlying asset and the changes in the years ended November 30, 2022, 2021 and 2020:

	Offices and stores	Other	Total
	$	$	$
Balance as at December 1, 2019	133,735	214	**133,949**
Additions	12,178	—	**12,178**
Depreciation expense	(30,743)	(65)	**(30,808)**
Impairment charge	(774)	—	**(774)**
De-recognition/lease modifications	9,672	—	**9,672**
Balance as at November 30, 2020	124,068	149	**124,217**
Additions	3,847	—	**3,847**
Depreciation expense	(29,237)	(46)	**(29,283)**
Impairment charge	(42)	—	**(42)**
De-recognition/lease modifications	2,133	—	**2,133**
Balance as at November 30, 2021	100,769	103	**100,872**
Additions	**1,948**	**—**	**1,948**
Additions through business acquisition (Note 4)	**79,208**	**393**	**79,601**
Depreciation expense	**(28,644)**	**(63)**	**(28,707)**
Impairment charge	**(247)**	**—**	**(247)**
De-recognition/lease modifications	**12,174**	**—**	**12,174**
Balance as at November 30, 2022	**165,208**	**433**	**165,641**

The Company recorded sublease income from its operating lease right-of-use assets amounting to $24,414 (2021 – $26,506; 2020 – $28,009).

8. Leases (continued)

Operating lease liabilities

The following table provides the net carrying amounts of the operating lease liabilities and the changes in the years ended November 30, 2022, 2021 and 2020:

	Operating lease liabilities $
Balance as at December 1, 2019	136,314
Additions	12,178
Lease renewals and modifications	18,195
Lease terminations	(8,999)
Interest expense	3,706
Payments	(34,515)
Balance as at November 30, 2020	126,879
Additions	3,847
Lease renewals and modifications	9,633
Lease terminations	(8,293)
Other adjustments	(1,139)
Interest expense	3,345
Payments	(32,362)
Balance as at November 30, 2021	101,910
Additions	**1,948**
Additions through business acquisition (Note 4)	**79,601**
Lease renewals and modifications	**13,918**
Lease terminations	**(1,763)**
Other adjustments	**282**
Interest expense	**3,853**
Payments	**(32,033)**
Balance as at November 30, 2022	**167,716**

Recorded in the consolidated balance sheets as follows:

	Operating lease liabilities $
Current portion	29,017
Long-term portion	97,862
November 30, 2020	126,879
Current portion	25,033
Long-term portion	76,877
November 30, 2021	101,910
Current portion	**35,431**
Long-term portion	**132,285**
November 30, 2022	**167,716**

8. Leases (continued)

Maturity analysis

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after November 30, 2022:

	Leases	Expected sublease income
	$	$
2023	43,837	22,803
2024	36,845	18,508
2025	30,454	14,418
2026	25,481	10,577
2027	19,233	6,720
Thereafter	41,326	7,723
Total undiscounted lease payments	**197,176**	**80,749**
Less: Unearned finance income	(29,460)	—
Total present value of lease liabilities and expected sublease income	**167,716**	**80,749**

9. Property, plant and equipment

Cost	Equipment	Leasehold improvements	Rolling stock	Computer Hardware	Land	Building	Total
	$	$	$	$	$	$	$
Balance as at November 30, 2019	3,208	1,901	64	271	—	—	5,444
Additions	884	190	—	199	—	—	1,273
Dispositions	(844)	—	—	—	—	—	(844)
Impairment (Note 13)	(579)	—	—	—	—	—	(579)
Balance as at November 30, 2020	2,669	2,091	64	470	—	—	5,294
Additions	1,316	345	—	677	—	—	2,338
Dispositions	(841)	(1,794)	(24)	—	—	—	(2,659)
Impairment (Note 13)	(27)	—	—	—	—	—	(27)
Balance as at November 30, 2021	3,117	642	40	1,147	—	—	4,946
Additions through business acquisition (Note 4)	**18,275**	**25,400**	**—**	**2,407**	**3,925**	**4,231**	**54,238**
Additions	**596**	**682**	**—**	**538**	**—**	**14**	**1,830**
Dispositions	**(522)**	**(11)**	**(16)**	**(94)**	**—**	**—**	**(643)**
Impairment (Note 13)	**(167)**	**(171)**	**—**	**—**	**—**	**—**	**(338)**
Transfer to assets held for sale	**—**	**(47)**	**—**	**—**	**(780)**	**(736)**	**(1,563)**
Balance as at November 30, 2022	**21,299**	**26,495**	**24**	**3,998**	**3,145**	**3,509**	**58,470**

Accumulated depreciation	Equipment	Leasehold improvements	Rolling stock	Computer Hardware	Land	Building	Total
	$	$	$	$	$	$	$
Balance as at November 30, 2019	1,041	373	30	111	—	—	1,555
Depreciation expense	709	632	7	67	—	—	1,415
Dispositions	(417)	—	—	—	—	—	(417)
Balance as at November 30, 2020	1,333	1,005	37	178	—	—	2,553
Depreciation expense	510	398	3	146	—	—	1,057
Dispositions	(462)	(1,171)	(20)	—	—	—	(1,653)
Balance as at November 30, 2021	1,381	232	20	324	—	—	1,957
Depreciation expense	**459**	**1,292**	**3**	**682**	**—**	**44**	**2,480**
Dispositions	**(305)**	**(12)**	**(16)**	**(92)**	**—**	**—**	**(425)**
Balance as at November 30, 2022	**1,535**	**1,512**	**7**	**914**	**—**	**44**	**4,012**

9. Property, plant and equipment (continued)

Carrying amounts	Equipment	Leasehold improve-ments	Rolling stock	Computer Hardware	Land	Building	Total
	$	$	$	$	$	$	$
November 30, 2020	1,336	1,086	27	292	—	—	2,741
November 30, 2021	1,736	410	20	823	—	—	2,989
November 30, 2022	**19,764**	**24,983**	**17**	**3,084**	**3,145**	**3,465**	**54,458**

10. Divestitures

During the year ended November 30, 2022, the Company did not dispose of any portfolio of corporately-owned locations.

During the year ended November 30, 2021, the Company disposed of two portfolios comprised of seven and twenty-four corporately-owned locations that were refranchised upon completion of the sale. During the year ended November 30, 2021, the Company received a total consideration of $3,343 for both portfolios and recorded a gain on disposal of $1,093, presented in Gain (loss) on disposal of property, plant, equipment and assets held for sale in its consolidated statement of operations. As at November 30, 2021, the Company had recorded a liability for marketing and material defect expenditures of $260 as Accrued liabilities on the Company's consolidated balance sheets.

During the year ended November 30, 2020, the Company disposed of two portfolios comprised of seven and nine corporately-owned locations that were refranchised upon completion of the sale. During the year ended November 30, 2020, the Company received a total consideration of $8,405 for both portfolios and recorded a loss on disposal of $93, presented in Gain (loss) on disposal of property, plant, equipment and assets held for sale in its consolidated statement of operations.

These dispositions did not meet the criteria for accounting as a discontinued operation.

11. Intangible assets

Cost	Franchise rights	Trademarks	Other	Total
	$	$	$	$
Balance as at November 30, 2019	179,881	311,630	987	492,498
Additions	8	—	60	68
Impairment (Note 13)	(4,489)	(9,001)	—	(13,490)
Balance as at November 30, 2020	175,400	302,629	1,047	479,076
Additions	—	—	3	3
Impairment (Note 13)	(530)	(2,332)	—	(2,862)
Balance as at November 30, 2021	174,870	300,297	1,050	476,217
Additions				
Additions through business acquisition (Note 4)				
Impairment (Note 13)				
Balance as at November 30, 2022				

Franchise rights	Trademarks	Other	Total
—	**—**	**2,950**	**2,950**
8,130	**121,440**	**1,007**	**130,577**
(1,776)	**(3,867)**	**—**	**(5,643)**
181,224	**417,870**	**5,007**	**604,101**

Accumulated amortization	rights	Trademarks	Other	Total
	$	$	$	$
Balance as at November 30, 2019	38,802	—	206	39,008
Amortization expense	13,982	—	192	14,174
Balance as at November 30, 2020	52,784	—	398	53,182
Amortization expense	13,730	—	158	13,888
Balance as at November 30, 2021	66,514	—	556	67,070
Amortization expense				
Balance as at November 30, 2022				

Franchise rights	Trademarks	Other	Total
14,079	**—**	**552**	**14,631**
80,593	**—**	**1,108**	**81,701**

Carrying amounts	rights	Trademarks	Other	Total
	$	$	$	$
November 30, 2020	122,616	302,629	649	425,894
November 30, 2021	108,356	300,297	494	409,147
November 30, 2022	**100,631**	**417,870**	**3,899**	**522,400**

12. Goodwill

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

	2022	2021	2020
	$	$	$
Goodwill, beginning of year	234,229	234,229	233,743
Amount recognized from business acquisition (Note 4)	52,484	—	—
Purchase price allocation adjustments	—	—	486
Goodwill, end of year	286,713	234,229	234,229
Accumulated impairment, beginning of year	(48,653)	(48,653)	—
Impairment (Note 13)	—	—	(48,653)
Accumulated impairment, end of year	(48,653)	(48,653)	(48,653)
Carrying amount	238,060	185,576	185,576

13. Impairment

The Company performed its annual impairment test as at August 31, 2022, with the exception of BBQ Holdings, which was performed as at November 30, 2022. The impairment test of BBQ Holdings was based on qualitative factors, which did not give rise to any indications of impairment. The Company's impairment test as at August 31, 2022 resulted in the recognition of $5,643 (2021 – $2,862; 2020 – $13,490) of impairment losses on its intangible assets for three of its brands (2021 – three brands; 2020 – 10 brands), following indicators of impairment that were noted.

Additionally, the Company recorded $338 of impairment losses on its property, plant and equipment (2021 – $27; 2020 – $579), and did not record any impairment on goodwill (2021 – nil; 2020 – $48,653), for a total of $5,981 (2021 – $2,889; 2020 – $62,722) of impairment charges on its property, plant and equipment, intangible assets and goodwill for the year ended November 30, 2022, which have been recognized in the consolidated statement of operations.

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

13. Impairment (continued)

Impairment by reporting unit for the year ended November 30, 2022:

		Intangibles		
	Property, plant and equipment	Franchise rights	Trademarks	Total
	$	$	$	$
US excluding Papa Murphy's and BBQ Holdings	79	1,776	3,867	5,722
Papa Murphy's	259	—	—	259
BBQ Holdings	—	—	—	—
	338	1,776	3,867	5,981

Impairment by reporting unit for the year ended November 30, 2021:

		Intangibles		
	Property, plant and equipment	Franchise rights	Trademarks	Total
	$	$	$	$
US excluding Papa Murphy's	27	530	2,332	2,889
Papa Murphy's	—	—	—	—
	27	530	2,332	2,889

Impairment by reporting unit for the year ended November 30, 2020:

		Intangibles			
	Property, plant and equipment	Franchise rights	Trademarks	Goodwill	Total
	$	$	$	$	$
US excluding Papa Murphy's	579	4,489	9,001	48,653	62,722
Papa Murphy's	—	—	—	—	—
	579	4,489	9,001	48,653	62,722

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

13. Impairment (continued)

The following table presents the key assumptions used in the Company's impairment tests, as well as the recoverable amounts measured at fair value as at August 31, 2022, 2021 and 2020:

	2022		2021		2020	
($, except percentage data)	**US excluding Papa Murphy's and BBQ Holdings**	**Papa Murphy's**	US excluding Papa Murphy's	Papa Murphy's	US excluding Papa Murphy's	Papa Murphy's
Discount rates after tax	**10.3%**	**10.3%**	8.0%	8.0%	8.3%	8.3%
Discount rates pre-tax	**13.1%**	**13.2%**	10.1%	10.2%	10.5%	10.5%
Recoverable amounts	**515,478**	**250,715**	695,525	305,133	431,609	323,543

Long-term growth rates ranging from 0% to 2% (2021 and 2020 – 0% to 2%) were used in the impairment test for the US excluding Papa Murphy's and BBQ Holdings. A change of 100 basis points in discount rates in the US excluding Papa Murphy's and BBQ Holdings would result in additional impairment charges on intangible assets of four brands (2021 – three brands; 2020 – 11 brands) representing 0.5% (2021 – 0.1%; 2020 – 2.9%) of the total carrying value of the franchise rights and trademarks in that unit. A change of 100 basis points in discount rates in the US excluding Papa Murphy's and BBQ Holdings would not result in additional impairment charges on goodwill for the year ended November 30, 2022 (2021 – nil; 2020 – additional impairment charges on goodwill representing 5.3% of the total carrying value of goodwill in that unit). For the US excluding Papa Murphy's and BBQ Holdings reporting unit, an increase of 320 basis points (2021 – 500 basis points; 2020 – 60 basis points) in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

A long-term growth rate of 1.5% (2021 and 2020 – 1.5%) was used in the impairment test for Papa Murphy's. A change of 100 basis points in discount rates in Papa Murphy's would not result in additional impairment charges on intangible assets or goodwill for the years ended November 30, 2022, 2021 and 2020. For the Papa Murphy's reporting unit, an increase of 110 basis points (2021 – 230 basis points; 2020 – 300 basis points) in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

14. Gift card liability

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

	2022	2021	2020
	$	$	$
Gift card liability, beginning of year	76,097	70,571	68,097
Activations during the year	37,978	31,827	26,186
Redemptions during the year	(25,168)	(21,976)	(19,930)
Gift card liability acquired (Note 4)	7,609	—	—
Deferred program fees and other	(873)	(708)	(434)
Gift card breakage recorded	(4,190)	(3,617)	(3,348)
Gift card liability, end of year	91,453	76,097	70,571

15. Deferred revenue and deposits

	2022	2021	2020
	$	$	$
Franchise fee deposits	25,246	22,188	17,628
Unearned rent	1,880	1,931	1,926
Supplier contributions and other allowances	3,733	3,908	5,065
	30,859	28,027	24,619
Current portion	(7,571)	(6,358)	(5,894)
	23,288	21,669	18,725

Deferred revenues consist mostly of initial, transfer and renewal franchise fees paid by franchisees, as well as upfront fees paid by master franchisees, which are generally recognized on a straight-line basis over the term of the related agreement. Deferred revenues also include amounts paid in upfront fees received from agreements with suppliers, which are amortized over the term of the related agreement.

$7,598 (2021 – $6,548; 2020 – $6,248) of revenue recognized in the current year was included in the deferred revenue balance at the beginning of the year.

15. Deferred revenue and deposits (continued)

The following table provides estimated revenues expected to be recognized in future years related to performance obligations that are unsatisfied as at November 30, 2022:

Estimate for fiscal year:	
	$
2023	7,571
2024	3,917
2025	2,854
2026	2,473
2027	1,898
Thereafter	12,146
	30,859

16. Receivables and advances from ultimate parent, parent company and companies under common control

The receivable from ultimate parent is primarily comprised of a renewable one-year term loan facility of $126,128 (2021 – $100,776; 2020 – $58,497). The term loan is unsecured and bears interest at the rate set at the Applicable Federal Rates as issued by the US Internal Revenue Service for short-term instruments. The term loan may be repaid, in whole or in part, at any time, without premium or penalty. MTY USA may also request repayment, in whole or in part, at any time, without penalty.

The advance from ultimate parent is primarily comprised of a loan of $198,785 (2021 and 2020 – nil) due September 27, 2023. The loan is unsecured and bears interest at 5.49%. The term loan may be repaid, in whole or in part, at any time, without premium or penalty.

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

17. Long-term loan from company under common control

	2022	2021	2020
	$	$	$
Interest-bearing loan at 5.4%, repayable by November 27, 2026 [1]	**299,850**	299,850	299,850

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

18. Holdbacks payable

	2022	2021	2020
	$	$	$
Non-interest-bearing holdback acquired on acquisition of The Counter repayable in December 2020	—	—	1,542
Non-interest-bearing holdback acquired on acquisition of SweetFrog repayable in September 2021	—	—	2,268
Non-interest-bearing holdback acquired on acquisition of Kahala repayable in August 2020	—	7,076	—
Current portion of holdbacks payable [1]	—	7,076	3,810

[1] During the year ended November 30, 2021, the Company reclassified non-interest-bearing holdbacks acquired on acquisition of Kahala Brands Ltd. that were previously being applied to an income tax payable related to the acquisition of Kahala Brands Ltd. The holdbacks were repaid during the year ended November 30, 2022.

19. Contingencies

The contingencies for litigation and disputes represent management's best estimate of the outcome of litigations and disputes that are ongoing at the date of the consolidated balance sheet. These contingencies consist of multiple items; the timing of the settlement of these contingencies is unknown given their nature, as the Company does not control the litigation timelines.

The payables related to closed stores mainly represent amounts that are expected to be disbursed to exit leases of underperforming or closed stores. The negotiations with the various stakeholders are typically short in duration and are expected to be settled within a few months following the recognition of the provision. The Company has recognized a liability of nil (2021 and 2020, both restated – nil) for the leases of premises in which it no longer has operations but retains the obligations contained in the lease agreement, with the exception of leases for which the operating lease liabilities are already recorded pursuant to ASC 842.

	2022	2021	2020
	$	$	$
		Adjusted (Note 3)	*Adjsuted (Note 3)*
Provision for litigation, disputes and other contingencies, beginning of year	966	1,023	7,438
Reversals	(421)	(344)	(614)
Purchase price allocation adjustment	—	—	196
Amounts used	(56)	(3)	(6,485)
Additions	235	290	488
Provision for litigation, disputes and other contingencies, end of year	724	966	1,023

20. Common stock

	2022		2021		2020	
	Shares issued	**$**	Shares issued	$	Shares issued	$
Balance, beginning and end of year	**15**	**179,154**	15	179,154	15	179,154

21. Financial instruments

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

Fair value of recognized financial instruments

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

The table below shows the fair value and the carrying value of other financial instruments as at November 30, 2022, 2021 and 2020. Since estimates are used to determine fair value, they must not be interpreted as being realizable in the event of a settlement of the instruments.

	2022		2021		2020	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
	$	**$**	$	$	$	$
Financial assets						
Loans receivable	**1,004**	**1,004**	1,112	1,112	1,609	1,609

Determination of fair value

The following methods and assumptions were used to estimate the fair values of each class of financial instruments:

Cash, restricted cash, accounts receivable, receivable from ultimate parent, deposits, accounts payable, accrued liabilities, advance from parent company, advances from companies under common control – The carrying amounts approximate fair values due to the short maturity of these financial instruments.

Risk management policies

The Company, through its financial assets and financial liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at November 30, 2022.

21. Financial instruments (continued)

Risk management policies (continued)

Credit risk

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

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

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

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

Interest rate risk

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

22. Revenue

	Franchising	Corporate	2022 Total
	$	$	$
Corporate store revenues	—	67,015	67,015
Royalties	99,637	—	99,637
Franchise fees, transfer fees and master license fees	5,203	—	5,203
Promotional funds	51,867	—	51,867
Program allowances	20,619	—	20,619
Breakage income	4,190	—	4,190
Resale material and retail sales	8,587	—	8,587
Other	6,568	—	6,568
	196,671	67,015	263,686

22. Revenue (continued)

	Franchising	Corporate	2021 Total
	$	$	$
Corporate store revenues	—	32,074	32,074
Royalties	94,977	—	94,977
Franchise fees, transfer fees and master license fees	3,474	—	3,474
Promotional funds	48,237	—	48,237
Program allowances	20,632	—	20,632
Breakage income	3,616	—	3,616
Resale material and retail sales	7,708	—	7,708
Other	5,937	—	5,937
	184,581	32,074	216,655

	Franchising	Corporate	2020 Total
	$	$	$
Corporate store revenues	—	34,553	34,553
Royalties	80,231	—	80,231
Franchise fees, transfer fees and master license fees	3,174	—	3,174
Promotional funds	42,628	—	42,628
Program allowances	17,335	—	17,335
Breakage income	3,348	—	3,348
Resale material and retail sales	4,755	—	4,755
Other	6,633	—	6,633
	158,104	34,553	192,657

23. Operating expenses

	Franchising	Corporate	2022 Total
	$	$	$
Cost of goods sold	2,994	21,494	24,488
Wages and benefits	36,336	24,271	60,607
Advertising, marketing and promotion	442	2,130	2,572
Rent	2,964	7,096	10,060
Professional & consulting fees and commission	14,942	197	15,139
Office, travel, meals & entertainment and utilities	9,099	7,273	16,372
Promotional funds	51,867	—	51,867
Gift card program costs	6,296	—	6,296
Other	1,573	5,640	7,213
Bad debt (recovery) expense	(70)	120	50
	126,443	68,221	194,664

23. Operating expenses (continued)

	Franchising	Corporate	2021 Total
	$	$	$
Cost of goods sold	3,330	10,765	14,095
Wages and benefits	30,975	12,675	43,650
Advertising, marketing and promotion	121	2,403	2,524
Rent *(Adjusted – Note 3)*	3,807	3,942	7,749
Professional & consulting fees and commission	10,616	—	10,616
Office, travel, meals & entertainment and utilities	5,452	3,044	8,496
Promotional funds	48,237	—	48,237
Gift card program costs	5,012	—	5,012
Other	716	1,914	2,630
Bad debt (recovery) expense	(1,139)	7	(1,132)
	107,127	34,750	141,877

	Franchising	Corporate	2020 Total
	$	$	$
Cost of goods sold	1,260	11,874	13,134
Wages and benefits	33,143	13,401	46,544
Advertising, marketing and promotion	555	2,767	3,322
Rent *(Adjusted – Note 3)*	4,905	4,292	9,197
Professional & consulting fees and commission	9,431	—	9,431
Office, travel, meals & entertainment and utilities	4,444	2,920	7,364
Promotional funds	42,628	—	42,628
Gift card program costs	4,143	—	4,143
Other	1,127	1,944	3,071
Bad debt expense	2,531	21	2,552
	104,167	37,219	141,386

Franchising operations

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

Corporate store operations

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

24. Interest expense

	2022	2021	2020
	$	$	$
Interest charged by ultimate parent company (Note 27)	1,943	—	—
Interest charged by companies under common control (Note 27)	16,192	16,192	16,192
Accreted interest expense on interest-bearing holdbacks	—	72	572
Interest expense	18,135	16,264	16,764

25. Income taxes

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

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

Income tax expense (recovery)	2022	2021	2020
	$	$	$
		Adjusted (Note 3)	*Adjusted (Note 3)*
Current tax expense	9,911	12,727	3,076
Deferred tax recovery	(2,496)	(168)	(11,779)
Total tax expense (recovery)	7,415	12,559	(8,703)

25. Income taxes (continued)

The provision for income taxes recorded in the consolidated financial statements differs from the amount which would be obtained by applying the statutory federal income tax rate of 21% (2021 and 2020 – 21%) to the income for the period as follows:

	2022	2021	2020
	$	$ *Adjusted (Note 3)*	$ *Adjusted (Note 3)*
Income (loss) before income taxes	**26,988**	43,247	(45,526)
Income tax expense (recovery) at federal statutory rate	**5,679**	9,082	(9,896)
State and local income taxes net of federal tax benefit	**2,457**	2,171	(19)
Non-deductible/non-taxable items	**549**	(2)	7,666
Temporary difference for which no deferred tax asset is recognized	**(44)**	—	—
True up of prior year tax provision	**(598)**	(144)	293
Rate variation on deferred income tax	**(552)**	1,219	(2,429)
Revision of estimates for tax exposures	**—**	—	(4,173)
General business credit	**286**	—	—
Other	**(362)**	233	(145)
Income tax expense (recovery)	**7,415**	12,559	(8,703)

25. Income taxes (continued)

Components of the net deferred tax asset (liability):

	2022	2021	2020
	$	$	$
		Adjusted (Note 3)	*Adjusted (Note 3)*
Inventory	42	45	77
Allowance for doubtful accounts	228	451	401
Deferred revenue	4,482	4,018	2,770
Gift cards	16,835	14,181	13,042
Accrued liabilities	6,658	8,009	6,141
Non-capital losses and other tax credits	12,832	28	657
Other	98	—	—
Operating lease liabilities	42,998	26,069	31,454
Total deferred tax assets	84,173	52,801	54,542
Deferred costs	(859)	(812)	(459)
Property, plant and equipment	(12,420)	(4,079)	(2,511)
Operating lease right-of-use assets	(42,260)	(25,518)	(30,794)
Intangible assets	(120,483)	(95,623)	(94,153)
Long-term debt	(95)	(81)	(104)
Total deferred tax liabilities	(176,117)	(126,113)	(128,021)
Net deferred tax liability	(91,944)	(73,312)	(73,479)

26. Supplemental cash flow information

During the year ended November 30, 2022, the Company paid $8,300 (2021 – $13,660; 2020 – $2,732) in income taxes. Furthermore, there are non-cash item included in the proceeds on disposition amounting to $25 (2021 – $1,370; 2020 – nil). During the year ended November 30, 2021, the change in income taxes in operating activities in the consolidated statement of cash flows included the reclassification of a holdback payable (2022 and 2020 – nil).

27. Related party transactions

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

28. Subsequent events

Acquisition of Wetzel's Pretzels

On December 8, 2022, the Company completed its acquisition of all of the issued and outstanding shares of COP WP Parent, Inc. ("Wetzel's Pretzels"), a franchisor and operator of quick service restaurants operating in the snack category across 25 states in the US, as well as in Canada and Panama, for a cash consideration of approximately $207,000, on a cash-free, debt-free basis. At closing, there were 329 franchised restaurants and 38 corporate-owned restaurants in operation.

Acquisition of Sauce Pizza and Wine

On December 15, 2022, one of the Company's wholly owned subsidiaries completed its acquisition of the assets of Sauce Pizza and Wine, an operator of fast casual restaurants operating in the state of Arizona, for a total consideration of $10,842, including a holdback on acquisition of $837. At closing, there were 13 corporate-owned restaurants in operation.

EXHIBIT B-2

PERFORMANCE GUARANTY

GUARANTEE OF PERFORMANCE

For value received, MTY Franchising USA, Inc., a Tennessee corporation ("Guarantor"), located at 9311 E. Via De Ventura, Scottsdale, Arizona 85258, absolutely and unconditionally guarantees to assume the duties and obligations of Wetzel's Pretzels, LLC, a California limited liability company, located at 35 Hugus Alley, Suite 300, Pasadena, CA 91103 ("Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2024 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Scottsdale, Arizona on March 12, 2024.

Guarantor:

MTY Franchising USA, Inc., a Tennessee corporation

By: _____
Eric Lefebvre, Chief Executive Officer

EXHIBIT C

FRANCHISE AGREEMENT

WETZEL'S PRETZELS, LLC
FRANCHISE AGREEMENT

~~EXHIBIT C~~

WETZEL'S [store number(s)]

Franchisee:

[FZ name], a(n) [individual/state of formation and entity type]

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~~State Specific Addendum to the Franchise Agreement~~

ATTACHMENTS:

1. State Specific Addendum to Wetzel's Pretzels® Franchise Agreement
2. Approved Location, Bakery Type and Protected Area (or Development Area)
3. Special Release of Claims

~~1: Approved Location, Bakery Type and Protected Area~~

~~2: Special Release of Claims~~

~~3: Authorization Agreement for Prearranged Payment~~

~~4: Remote Mobile Unit Addendum to Franchise Agreement~~

~~5: Assignment of Telephone Numbers, Email Addresses and URL's and Special Power of Attorney~~

~~6: Lease Provisions~~

~~7: Nondisclosure and Noncompetition Agreement~~

~~8: Personal Guaranty and Subordination Agreement~~

~~9: Concession Truck or Trailer Amendment to Wetzel's Pretzels® Franchise Agreement~~

4. Authorization Agreement for Prearranged Payment
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WETZEL'S PRETZELS, LLC ~~FRANCHISE AGREEMENT~~FRANCHISEAGREEMENT

1. PARTIES

This Agreement is made between ~~Wetzel's Pretzels~~WETZEL'S PRETZELS, LLC ~~("Wetzel's Pretzels"),~~ a California limited liability company ("Wetzel's Pretzels", "we", "us" or "Franchisor") with ~~its~~a principal office in the city of Pasadena, California~~,~~ and ~~_____ [*franchisee's legal name*~~ [FRANCHISEE NAME], a(n) [individual/state of formation and entity type] ("you" or "Franchisee") as of ~~the _____ day of ___, 20~~___ (the "Effective Date").

2. RECITALS

2.1 Ownership of System

Wetzel's Pretzels is the owner of certain intellectual property rights, including the mark "WETZEL'S PRETZELS®." We have spent a considerable amount of time, effort, and money to develop business methods, technical knowledge, and marketing concepts, including proprietary recipes, operational processes, trade secrets, commercial ideas, advertising materials, marketing strategies, information on sources of supply, administrative procedures, business forms, distinctive signs, trade dress, architectural design and uniforms, and ~~employee training~~product preparation and operational techniques that, taken together, make up a proprietary system for the operation of Bakeries.

2.2 Objectives of Parties

Wetzel's Pretzels would like to grant to you, and you would like to accept from us, a franchise to own and operate a Bakery using the Trade Name, Marks, and System, upon the terms and conditions below.

3. DEFINITIONS

For purposes of this Agreement, when any of the following words and phrases in this Agreement begins with a capital letter and is not otherwise defined, its meaning is defined in this Article 3:

3.1 Adjusted Gross Revenue

"Adjusted Gross Revenue" means "the total amount of income of any type or nature generated by you and your Related Parties, directly or indirectly, from, by or on account of the operation of the Franchised Business~~,~~ (as defined below), including, but not limited to, for all goods (including gift cards) sold and services rendered from the Approved Location or in connection with the Trade Name or Marks, in whatever form and from whatever source

(including revenues from special or promotional programs, delivery services and fees, other revenues associated with delivering and/or selling products or services off- premises or any other revenue-generating activity), including, but not limited to, cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds, all-

without deduction for expenses including marketing expenses and taxes. However, the definition of Adjusted Gross Revenue does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities, proceeds from insurance with respect to your property damage or liability, proceeds from civil forfeiture, condemnation or seizure by governmental entities or

the amount of any returns, discounts, credits, allowances, or adjustments, within an accounting period. Without limiting the foregoing, fees, charges, payments or other amounts remitted to or collected by delivery services, providers, platforms or aggregators shall not be deducted from Adjusted Gross Revenue."

3.2 Agreement

"The Agreement" or "this Agreement" means "this Franchise Agreement."

3.3 Approved Location

"Approved Location" means "a location that we have approved in writing as a site at which you may own and operate a Bakery."

3.4 Bakery

"Bakery" means "a business that we conduct or have authorized a franchisee to conduct under the Trade Name, Marks, and System."

3.5 Designated Manager

~~3.5~~

"Designated Manager" means "you in your role as general manager of a Bakery or a single individual whom you have appointed as the general manager of your Bakery." The Designated Manager must work at least forty (40) hours per week at ~~the~~your Bakery.

3.6 Franchise Network

~~3.6~~

"Franchise Network" means "the interdependent network composed of Wetzel's Pretzels, all of our franchisees, and any other people or business entities that we have licensed to use the Trade Name, Marks, System, or any of them."

3.7 Franchised Business

"Franchised Business" means the Bakery located at the Approved Location, including any remote mobile unit(s) and/or Concession Truck or Trailer, if any.

~~3.7~~3.8 Gift Card

"Gift Card" shall have the meaning set forth in Section 7.6.3.

~~3.8~~3.9 Gift Card Program

"Gift Card Program" shall have the meaning set forth in Section 7.6.3.

~~3.9~~3.10Good Standing

"Good Standing" means "your and your Related Parties' timely compliance ~~and that of your Related Parties~~ with all provisions of this Agreement and the Manual, specifically including provisions for timely payment of money you owe to us or our Related Party."

~~3.10~~3.11 Manual

"Manual" means "the manual or manuals that Wetzel's Pretzels will lend you or to which we will give you access on our intranet during the ~~term~~Term of this Agreement, containing information, forms, and requirements for the establishment and operation of a Bakery and for use of our Trade Name and Marks."

3.12 Marks

~~3.11~~

"Marks" means "selected trademarks, service marks, trade dress, logotypes, slogans, and other commercial symbols that we own and license to you under this Agreement."

~~3.12~~3.13 Proprietary Product

"Proprietary Product" means "any product that has been manufactured in accordance with our ~~secret~~confidential recipes or specifications or that has been packaged or labeled with the Marks."

~~3.13~~3.14 Protected Area

"Protected Area" means "an area surrounding an Approved Location within which we agree to refrain from specified competitive activities." "Protected Area" does not include sites along toll roads, or in hotels and motels, ships, ports, piers, airports, railroads, train stations, other modes of mass transportation, casinos, movie theaters, theme parks, stadiums**,** sports arenas, college and university campuses, healthcare facilities, regional malls, outlet malls, guest lodging facilities, day care facilities of any type, government facilities, as well as the premises of any third-party retailer (including grocery stores, supermarkets and convenience stores) or any other location or venue to which access to the general public is restricted such as military installations, higher security headquarters or corporations, and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider, which are located within its borders.

3.15 Related Party

~~3.14~~

"Related Party" or "Related Parties" means "people or companies affiliated with us or you, as the context suggests, including companies under common control, shareholders, partners, members, officers and directors."

~~3.15~~3.16 Transfer

Subject to the exceptions described in Article 9 of this Agreement, "Transfer" means "any sale, gift, or other change in ownership of all or any part: (1) of the rights and obligations of this Agreement, (2) of ~~the~~your Bakery, including the lease for the Approved Location, or (3) of an ownership interest in you."

3.17 Start Date

~~3.16~~

"Start Date" means the earlier of (i) the first anniversary of the Effective Date, or (ii) the date that your Bakery opens. The Start Date may be extended only with our written consent.

~~3.17~~3.18 System

"System" means "the business methods, technical knowledge, and marketing concepts licensed by us to you under this Agreement, including the right to use our processes, recipes, trade secrets, purchasing arrangements, commercial ideas, advertising materials, marketing strategies, information on sources of supply, administrative procedures, business forms, distinctive signs, trade dress, architectural design and uniforms, and product preparation and operational training techniques."

~~sources of supply, administrative procedures, business forms, distinctive signs, trade dress, architectural design and uniforms, and employee training techniques."~~

~~3.18~~3.19 Termination

"Termination" means "~~expiration~~termination of this Agreement, ~~nonrenewal of this Agreement, or termination,~~ under the circumstances described in Article 10 ~~of this Agreement, of the then- current term of this Agreement~~below, prior to its normal expiration date~~.~~."

~~3.19~~3.20 Trade Name

_____ _____ _____ (Initial Here) If you will be operating a WETZEL'S PRETZELS® Bakery~~,~~; "Trade Name" means "the commercial name WETZEL'S PRETZELS®."

_____ _____ _____ (Initial Here) If you will be operating a TWISTED BY ~~WETZEL'S™~~WETZEL'S® Bakery~~,~~; "Trade Name" means "the commercial name TWISTED BY ~~WETZEL'STM."~~WETZEL'S®." You will also have the right to use the commercial name "WETZEL'S PRETZELS®," as we determine in our sole discretion.

~~3.20~~3.21 Wetzel's Pretzels

"Wetzel's Pretzels" means "Wetzel's Pretzels, LLC, or any person or company to which Wetzel's Pretzels, LLC, allocates all or part of our rights and obligations under this Agreement."

3.22 You

~~3.21~~

"You" means "the person or company that is named as 'you' in Article 1 of this Agreement." "You" means, in addition, "all people or entities that succeed to your interest by Transfer or operation of law."

4. FRANCHISED RIGHTS

4.1 Granting Clause

Wetzel's Pretzels grants to you and you accept from us a franchise to own and operate a Bakery at an Approved Location under the Trade Name, Marks, and System during the ~~term~~Term of this Agreement and according to its provisions. ~~You are~~This Agreement does not ~~granted~~grant you the right to engage in wholesale, ~~Internet~~internet, or mail-order sales. You may engage only in over-the-counter sales at the Approved Location.

4.2 Protected Area

Each Approved Location will be within a Protected Area, specified in Attachment ~~1~~2 to this Agreement, that will be the smaller of the area within a one-half (½) mile radius of the Approved Location or the shopping center or mall within which the Approved Location is located. With the exceptions described ~~below~~in the below paragraph, as well as in Section 4.3, we agree not to authorize any other franchisee to base a Bakery within the Protected Area, base any ~~company-~~Wetzel's Pretzels-owned ~~or~~ Bakery within the Protected Area, or allow any other franchisee or ~~company-~~Wetzel's Pretzels- owned Bakery to relocate to a site within the Protected Area.

Your Protected Area does not give you any exclusivity with respect to customers located in the Protected Area or elsewhere. We may require you to provide for the delivery of products to customers ("Delivery"). We may also require you to participate in Delivery programs, either through or in partnership with third parties, us, or independently. If we require you to participate in Delivery programs, either through or in partnership with third parties, us, or independently, you must immediately take all steps deemed necessary by us to participate in these Delivery programs and commence participation. We have the right to prescribe all matters relating to Delivery, including the boundaries of your delivery area (which may not be the same area as the Protected Area) and the manner and form of distribution of any marketing, promotional or delivery materials. We can revoke your right to provide Delivery at any time, including as a result of your inability to provide Delivery in accordance with our then-current standards. Similarly, we can make adjustments to your provision of Delivery services (including the size of your delivery area) for any reason, including changing market conditions, population changes, and other relevant conditions.

4.3 Rights Reserved

We reserve the exclusive right to control ~~Internet~~internet sales. Further, we reserve for ourselves and our affiliates all rights not expressly granted in this Agreement, including the right to sell Proprietary Products through any means of distribution not specifically prohibited by another provision of this Agreement. We and our affiliates expressly retain the rights to engage in grocery or club store sales or licensing, wholesale, computer, and mail-order sales within the Protected Area. Further, we and/or our affiliates may sell Proprietary Products and ~~enfranchise~~allow others to sell Proprietary Products sold under any trade name, trademark or service mark (including the Trade Name and Marks) to retail stores and restaurants located anywhere, including, but not limited to, the Protected Area. Further, the Protected Area specifically excludes any existing Bakery that is

either owned by us or which is under a franchise agreement, whether such Bakery is in pre-construction, under construction, or is open and operating within the Protected Area as of the Effective Date.

4.4 Relocation

You may relocate ~~the~~your Bakery within the Protected Area only with our prior written consent, which will be granted only if the following conditions are fulfilled:

(a) You and your Related Parties are in Good Standing under ~~the franchise agreement~~this Agreement, any other agreement between us or our Related Party and you or your Related Party, and the Manual,

(b) You and any Related Parties that have signed ~~the original franchise agreement~~this Agreement have signed a copy of the franchise agreement that is currently effective at the time of relocation,

(c) You agree to plan, construct, equip, and furnish your new Bakery so that the premises meet the standards of appearance and function applicable to the premises of new Bakeries at the time of relocation and to ~~employ~~engage a general contractor, and/or a construction manager as may be applicable, each of whom we have approved in writing at least sixty (60) days before relocating,

(d) You and any Related Parties that are parties to ~~the franchise agreement~~this Agreement have signed a special release of claims, except for non-waivable statutory claims, in the form of Attachment ~~2~~3 to this Agreement, with respect to past dealings with us and our Related Parties,

(e) You have paid us the relocation fee described in Article 6 to defray the cost to us of site inspection and construction design review, and

(f) We have given our prior written approval to the new site and the provisions of the lease for the new premises, and we shall not be required to assume, undertake, or continue, any liability with respect to the ~~Lease~~lease for ~~the~~your Bakery premises, whether as assignor, signatory or guarantor, and it shall be your exclusive responsibility to provide such guarantees, security or other financial assurances as may be acceptable to us and the master lessor.

4.5 Term and Renewal

~~Initial~~

4.5.1 Term

The ~~initial~~ term of the franchise will begin on the ~~Start~~Effective Date and will ~~continue for a period~~expire on the earlier of: (a) ten (10) years from the Start Date; or (b) the ~~length~~expiration of the term of the lease or sublease,~

as applicable~~, whichever is shorter.~~ and excluding any extensions or renewal options of such lease or sublease ("Term").

4.5.2 Renewal

You will have the right to renew ~~the~~your franchise for an additional renewal term of ~~one (1) year, two (2) years, three (3), four (4) years or between five (5) years and~~ ten (10) years, on the same terms and conditions as those on which we are customarily granting new franchises at the time of renewal if at the time of renewal you meet the following conditions:

(a) You and your Related Parties are in Good Standing under this Agreement, any other ~~Agreement~~agreement between us or our Related Party and you or your Related Party, and the Manual,

(b) You and any Related Parties that have signed this Agreement have signed a new franchise agreement in the currently effective form not less than one hundred eighty-

~~(b)~~ (180) days before the expiration of this Agreement or thirty (30) days after you receive the new franchise agreement from us, whichever is earlier,

(c) You have agreed that you will ~~employ~~engage a general contractor and/or construction manager, as may be applicable, each of whom we have ~~approved~~previously authorized in writing at least forty-five (45) days before the renewal term begins,

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

(e) You have renewed or have the right to renew the lease, or sublease, as applicable, for the Approved Location according to section 7.3.1 of this Agreement,

(f) You and any Related Parties have signed a special release of claims, except for non-waivable statutory claims, with respect to past dealings with us in the form of Attachment ~~2~~3 to this Agreement, and

(g) You have paid the renewal fee described in Article 6~~, and~~.

~~(h) You and we have agreed to the length of the renewal term for the new franchise agreement.~~

The provisions of the standard franchise agreement we use at the time of renewal may be materially different from this ~~agreement's~~Agreement's provisions. Changed provisions may include, but are not limited to, increased ~~royalties~~Royalties and advertising fund contributions and a modified Protected Area.

4.5.3 No Duty by Franchisor to Renew Master Lease

You acknowledge that your right to enter into a renewal agreement, and the continuation of the ~~term of this Agreement~~Term, shall be subject to the continuation of your right to occupy ~~the~~your Bakery premises. If your premises has been leased or subleased by you from a third party, it shall be your sole responsibility to maintain your lease or sublease for ~~the~~your Bakery premises in full force and effect. If you sublease ~~the~~your Bakery premises from us, we shall not be obligated to exercise any renewal right or option available to us under the master ~~Lease~~lease, or otherwise, and any decision to exercise any option to renew or extend the master ~~Lease~~lease may be exercised in our sole and absolute discretion. If we decide not to renew or exercise any said option to renew, we may in our sole discretion (if and to the extent permitted to do so under our ~~Lease~~lease) assign any such renewal right or option to you to exercise in your own name and behalf; provided, however, that we shall not be required to continue, assume, or undertake, any ~~continuing~~ liability with respect to the ~~Lease~~lease for ~~the~~your Bakery premises, whether as assignor, signatory or guarantor, and it shall be your exclusive responsibility to provide such guarantees, security or other financial assurances as may be acceptable to us and the master lessor.

5. SERVICES TO FRANCHISEE

We agree to perform the following services for you at locations selected by us, provided that you and your Related Parties are, at the time when service is to be rendered, in Good Standing under this Agreement, any other agreement with us or our Related Parties, and the Manual:

5.1 Buildout and Decor

~~We~~

You will ~~give you~~be provided with, or access to, a construction manual to guide you in constructing tenant improvements to, furnishing, and equipping your Bakery.

5.2 Initial Training

Before the opening of your Bakery, we will conduct an initial training program in the operation of ~~the~~your Bakery under the System for as many as three (3) members of your management. Your Designated Manager must attend and successfully complete the training program to our satisfaction before you may open your Bakery. If the employment of ~~a~~your Designated Manager is terminated, you must promptly employ a new Designated Manager who must successfully complete the initial training program before starting work no later than thirty (30) days after the termination of the prior Designated Manager's employment.

5.3 Manual

We will lend you, or make available to you on our intranet, a Manual containing explicit

instructions for use of the Marks, specifications for goods that will be used in or sold by ~~the~~your Bakery, sample business forms, information on marketing, management, and administrative methods developed by us for use in ~~the~~your Bakery, names of approved suppliers, and other information that we believe may be necessary or helpful to you in your operation of ~~the~~your Bakery. We will revise the ~~manual~~Manual periodically to conform to the changing needs of the Franchise Network and will distribute updated pages containing these revisions to you, or, if the Manual has been placed on our intranet, will post revised pages there.

5.4 Approved or Designated Suppliers

We will give you, in the Manual or otherwise in writing, a list of names and addresses of approved or designated suppliers of specified goods and services ~~that~~as approved and/or authorized by us for you ~~may or must, respectively,~~to use or sell in your Bakery. In approving or designating a particular supplier, **we expressly disclaim any warranties or representations as to the condition of the goods or services sold by such suppliers, including, without limitation, expressed or implied warranties as to merchantability or fitness for any intended purpose.** You agree to look solely to the manufacturer of goods or the supplier of services for the remedy for any defect in the goods or services. We cannot guarantee that any designated supplier will offer or continue any particular pricing, warranty or other terms of sale. Also, we cannot guarantee a continuing supply from any designated supplier. We are not under any obligation to you with respect to the terms negotiated or the terms of any supplier. We cannot guarantee that designated suppliers will offer or continue to offer you any trade credit terms as that is solely up to the supplier and their credit standards.

5.5 Continuing Education

We ~~will~~may offer continuing education programs at the Bi-Annual Convention.

5.6 Consultation

We will ~~use our best efforts to~~ make our ~~personnel~~operations team available to you for consultation throughout the ~~term of the franchise~~Term in a timely manner for no additional charge except reimbursement of direct costs.

5.7 Advertising

5.7.1 Advertising Fund

~~5.7.1~~

We will administer the advertising fund, which will be accounted for separately on the general ledger. The purpose of the fund is to pool our advertising money and that of each of our franchisees so as to achieve greater benefits for all in promoting the Trade Name and Marks. The fund may be used to pay for market research (whether we or a third-party perform the market research), advertising materials (whether we or a third-party develop and/or produce the advertising materials), the development and/or production of initiatives (whether we or a third- party develop and/or produce such initiatives), media space and time for a national or regional advertising program, a referral program, or any combination of them. You agree and acknowledge that the fund may be used, without limitation, to pay for the salaries of our personnel while they are conducting advertising fund business, which may include, but is not limited to, conducting market research, public relations, developing advertising materials or conducting other advertising activities. The fund may also be used for advertising grants to franchisees, collectively on a

regional basis or individually on a local basis. Additionally, the advertising fund may be used to reimburse us, our affiliates, a Related Party, or parent for salaries, benefits, overhead and/or other administrative expenses incurred in connection with administering the advertising fund. Specifically, salaries of our employees who are primarily tasked with performing advertising,

marketing and/or promotional activities for franchisees, the advertising fund and/or the System as a whole may be charged to the advertising fund. In addition, the fund may be used to pay for point-of-purchase materials or public relations projects. Additionally, up to twenty percent (20%) of the advertising fund contributions will be used to compensate us for overhead and other expenses incurred in connection with our administration of the fund. For clarification purposes, this amount is in addition to the amount paid to us for salaries of our personnel while conducting advertising fund business, as specified above. If requested by you in writing, we will distribute to you, once a year, an advertising fund report which will set out the total amounts of money collected and spent by the fund during the past year and list, by general category, the manner in which the money was spent.

5.7.2 Allocation of Expenditures

Because the benefits of advertising and promotion are difficult to measure, we reserve the unqualified right to determine, in our sole discretion, how advertising fund money may be spent, which may include reimbursement to us, our affiliates, a Related Party, or parent for salaries, benefits, overhead and other administrative expenses incurred in connection with administering the advertising fund. However, if you operate a TWISTED BY ~~WETZELS™~~WETZELS Bakery and we require you to contribute more than one percent (1~~%~~%) of your Adjusted Gross ~~Revenues~~Revenue to the advertising fund, the difference between the amount contributed and one percent (1~~%~~%) of your Adjusted Gross ~~Revenues~~Revenue will be spent by us toward TWISTED BY ~~WETZELS™~~WETZELS bakeries, but not necessarily your Bakery.

5.7.3 Repayment of Advances

We have the right to loan money to the advertising fund, without interest, and to repay ourselves from fund money during the same or a subsequent fiscal year.

5.8 Proprietary Products Availability

We will use ~~our best~~commercially reasonable efforts to ensure that we or a designated supplier will at all times have a supply of Proprietary Products for sale to you.

6. PAYMENTS BY FRANCHISEE

You agree to pay each of the following amounts to us via a lump sum, with each and every amount being non-refundable because of our investment in time and money, in addition to any other benefits conferred upon you, including processing your application, reviewing your documents, and providing you with relevant information, unless otherwise expressly specified below, in accordance with the provisions set forth in this *Article 6*. Notwithstanding your designation to the contrary, we have the sole discretion to apply any of your payments, in part or in whole, to any of your indebtedness to us.

6.1 Initial Franchise Fee

When you sign this Agreement, you will pay us in immediately accessible funds an initial

franchise fee of ~~ thousand dollars ($__).~~Forty Thousand Dollars ($40,000). The initial franchise fee must be paid as a lump sum by wire transfer or some other form of electronic funds transfer acceptable to us in our sole discretion and is fully earned by us upon execution of this Agreement and is non-refundable.

6.2 Lease Review Fee

When you sign this Agreement, you will pay us a fee ranging between ~~$~~Three Thousand Five Hundred Dollars ($3,500) and ~~$~~Seven Thousand Dollars ($7,000) for the review of your lease; the fee will depend on the complexity of the lease and jurisdiction of the premises to be leased, as determined by us in our sole discretion. In the event that your lease is thereafter renewed or materially amended, you will pay

us a fee of ~~$~~Five Thousand Dollars ($5,000) for reviewing the renewal or amendment of your lease. The lease review fees (for an initial lease, renewal or amendment) must be paid to us prior to your execution of the same with the landlord~~.~~ but no later than thirty (30) days after the date of our invoice to you. The review of your lease may be performed by us or a third-party vendor that we ~~hire~~approve. **The review of your lease is not a ~~guaranty~~guarantee that your Bakery will be successful at that location. Rather, you agree and acknowledge that the lease review is performed solely for the purpose of ensuring that your lease meets our minimum lease requirements ~~for a lease~~ for a Bakery.**

6.3 Royalties

By Wednesday of each week during the ~~term of this Agreement~~Term, or any other day that we designate in the Manual, you must report Adjusted Gross Revenue on the form specified in the Manual and pay a weekly royalty of seven percent (7%) of Adjusted Gross Revenue, as "Adjusted Gross Revenue" is defined in Article 3 of this Agreement, calculated on the basis of Adjusted Gross Revenue received by you in the immediately preceding week, ending at close of business on Sunday~~.~~ ("Royalties" or "Royalty Fee"). Notwithstanding anything to the contrary, if you operate a TWISTED BY ~~WETZELS™~~WETZELS Bakery, the ~~Royalty~~Royalties shall be a weekly royalty of five percent (5%) of Adjusted Gross Revenue. For purposes of this Article 6 of this Agreement, "pay" means "complete or, if appropriate, cooperate to cause completion of a transfer of funds to our designated bank account by electronic funds transfer, pre-arranged draft, or sweep of your bank account, as we require at our option, no later than the date when payment must be made." Failure to make Adjusted Gross Revenue reports on time will be considered to be failure to pay on time.

6.4 Advertising Fund Contributions

Together with your weekly ~~royalty~~Royalties payment, you must pay to the advertising fund a weekly contribution of one percent (1%) of the Adjusted Gross Revenue of ~~the~~your Bakery during the previous week. If you operate a TWISTED BY ~~WETZELS™~~WETZELS Bakery, we may, in our sole discretion, increase your advertising fund contribution to not more than five percent (5~~%~~%) of the Adjusted Gross Revenue of ~~the~~your Bakery during the previous week. Further, unless you operate a TWISTED BY ~~WETZELS™~~WETZELS Bakery, we will not require you to spend a specified amount of local advertising on a continuing basis. However, if you operate a TWISTED BY ~~WETZELS™~~WETZELS Bakery, we may require you to spend a total of five percent (5~~%~~%) of your Adjusted Gross Revenue, allocated as we determine in our sole discretion, on a quarterly basis toward~~,~~: (a) ~~Local Marketing~~local marketing activities; and (b) your advertising fund contribution. Quarters are calculated on a calendar-year basis. In no ~~event will your combined expenditure for Local Marketing activities and advertising fund contributions exceed 5% of your Adjusted Gross Revenues for that quarter.~~

event will your combined expenditure for required local marketing activities and advertising fund contributions exceed five percent (5%) of your Adjusted Gross Revenue for that quarter.

6.5 Means of Payment

You must sign ~~the attached~~an authorization agreement for prearranged transfer, in the form of or similar to Attachment ~~3~~4 to this Agreement, or any other document necessary to facilitate payment of ~~royalties~~Royalties and advertising fund contributions or any other payments due hereunder by electronic funds transfer, pre-arranged draft, or sweep of your bank account, at our option.

6.6 Audit

We will have the right during normal working hours to audit your books and records, including, but not limited to, your tax returns and cash register tapes, with respect to ~~the~~your Bakery with no advance notice. The auditor may be our employee or an independent contractor and need not be an accountant. Alternatively, upon

our written request, you must submit to us, at your own expense, for revenue audit purposes, copies of vendor invoices for food and beverage, daily SKU tapes, daily Z tapes, sales and use tax returns, and monthly bank statements for a period of up to ~~six (6) months~~three (3) years. If an audit discloses facts from which it may be reasonably inferred that there has been an underpayment of ~~royalties~~Royalties or advertising fund contributions payable under this Agreement and you do not provide cash register tapes and other records to disprove the inference, as required by this Agreement, we are entitled to estimate the amount of underpayment based on the available evidence. We will invoice you for the amount of any underpayment together with accrued interest on the amount underpaid in accordance with Section 6.18 of this Agreement. In addition, if the underpayment exceeds three percent (3%) of the total ~~royalty~~Royalties or advertising fund contribution payable for any period covered under the audit, or if the audit was undertaken because you did not submit annual financial statements in a timely manner, you must reimburse us for all expenses we incur in connection with the audit (in addition to the late fee required pursuant to Section 6.~~19~~18). You must pay us promptly upon receiving any invoice for these amounts.

6.7 Secret Shopper Fee

You must pay us a monthly fee of ~~fifty dollars~~Fifty Dollars ($50) to reimburse us for subscribing to a secret shopper service on your behalf.

6.8 Training Fees and Costs

We will not charge a fee for the initial training program at which you or your Designated Manager, and up to three additional people, are trained. If you send more than four (4) people to this training, we will assess a training fee of ~~$~~Seven Hundred Fifty Dollars ($750) for each additional person. If you later replace your Designated Manager, we may ask that you reimburse us for the cost of the new Designated Manager's training plus an administrative fee of twenty percent (20%) of the cost or that you reimburse us for our costs in certifying the ~~manager~~new Designated Manager in the field. We may also charge a training fee for continuing education programs. We will offer these programs at our cost plus an administrative fee of twenty percent (20~~%~~%) of cost.

For all training we offer, you must pay any costs of travel, lodging, parking, meals, and other incidental expenses that you or your employees incur.

6.9 Bi-Annual Convention Registration

There will be a fee of ~~one thousand dollars~~One Thousand Dollars ($1,000) per person for registration at our Bi- Annual Convention.

6.10 Consulting Costs

As described in Section 5.~~3~~6 of this Agreement, we will, at no additional charge to you, ~~use our best efforts to~~ make our ~~personnel~~operations team available to you for consultation in a timely manner if you request such assistance. You will promptly reimburse us for all incidental expenses we incur in rendering consulting services, including, but not limited to, the cost of business class transportation, lodging, meals, and delivery and courier charges.

6.11 Payment for Proprietary Products

When ordering Proprietary Products from us or our Related Party, you must submit ~~a check~~payment for the full purchase price of such Proprietary Products, plus an additional amount to cover the costs of shipping, freight insurance, and any applicable sales or use tax, as specified by us, with each order for Proprietary Products. We have

the right to require payment in cash, electronic funds transfer, cashier's check, or other means of making the funds immediately accessible to us if, in our reasonable discretion, your payment practices or financial status, the amount of the order, general economic conditions, or other business reasons make it advisable.

6.12 Relocation Fee

As a condition of relocation of ~~this Franchise~~your Bakery, you must pay, prior to such relocation, a relocation fee of ~~seven thousand five hundred dollars~~Seven Thousand Five Hundred Dollars ($7,500). This fee will defray our expenses of reviewing and approving the new site and your plans for constructing, equipping, and furnishing it.

6.13 Renewal Fee

As a condition of renewal of this franchise for a Bakery, you must pay, when you sign the franchise agreement for the renewal term, a renewal fee in the amount of fifty percent (50%) of the then-current initial franchise fee for ~~a renewal term ranging between five (5) years and ten (10) years. If~~ the renewal term ~~shall be less than five (5) years, but not less than one (1) year, we shall pro-rate the~~of ten (10) years. As a condition of renewal of this franchise for a Concession Truck or Trailer, you must pay, when you sign the franchise agreement for the renewal term, a renewal fee ~~by twenty~~in the amount of fifty percent (~~20%) for each year. For clarification purposes, (a) if~~50%) of the then- current initial franchise fee for a Concession Truck or Trailer for the renewal term ~~shall be four (4) years, Franchisee shall pay an amount equal~~of five (5) years. As a condition of renewal of a remote mobile unit, you must pay, when you sign a remote mobile unit addendum to ~~eighty percent (60%) of the renewal fee; (b) if~~the franchise agreement for the renewal term ~~shall be three (3) years, Franchisee shall pay an amount equal to sixty percent (60%) of the~~ , a renewal fee~~; (c) if the~~ in the amount of fifty percent (50%) of the then-current remote mobile unit fee for a renewal term ~~shall be two (2) years, Franchisee shall pay an amount equal to forty percent (40%) of the renewal fee; and (d) if the renewal term shall be one (1) year, Franchisee shall pay an amount equal to twenty percent (20%) of the renewal fee. Prior to signing the franchise agreement for the renewal term, you and we will mutually agree upon the renewal term, which will take into consideration, the period remaining on your lease (or sublease) and/or any renewal thereof. Notwithstanding anything to the contrary above, if you extend your lease (or sublease) for a period of time less than one (1) year, which shall require our prior written consent, or become a holdover tenant, you will be required to remit to us a monthly fee of $500 per month until such time as you have entered into a new lease (or sublease) or a renewal of your lease (or sublease). Our acceptance of the above $500 fee shall not be deemed to be our consent to the extension of your lease or your election to become a holdover tenant. Rather, it shall only be deemed to reflect our consent to extend the term of this Franchise Agreement on a month-to-month basis, which we may terminate at any time upon thirty (30) days' written notice to you. If we cannot agree on the length of the renewal term, you will not be able to renew the franchise.~~of ten (10) years. A separate renewal fee shall be charged for the Bakery and each ~~Remote Mobile Unit, if~~ Concession Truck or Trailer and each remote mobile unit, as applicable.

6.14 Transfer Fee

~~6.14~~

As a condition of Transfer of this franchise, you must pay, upon giving notice of intent to transfer, a transfer fee, as set forth herein. The transfer fee will, among other things, defray our expenses of evaluating the transferee's qualifications, preparing legal documents in connection with the Transfer, and training the transferee. ~~If the Transfer is not concluded, we will refund the fee to you less our costs, in the minimum amount of two thousand five hundred dollars ($2,500), in connection with the proposed Transfer.~~ The transfer fee is as follows: (i) for a traditional Bakery, the sum of ~~forty thousand dollars~~Forty Thousand Dollars ($40,000) if the Transfer occurs during the first twelve-
(12) months of the ~~initial franchise term~~Term and ~~twenty thousand dollars~~Twenty Thousand Dollars ($20,000) thereafter; (ii) for a Bakery located in a non-traditional location (including, but not limited to a convenience store), the sum of ~~twenty thousand dollars ($20,000) during the first twelve~~Twenty Thousand Dollars ($20,000) during the first twelve (12) months of the Term and Ten Thousand Dollars ($10,000) thereafter, (iii) for a Concession Truck or Trailer, the sum of Three Thousand Seven Hundred Fifty Dollars ($3,750); and (iv) for a remote mobile unit, the amount set forth in Section 6.16 below. If the Transfer is not concluded, we will refund the fee to you less our costs, in the minimum amount of Two Thousand Five Hundred Dollars ($2,500) in connection with the proposed Transfer of a Bakery or One Thousand Dollars ($1,000) in connection with the proposed Transfer of a Concession Truck or Trailer or remote mobile unit.

~~(12) months of the initial franchise term and ten thousand dollars ($10,000) thereafter, and (iii) for a remote mobile unit, the amount set forth in Section 6.16 below.~~

6.15 Remote Mobile Unit Fee

In the event~~When~~ you sign a Remote Mobile Unit Addendum for operation of a remote mobile unit in your Bakery's Protected Area (Attachment 45 to this Agreement), you must pay Wetzel's Pretzels the sum of ~~five thousand dollars~~Five Thousand Dollars ($5,000) as a remote mobile unit fee.

6.16 Remote Mobile Unit Transfer Fee

~~6.16~~

As a condition of Transfer of a remote mobile unit, you must pay, before closing the sale, a remote mobile unit transfer fee of one-half (½) the then-current applicable remote mobile unit fee.

6.17 Interest on Late Payments

Any payment not received by us when due will bear interest at eighteen percent (18%) per year or at the highest rate allowed by applicable law on the date when payment is due, whichever is less. Interest charges on late payments are intended to partially compensate us for loss of use of the funds and for internal administrative costs resulting from late payment which would otherwise be difficult to measure with precision. The fact that such charges are imposed should not be construed as a waiver of our right to timely payment.

6.18 Fee for Delinquent Year-end Financial Reporting; Non-Sufficient Funds Fee; Breaching Royalties

6.18.1 You acknowledge that your promised submission of financial statements, rent statements and reports is important to us and our ability to evaluate your performance and the performance of the franchise system at large, for us to prepare updates to our franchise disclosure documents and related government filings, and for other legitimate business purposes, and that your failure to timely report such information will result in us incurring significant administrative-

inconvenience, cost and expense, the precise amount of which is difficult to calculate. Accordingly, if you fail to submit your year-end, annual income statement, balance sheet or set of rent statements (or an annual rent schedule or ledger) from your landlord for the preceding year when due pursuant to Section 7.7.2, you must pay us, in addition to all expenses we incur in connection with any resulting audit conducted pursuant to Section 6.6, a late fee equal to ~~$~~One Hundred Dollars ($100) for each week, or part of a week, following the date on which such financial statements or rent statements (or an annual rent schedule or ledger) were due but not received by us, for each Bakery, including any Remote Mobile Unit or Concession Truck or Trailer as applicable, operated pursuant to this Agreement. Such fee shall be deemed to be liquidated damages and not a penalty.

6.18.2 We have the absolute right to increase the Royalty Fee up to eighteen percent (18%) of Adjusted Gross Revenue, with respect to any period during which you are in breach or default of your obligations under this Agreement without providing you advance notice or right to cure. The Royalty Fee paid or owing to us with respect to the period during which you are in breach or default is referred to as "Breaching Royalties." Breaching Royalties will be charged for a minimum fourteen (14)-day period, regardless of the length of the actual breach or default.

6.19 Payment Procedures

Subject to reasonable advance notice for non-recurring payment amounts, we have the right to debit your depositary account, according to the Authorization Agreement for Prearranged Payment attached to this ~~agreement~~Agreement or other such authorization document that we require, for any of the payments described ~~above~~herein. We may apply any money you pay us, at our option, to any of your past due indebtedness to us or our Related Party regardless of your intention. Once so applied, we will not change the manner in which the payment has been applied. We are not required to accept payments after they are due or to extend credit or otherwise finance your operations. You must apply for and maintain systems for use of debit cards, credit cards, loyalty, and Gift Cards (defined below) and other non-cash payment methods. You shall adhere to all PCI (Payment Card Industry), CISP (Cardholder Information Security Program) and SDP (Site Data

Protection) compliance specifications, as amended. If you fail to pay all amounts when due, we may suspend our services and support until the failure is cured. Repeated failure to pay all amounts when due or failure to cure a late payment within the applicable cure period constitutes good cause for termination of this Agreement.

6.20 Technology Fee

You agree and acknowledge that you shall be obligated to pay technology fees to us or one or more third- parties that we designate or permit ~~us~~ to collect on behalf of one or more third-parties in an amount determined by us, from time to time, for the purpose of developing, implementing, using, maintaining, supporting, updating and/or upgrading technologies for the System, including web-based and/or mobile applications, which may include online ordering system(s), training applications, and loyalty applications. This may include, but ~~are~~is not limited to, amounts paid to or due to third-party delivery service platforms and aggregators. It may also be used to develop, implement, use, maintain, support, update and/or upgrade website(s) or webpage(s) for the System. We may, from time to time, and upon written notice to you, increase the technology fees, either due to increased costs for existing technologies or due to the introduction of new technologies for-

use in the System. Portions of the technology fees may be paid to us, our affiliates or to third parties. Currently, technology fees total approximately ~~$~~Two Hundred Dollars ($200) per month, which you agree we may change from time to time, in the exercise of our reasonable business judgment. You agree and acknowledge that portions of the technology fees may be calculated, allocated, and/or charged based on a per unit basis, per transaction basis or other methodology determined by us in the exercise of our reasonable business judgment. Further, you agree and acknowledge that changes to technology are dynamic and not predictable within the ~~term of this Agreement.~~Term. In order to provide for the inevitable but unpredictable nature ~~to~~of changes to technological needs and opportunities, you agree and acknowledge that we shall have the right to establish, in writing, new standards and fees for developing, implementing, using, maintaining, supporting, updating and/or upgrading technologies in the System. Further, you agree and acknowledge that you shall comply with such new standards and shall remit payment for new fees, upon sixty (60) days' prior written notice to you.

7. OBLIGATIONS OF FRANCHISEE

7.1 Use of Trade Name and Marks

7.1.1 Context

You may use the Trade Name and Marks only in the operation of ~~a~~your Bakery at ~~an~~the Approved Location. You may not use any other trade name or marks in connection with ~~a~~your Bakery unless we authorize you to do so under a co-branding addendum or amendment to this Agreement. You must sign an Assignment of Telephone Numbers, Email Addresses and URL's and Special Power of Attorney, in the form of Attachment ~~5~~6 to this Agreement, when you sign this Agreement.

7.1.2 Changes in Trade Name and Marks

~~7.1.2~~

We reserve the right to change our Trade Name and Marks and the specifications for each when we believe that these changes will benefit the Franchise Network. You agree that you will promptly conform, at your own expense, to any such changes.

7.1.3 **Advertising Materials**

You agree to submit to us copies of all advertising materials that you propose to use at least two (2) weeks before the first time they are broadcast, published, or otherwise disseminated. We will review the materials within a reasonable time and will promptly notify you whether we approve or reject them. We may not withhold our approval unreasonably. For purposes of this paragraph, advertising materials that differ from previously approved materials only in such variables as date or price will be considered to be previously approved. Even if we have approved specified materials, we may later withdraw our approval if we reasonably believe it necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising, including any misrepresentation in the advertising material.

7.1.4 ~~7.14~~ **Legal Protection**

You agree to notify us immediately in writing if you become aware of any unauthorized use of our Trade Name, Marks, or System. You will promptly notify us in writing of any claim, demand, or suit against you or against your principals in connection with your use of the Trade Name, Marks, or System. In any action or proceeding arising from or in connection with any such claim, demand, or suit, you agree that we may select legal counsel and have the right to control the proceedings.

7.2 Initial Training Program

~~7.2~~

You or, if you are not an individual franchisee, your initial Designated Manager must faithfully attend all phases of the initial training program and complete it to our satisfaction, as certified by us in writing. Failure to successfully complete any aspect of the training program, as we determine in our sole discretion, constitutes grounds for immediate termination of your franchise, but we have the right to offer you one or more remedial courses of action, such as additional training or employment of supplemental personnel, if we believe the alternative or alternatives may make termination of the franchise unnecessary. If you do not accept the alternative course of action within the time we allow, we may declare the franchise terminated, effective immediately.

7.3 Development and Operations

7.3.1 Lease Negotiation

~~7.3.1~~

(a) For Wetzel's Pretzel's Bakeries, competition for tenant space is keen in the malls and shopping centers where our Bakeries are located. Lease negotiations must be performed by us or a designated broker we determine, in our sole discretion. If we determine that a designated broker will be used, the designated broker will be an experienced commercial real estate broker who specializes in regional enclosed mall leasing and is familiar with our standards. ~~No later than~~Anytime between nine (9) to eighteen-

~~(a)~~ (18) months (at our sole discretion) prior to lease expiration, we will either notify you in writing that we will negotiate your lease ourselves or require that you retain our designated broker to represent you in negotiating a renewal lease. If we negotiate your lease, then so long as you agree to the terms therein (if, after your own due diligence and review and/or after consultation with your own legal counsel or other advisor) you must sign ~~the~~ such negotiated and mutually agreed upon lease ~~that we negotiate for you~~ within thirty (30) days ~~after we present it to you. Failure to observe the provisions of this section is a material event of default~~thereafter. You must obtain our prior written approval of the proposed lease and must use your best efforts to add the lease provisions listed in Attachment ~~6~~7 to this Agreement to the lease. Failure to observe the provisions of this section is a material event of default.

(b) Unless you own or have a lease for premises to be used for the operation of a TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery as of the Effective Date, we will assign you a development territory, to be as set forth in Attachment ~~1~~2 annexed hereto, as we determine appropriate for your TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery, in our sole discretion. Without limiting the foregoing, you must retain our designated broker-

~~(b)~~ or if one is not designated, a broker of your choice to assist you with identifying sites for your TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery within the development territory. You must select the site for the TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery subject to our consent within the development territory we assign to you. You must obtain our approval for an acceptable site within six (6) months of executing this Agreement. Once we have approved the site, we will fix a permanent Protected Area for the operation of your TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery. You may not relocate your TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery without our prior consent. The development territory is not exclusive and does not give you any rights whatsoever to the development territory. The purpose of the development territory is to help guide you as to where you may search for a specific location for your TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery. We will not consider any sites outside of the development territory for the location of your TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery.

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

We will consult with you on our current site selection guidelines and provide other site selection counseling as we deem advisable. Currently, site approval ~~will consider~~is based on the following~~ factors among other~~ factors: potential customer base, lease costs, competition, population density and composition, visibility, and proximity to other restaurants or Bakeries. Notwithstanding the foregoing, we reserve the right to consider other relevant factors, in our discretion, in evaluating the site.

(c) **For all Bakeries, by proposing a particular site for the premises of a Bakery, we do not guarantee that the Bakery operating at that location will be successful. By approving the lease, we do not represent that all its provisions will benefit you.** If we or our designated broker represent you in negotiating a renewal lease, you will pay to us ~~a fee ranging between $3,500 and $7,000, within thirty (30) days of the date of our invoice for the same. The fee will depend on the complexity of the lease and will be determined by us in our sole discretion~~the Lease Review Fee set forth in Section 6.2 of the Agreement.

~~(d)~~ For all Bakeries, if you do not present to us a renewal lease that is acceptable to you, us, and your landlord at least twelve (12) months before lease expiration, we have the right, at our sole

(d) option, to assume lease negotiations for the site. If this

occurs, then so long as you agree to the terms therein (if, after your own due diligence and review and/or after consultation with your own legal counsel or other advisor) you must sign ~~the renewal~~such negotiated and mutually agreed upon lease ~~that we negotiate for you~~ within thirty (30) days after we present it to you. Failure to observe these requirements is a material event of default.

7.3.2 **Bakery Development**

You must ~~employ~~engage a general contractor and/or construction manager as may be applicable, each of whom we have approved in writing, within ten (10) days after we sign this Agreement. You agree to plan, construct, equip and furnish your Bakery according to our currently effective standards, as described in the Manual. You must, at your own expense, tailor the prototype plans and specifications we provide for your individual use. You must submit all construction plans and designs to us for our prior written approval, which will not be unreasonably withheld, within thirty (30) days after we sign this Agreement. If you do not engage our designated architect for this purpose, you must then, at your own expense, submit ~~the~~your customized plans and specifications to us for written approval. You will bear the cost of review by our designated architect. You must take all necessary action to develop your Bakery in a timely manner in relationship to the Start Date stated in Article 3 or any written extension of the Start Date.

7.3.3 **Opening**

You may not open ~~the~~your Bakery to the public until we certify in writing that, in ~~the~~our view and for purposes of ~~our management~~protecting brand standards, you and your employees are prepared to begin operation. **By certifying that ~~our management believes the~~we believe your Bakery is prepared to open, we do not guarantee that ~~the~~your Bakery will be successful~~.~~ or that it complies with all laws or regulations.** Success is dependent on a number of factors, including, but not limited to, your skill, your efforts, and general economic conditions, all of which are not within our control.

If you will operate a WETZEL'S PRETZELS® Bakery, then we anticipate that you will open ~~the~~your Bakery between three (3) and ~~nine (9~~twelve (12) months after the Effective Date. You are required to open ~~the~~your WETZEL'S PRETZELS® Bakery and begin business no later than ~~nine (9~~twelve (12) months after the Effective Date, unless you obtain a written extension of this time period from us.

If you will operate a TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery, we anticipate that you will open ~~the~~your Bakery between nine (9) and eighteen (18) months after the Effective Date. You are required ~~you~~ to open ~~a~~your TWISTED BY ~~WETZEL'S™~~WETZEL'S Bakery and begin business no later than the lesser of eighteen (18) months after the Effective Date or six (6) months from our approval of the site for ~~the~~your Bakery, unless you obtain a written extension of this time period from us.

Your Franchised Business must be open and operating for business for a minimum number of days per week and hours per week, as described in greater detail in the Manual.

7.3.4 **Compliance with Manual**

You must operate ~~the~~your Bakery in absolute compliance with the standards and specifications stated in the Manual. We may make changes ~~in~~to these standards and specifications, when, in our reasonable discretion, change is needed for the continued success and development of the Franchise Network. Such changes may necessitate the purchase of equipment, supplies, furnishings or other goods, completion of additional training by your employees, or other cost to you. You must promptly conform to the modified standards and specifications at your own expense. You must at all times keep your copy of the Manual current

by inserting in it revised pages given to you by us and deleting superseded pages. If there is any dispute as to the requirements of the Manual at any point in time, the terms of the master copy of the Manual we maintain will control.

7.3.5 Products and Services Offered

You must offer and sell all the products and services and only the products and services that we have authorized you to provide. You agree and acknowledge that TWISTED BY ~~WETZELS™~~WETZELS Bakeries may offer products and/or services not available at your Bakery or if you are authorized to operate a TWISTED BY ~~WETZELS™~~WETZELS Bakery, you may be required to offer products and/or services not offered by other Wetzel's Pretzels franchisees. If we advise you that a product or service must be obtained from a designated supplier, you must use the supplier we designate. If we advise you that a product or service may be obtained only from an approved supplier, you must obtain our prior written approval of any alternate supplier that we have not already approved in writing. As a condition of approving a supplier, we will require you to reimburse us for any expenses we reasonably incur in inspecting the supplier's premises, checking the supplier's credentials, and/or testing the product or service. As a condition of approving a supplier of any product that bears the Trade Name or Marks, we may require that the supplier sign our License Agreement. We may withdraw our approval of a supplier if the supplier no longer meets our standards in our sole discretion.

7.3.6 Customer Satisfaction Program

~~7.3.6~~

You must distribute customer response cards in the form we prescribe. You must subscribe to the secret shopping service we currently designate~~.~~ and pay the corresponding Secret Shopper Fee outlined in Section 6.7 of this Agreement. If your scores from the customer response cards do not meet our currently effective standards, as described in the Manual, if the secret shopper reports are not satisfactory, or if we receive unusual numbers of customer complaints about your Bakery, we may suggest ways in which you can improve your performance. ~~If you do not~~Failing to take immediate, effective steps to bring your operation up to our standards~~, your failure to do so~~ will constitute a material breach of this Agreement.

7.3.7 Inspections

We will conduct periodic quality assurance inspections of ~~the~~your Bakery during normal business hours. You must cooperate fully with our representatives during inspections. Quality assurance inspections may be made with or without prior notice. If you install security cameras that may be viewed over the internet, you must give us online access ~~to the web addresses~~ for viewing. You must promptly correct any deficiencies in your operation of which we advise you. ~~If you do not~~ Failing to take immediate,~~-~~

effective steps to bring your operation up to our standards~~, your failure to do so~~ will constitute a material breach of this Agreement. If an inspection discloses one or more material defaults, you must reimburse us for our cost of repeat inspection in an amount not to exceed ~~five hundred dollars ($500).~~Five Hundred Dollars ($500) for each repeat inspection required to ensure compliance.

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

7.3.8 **Maintenance and Upgrades**

You agree to keep your Bakery premises, equipment, and furnishings clean and in excellent

repair. Periodically, we will ask you to remodel the premises and to upgrade the equipment and furnishings to meet our ~~currently effective~~then-current standards. You must promptly comply with any such request. During the term of this Agreement, we may require you to change the POS system or any component thereof, upon our written notice to you, at your sole cost and expense. There are no restrictions on our right to change the POS system or any component thereof and no limit on the cost of a new, or upgrade to the, POS system or component thereof.

7.3.9 **Professional Conduct**

In all your dealings with us, your customers, your employees, your suppliers and others, you must adhere to the highest possible standards of professional conduct, honesty, integrity, ethical behavior, dependability, good faith and fair dealing. You may not engage in any conduct that, in our reasonable opinion, may injure the goodwill associated with the Trade Name and/or Marks. You must do everything you can to promote and maintain the excellent reputation of the Franchise Network.

7.3.10 **Proprietary Products**

The Proprietary Products used in ~~the~~your Bakery are unique and their ingredients and manufacturing processes are trade secrets that are important to the success of the System. The Proprietary Products must be used only as prescribed. You may purchase the Proprietary Products only from us or our designated supplier. Use or sale of any substitute for the Proprietary Products without our prior written consent, which we may withhold in our sole discretion, is a material breach of this Agreement and will result in immediate Termination of your franchise.

7.4 Attendance at Bi-Annual Convention

Your attendance at the Bi-Annual Convention, where we provide continuing education programs, is important and mandatory and the payment of the corresponding Bi-Annual Convention Registration fee outlined in Section 6.9 of this Agreement is required.

7.5 Personnel

7.5.1 Management

Your Designated Manager must be ~~a single~~an individual who devotes all his or her productive work time and effort to the management and operation of ~~the~~your Bakery ~~in the minimum amount of forty~~ ~~(40) hours per week.~~. The Designated Manager, or another employee who has been certified as a properly trained manager by us, must be present at the Approved Location whenever the Bakery is open for business. If you own more than one Bakery, an additional Designated Manager must be employed for each. If we, in our sole discretion, determine that ~~a Designated Manager~~your Bakery is not ~~properly performing his~~in compliance with the Manual, this Agreement, or ~~her duties~~applicable law, we will advise you and you must immediately take steps to correct the situation. You must keep us informed of the identity of your Designated Manager(s). Upon the termination of employment of a Designated Manager, you must promptly appoint a successor who has been certified by us and properly trained pursuant to Section 5.2 of this Agreement.

7.5.2 Employees

~~(a)~~ Franchisee hereby irrevocably agrees, acknowledges, affirms, represents, warrants, and covenants that its employees are employed exclusively by Franchisee and that none of its employees are employed, jointly employed or co-employed by Franchisor. Franchisee further

(a) agrees, acknowledges, affirms, represents, warrants, and covenants that each of its employees are under the exclusive dominion and control of Franchisee and are never under the direct or indirect control of Franchisor. Franchisee is exclusively responsible for, and Franchisor shall not, directly or indirectly, be engaged in, have authority or ability over or otherwise involved with, the hiring of each of its employees, setting their schedules, establishing their compensation, paying ~~all~~wages or salaries, benefits and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/unemployment insurance premiums) associated with such employment, disciplining, suspending and/or terminating employees.

(b) You must maintain at all times a staff of properly trained employees that is large enough to operate ~~the~~your Bakery in compliance with our standards. Franchisee further hereby irrevocably agrees, acknowledges, affirms, represents, warrants, and covenants that any minimum staffing suggestions, if established by Franchisor, are solely provided to Franchisee for the purpose of ensuring that the Franchised Business is at all times staffed to operate ~~the Bakery~~ in conformity with our standards.

(c) Franchisee further hereby irrevocably agrees, acknowledges, affirms, represents, warrants, and covenants that any training provided by Franchisor for Franchisee's employees is intended to provide to those employees the various procedures, protocols, systems, and operations of a Bakery to maintain brand standards, and shall not create an employment relationship between the Franchisor and the Franchisee's employees.

~~Finally, should~~

(d) You will identify yourself in all dealings with customers, vendors, public officials, employees, and others as the independent owner of your Bakery under a franchise granted by Wetzel's Pretzels. Should it ever be asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably ~~agree~~agrees to assist Franchisor in defending said allegation, including (if necessary) appearing at any venue requested by Franchisor to testify on ~~our~~its behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees). ~~To the extent Franchisor is the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of Franchisee, should any such appearance by Franchisee be required or requested by Franchisor, Franchisor will recompense Franchisee the reasonable costs associated with its appearing at any such venue.~~

7.6 Advertising Obligations

7.6.1 Grand Opening

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

7.6.2 In-Store Material

~~7.6.2~~

You must use any point-of-sale ("POS") or display material we give you as directed by us. This material may promote the sale of franchises and, if this is its primary purpose, will not be paid for by the advertising fund.

~~paid for by the advertising fund.~~

7.6.3 **Loyalty and Gift Card Program**.

You shall sell, or otherwise issue, as we may designate, stored-value, loyalty and gift cards, certificates, and other non-cash payment methods (collectively "Gift Cards") that we designate and only in the manner specified in the Manual. You shall fully honor all Gift Cards that are in the form approved or required by us, regardless of whether the Gift Card was issued by you or another franchisee or operator in the "WETZEL'S PRETZELS®"" system, or purchased at any other location, such as a retail or grocery store, via the internet or via other means of distribution. You shall sell, issue, and redeem (without any offset) Gift Cards in accordance with the procedures and policies we may specify in the Manual or otherwise in writing (the "Gift Card Program"). You acknowledge that in connection with this Gift Card Program, you may be required to: (a) enter into a separate agreement with a third ~~-~~party provider ~~we designate~~ of Gift Card processing services that we designate under the terms and conditions as may be required by the third party for participation in the Gift Card Program; (b) purchase or upgrade, as necessary, hardware, software, scanners and other equipment, required for participation in the Gift Card Program; (c) purchase and maintain sufficient inventory of Gift Cards for sale at your "WETZEL'S PRETZELS®"" Bakery; (d) promote the sale of Gift Cards using only marketing methods and materials we approve; (e) comply in all material respects with all applicable laws, statutes and regulations in performing your obligations under this Agreement and otherwise in connection with the Gift Card Program; and (f)~~-~~

execute such other agreements or documents as we may reasonably require in connection with the Gift Card Program. You further acknowledge that we may discontinue or modify the Gift Card Program at any time, in ~~its~~our sole discretion, and you agree to comply with our requests to discontinue or modify the Gift Card Program at any time.

7.6.4 **Signs**

You must permanently purchase, install, display and maintain, at your own expense, on your ~~business~~Bakery premises and on all vehicles you use in connection with your Wetzel's ~~Pretzel's franchised business~~Pretzels Franchised Business, signs of any nature, form, color, number, location and size, and containing any legends that we have designated in writing. This includes, but is not limited to, the purchase, installation, display and maintenance of digital monitors, boards and screens, and the payment of monthly fees for related software and support.

7.7 Financial Information

7.7.1 Records

We may, at our option, poll financial information, including data relating to sales, bookkeeping, menu mix, POS system, operations, and financial information, from your POS system, computer, or both on a daily basis. You must retain vendor invoices for food and beverage, daily SKU tapes, daily Z tapes, sales and use tax returns, and monthly bank statements for at least three (3) years. If you do not produce any of these records at our request during any audit of your records, it will be presumed that these records would have revealed that your Adjusted Gross ~~Revenues were~~Revenue was under-reported in the amount otherwise indicated by the audit and you will be responsible for any and all fees as outlined in Section 6.6 of this Agreement. If, for any reason, your cash register must be repaired, you must use a replacement cash register with comparable capabilities.

7.7.2 Reports

~~7.7.2~~

We require you to purchase or lease computer and/or communications equipment and software that meet specifications set out in the Manual. You must submit to us, upon request, copies of all federal, state, and local income, and sales tax returns. You will prepare and submit to us financial statements and weekly sales reports in the format, using the chart of accounts, and at the times specified in the Manual as periodically revised. You are required to submit income and balance sheets as well as a set of rent statements (or rent schedule or ledger) from your landlord in the form, manner, and time that ~~franchisor~~Franchisor determines, in its discretion, and may adjust from time to time. ~~Failure to timely submit an income statement, balance sheet and/or set of rent statements (or rent schedule or ledger) constitutes a material breach of this Agreement, and will subject you to payment of a late fee as set forth in Section 6.19.~~ We may use this data to assist you in tracking and improving your performance, confirm that you are complying with your obligations under this Agreement, formulate earnings and expense information to disclose to prospective franchisees ~~and/or other legitimate business purposes~~, and/or other legitimate business purposes. Failure to timely submit an income statement, balance sheet, and/or set of rent statements (or rent schedule or ledger) constitutes a material breach of this Agreement, and will subject you to payment of a late fee as set forth in Section 6.18.

7.8 Insurance

You must purchase and maintain a policy or policies of comprehensive public liability insurance, including products liability coverage, covering all your Bakery assets, personnel, and activities on an occurrence basis with a combined single limit for bodily injury, death, or property damage of not less than ~~two million dollars~~Two Million Dollars ($2,000,000). We may increase the minimum coverage requirement annually if necessary to reflect inflation or other changes in circumstances. You must also carry (1) casualty insurance in a minimum amount equal to the replacement value of your interest in ~~the~~your Bakery premises, including furniture, fixtures, and equipment, and (2) business interruption insurance in an amount sufficient to cover the rent of ~~the~~your Bakery premises, salary~~,~~ or wages of key personnel, and other fixed expenses. If you provide delivery services, then your liability insurance must also include automobile liability insurance, including for non-owned automobiles. Each of these insurance policies must contain a provision that the policy cannot be canceled without ten (10) days' written notice to us. It must be issued by an insurance company of recognized responsibility, designate us as an additional named insured, and be satisfactory to us in form, substance, and coverage. You must deliver a certificate of the issuing insurance company evidencing each policy to us within ten (10) days after the policy is issued or renewed. In addition, you must maintain policies of workers' compensation insurance, disability insurance, and any other types of insurance required by applicable law.

7.9 Financial and Legal Responsibility

7.9.1 Compliance with Law

You must comply with all federal, state, and local laws and regulations, including without limitation the Americans with Disabilities Act, pertaining, directly or indirectly, to ~~the~~your Bakery. You must keep current all licenses, permits, bonds, and deposits made to or required by any government agency in connection with the operation of ~~the~~your Bakery. If your health standards score is below ninety percent (90%) in three (3) or more government health inspections in any twelve~~-~~ (12~~)~~)-month period, it constitutes a material breach of this Agreement. You shall, in all dealings relating to ~~the~~your Bakery, with the public, suppliers, your landlord, and us, and each of the foregoing's respective employees, agents and representatives, conduct yourself and cause your employees, agents and representatives, to conduct themselves in an honest, professional appropriate and lawful manner, and without limiting the generality of the foregoing, shall refrain and cause your employees, agents and representatives to refrain from making any statement or taking any action that would or might reasonably be interpreted as intimidation, harassment, violent, harmful or disparaging to others or to your or the foregoing's owners, directors, officers, employees, agents or representatives, as applicable.

7.9.2 Payment of Indebtedness

You must pay promptly when due all taxes and debts that you incur in the conduct of your business. You and your Related Parties must remain current in any financial responsibilities including, without limitation, to your ~~mall~~landlord and/or to us or our Related Parties as sublessor of the Approved Location.

7.9.3 Leasehold Obligations

You must diligently fulfill all your leasehold obligations with respect to the Approved Location. ~~Default~~A default under your lease or sublease, as applicable, if non-curable or if uncured within any applicable cure period, is a ~~non-curable~~material default under this Agreement and may, at our option, lead to its immediate termination upon written notice.

7.9.4 **Notification of Complaints**

You must notify us promptly if you are served with a complaint in any legal or administrative proceeding that is in any way related to ~~the~~your Bakery or if you become aware that you are the subject of any complaint to or investigation by a governmental licensing authority or consumer protection agency.

8. RELATIONSHIP OF PARTIES

8.1 Interest in Marks and System

~~8.1~~

You may not at any time do or cause to be done anything contesting or impairing our interest in our Trade Name, Marks, or System. You acquire no rights in any of these things except for your right to use them in accordance with the express terms of this Agreement. We retain the right to grant other franchises or ~~licensees~~licenses to use the Trade Name, Marks, and System on any terms that we would like, subject only to your limited territorial rights described in Article 4 of this Agreement.

8.2 Independent Status

You are an independent legal entity and must make this fact clear in your dealings with suppliers, lessors, government agencies, employees, customers, and ~~others. You must rely on your~~

~~own knowledge and judgment in making business decisions, subject only to the requirements of this Agreement and the Manual.~~all others. Without limiting the effect of any of the specific provisions of this Agreement, you must rely on your own knowledge and judgment in making business decisions and in the day-to-day operations of your Bakery. You are totally and solely responsible for the operation of your Bakery. You are responsible for the acts of your employees, agents, and independent contractors, and will take all reasonable business actions necessary to ensure that your employees, agents, and independent contractors comply with all federal, state, and local laws, rules and regulations including, but not limited to, all discrimination laws, sexual harassment laws, and laws relating to the disabled. You may not expressly or implicitly hold yourself out as our employee, partner, member, shareholder, joint venturer, or representative, nor may you expressly or implicitly state or suggest that you have the right or power to bind us or to incur any liability on our behalf~~.~~, and you agree to affirmatively advise your employees, agents, and contractors of the same. You may not use the Trade Name as part of your legal name (corporate, limited liability company, ~~or~~ limited partnership name, or otherwise), although you may use it as prescribed in your trade name. You agree to indemnify, defend (with attorneys reasonably acceptable to us), and hold harmless Wetzel's against any losses, expenses, debts, or liabilities arising from Franchisee's breach of this provision.

8.3 Display of Statement

You must conspicuously display a sign that states that "THIS BAKERY IS AN INDEPENDENTLY OWNED AND OPERATED FRANCHISED BUSINESS" at the Approved Location. Business cards, stationery, purchase order forms, invoices, leases, tax returns, and other documents you use in your business dealings with suppliers, lessors, government agencies, employees, and customers must clearly identify you as an independent legal entity operating under a franchise.

8.4 Confidentiality

~~8.4~~

The information, ideas, forms, marketing plans, and other materials disclosed to you under this Agreement, whether or not included in the Manual, are confidential and proprietary information and our trade secrets (the "Confidential Information"). You agree to maintain the confidentiality of all such material. You may not disclose any such information to any third party, except to your employees and agents as necessary in the operation of ~~the~~your Bakery and except as we authorize in writing. You will be responsible for requiring compliance of your Related Parties with the provisions of this section. Each of your Related Parties, your Designated Manager, and each employee to whom Confidential Information is disclosed, must sign a written nondisclosure and noncompetition agreement, in the form of Attachment ~~7~~8 to this Agreement, when you sign this Agreement or when Confidential Information is disclosed to such employee, as is applicable. You must obtain a written nondisclosure and noncompetition agreement from each new Related Party with which you become affiliated during the ~~term~~Term of this Agreement and promptly send a copy of the signed nondisclosure and noncompetition agreement to us.

~~Mutual~~

8.5 Indemnification

8.5.1 ~~You must indemnify and hold us harmless from all expenses and liabilities of any kind arising from or in any way connected to any activity of yours other than the lawful operation of your franchised Bakery in strict conformity with this Agreement and the Manual. If we are made a party to a legal proceeding in connection with your act or omission, we may hire counsel to protect our interests and bill you for all expenses and fees we incur. You must promptly reimburse us~~**Indemnification of Franchisor.**

Franchisee agrees to indemnify, defend, and hold Franchisor and its Related Parties and affiliates (including Franchisor's parent and subsidiary companies, current, past and future predecessors, successors and assigns), and each of their respective shareholders, owners, directors, officers, members, managers, partners, joint venturers, attorneys, employees, contractors, agents, representatives, guarantors, insurers, spouses, heirs, executors, trustees and estates (collectively with Franchisor, "Indemnified Parties") harmless for, from and against any and all claims, liabilities, causes of action, suits, debts, duties, accounts, covenants, contracts, agreements, promises, taxes, demands, obligations, costs and expenses, including reasonable attorneys' fees, damages, judgments, and proceedings, of every kind and nature whatsoever, whether actual or threatened, in law or equity, or otherwise, under local, state or federal law including, without limitation the Americans with Disabilities Act ("ADA"), or the law of any other applicable jurisdiction (individually and collectively, "Claims") suffered or incurred by any of the Indemnified Parties arising out of or relating to your construction, ownership, marketing, promotional programs, operation, including without limitation your failure to comply with PCI (Payment Card Industry) regulations or any law, statute, regulation, order, rule, or ordinance, or management of the Franchised Business, except for Claims held

to have resulted solely from Franchisor's gross negligence or willful misconduct. Notwithstanding the foregoing, Franchisor will have the right, at its option, to defend any Claims, but you must reimburse us upon demand for the costs and expenses of such defense.

You shall immediately give us notice of any demand, investigation, written inquiry, action, suit, proceeding, or claim in any way related to us or the Wetzel's Pretzels brand.

8.5.2 **Indemnification of Franchisee.**

Franchisor agrees to indemnify, defend and hold Franchisee and its affiliates, and their shareholders, directors, officers, members, managers, partners, employees, agents, successors and assignees harmless for, from and against any and all Claims, arising out of any infringement or unfair competition in connection with your authorized use of the Marks or Confidential Information, provided that such use is in strict accordance with the provisions of this Agreement. However, if we require you to modify or discontinue use of our Marks or Confidential Information or use other information or rights in its place at any time other than upon renewal of this Agreement, and that requirement is a direct result of proceedings or litigation that determined that our and our franchisees' use of the Marks or Confidential Information infringed upon a third-party's rights, we will bear the cost of those modifications or discontinuances as set forth in this Agreement.

~~We must indemnify and hold you harmless from all expenses and liabilities of any kind arising from or in any way connected to any third party claim that your operation of a Bakery~~

~~infringes its intellectual property rights or misappropriates its trade secrets. If you are made a party to a legal proceeding in connection with a claim of this type, we will hire counsel to protect our interests and will defend you at our own expense. You will be bound by any settlement we negotiate, but we will reimburse you for your cost of compliance with the settlement agreement.~~

8.6 Covenant Not to Compete

You may not, during the ~~term~~Term of this Agreement and for two (2) years after its Termination, operate or own more than a ten percent (10%) beneficial interest in any company that features fresh-baked soft pretzels and that is located: (i) at the location of ~~the~~your Bakery, (ii) within the Protected Area, (iii) within five (5) miles of the outer boundaries of the Protected Area, (iv) within the protected area assigned to any other Wetzel's Pretzels ~~bakery owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of this Agreement or (b) a Transfer, as defined in this Agreement; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 8.6, and (v) within five (5) miles of the outer boundaries of the protected area assigned to any other Wetzel's Pretzels bakery owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of this Agreement or (b) a Transfer, as defined in this Agreement; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 8.6.~~Bakery owned, in operation, under development, or to be developed by Franchisor, its affiliates, or franchisees of Franchisor and/or its affiliates. You agree to obtain the individual written agreement of each of your Related Parties, Designated Manager and each employee to whom Confidential Information is disclosed to the provisions of this section in the form of Attachment ~~7~~8 to this Agreement.

~~8.7 Non-Solicitation~~

~~During the term of this Agreement and for two (2) year after its Termination, you may not disrupt, damage, impair, or interfere with our business or any of our other franchisees by directly or indirectly soliciting their employees to work for you or for any individual or company then in competition with the Franchise Network. You may not employ any employee of Wetzel's Pretzels or a franchisee while he or she is still so employed or within one (1) year after he or she leaves this employment without the employer's prior written consent. Violation of this clause is a material breach of the franchise agreement and may result in Termination of the franchise.~~

9. TRANSFER OF FRANCHISE

9.1 Purpose of Conditions for Approval of Transfer

Our grant of this franchise is made in reliance on your integrity, ability, experience, and financial resources. Neither the franchise nor the Bakery operated under it nor any ownership interest therein, in whole or in part, may be sold or transferred unless you have first obtained our written consent, which may not be unreasonably withheld so long as it is shown to our satisfaction that the potential buyer or transferee can perform a franchisee's obligations under the then-current form of franchise agreement and all other agreements, legal instruments and documents required of new franchisees. To ensure that no Transfer jeopardizes the Trade Name, Marks, or our interest in the successful operation of your Bakery, we will consent to a Transfer only if you comply with the provisions of Sections 9.2 through 9.4 of this Agreement.

~~9.2 through 9.4 of this Agreement.~~

9.2 Notice of Intention to Transfer

If you or any of your shareholders, members, or partners would like to transfer this franchise and/or any ownership interest therein, you must submit to us: (a) the form of franchise

purchase application we currently use, completed by the prospective transferee~~,~~(s); (b) a written notice, describing all the terms and conditions of the proposed Transfer~~,~~; and (c) the transfer fee described in Article 6 of this Agreement. ~~If we do not approve the Transfer, we will return the transfer fee to you after deducting direct costs incurred in connection with the proposed Transfer in the minimum amount of two thousand five hundred dollars ($2,500).~~

9.3 Consent by Wetzel's Pretzels and Right of First Refusal

We ~~must respond in writing to your written notice~~ shall have the right and option, exercisable within ~~fifteen (15~~thirty (30) days after ~~receiving it, or, if we request additional information, within the later~~ the date we receive a copy of ~~fifteen (15) days after receipt of the additional information or~~ the ~~final day of the original fifteen (15) day period. We may either consent to the Transfer, state in writing our reason for refusing to consent, or~~ written notice required by Section 9.2(b) above, to purchase the ~~Bakery from you ourselves on the~~ interest proposed to be transferred, at the price and upon the same terms and conditions ~~as those offered by the third party. Silence may not be construed as consent.~~ specified in the notice. If we ~~consent to the Transfer, then you may transfer the interest described in the notice only to the named transferee and only~~do not exercise our option, and the terms of the offer are subsequently altered, you must, in each such instance, notify us of the changed offer terms, and we will again have thirty (30) days from such notice to exercise our right to purchase the interest proposed to be transferred on the altered terms. If we do not then exercise our option, then the Transfer may take place on the terms and price set forth in the notice, provided: (i) we give our written consent thereto; (ii) the Transfer takes place no later than six (6) months from the earlier of the expiration of such time period for us to exercise our option or your receipt of our written refusal to exercise option; and (iii) all the conditions ~~stated~~set forth in ~~the notice.~~ Section 9.4 are satisfied. Our silence is not and may not be construed as consent. Our consent to a particular Transfer will not constitute consent to any other or subsequent Transfer.

9.4 Conditions for Consent to Transfer

~~9.4~~

Our consent to your Transfer will not be unreasonably withheld but is subject to certain conditions, including, but not limited to:

(a) Our determination, based on the information that you submit, including without limitation prospective transferee's completed application and financial documents, and any other information available, that the ~~proposed~~prospective transferee meets ~~all of the~~our criteria ~~of~~, which includes: satisfactory character~~, business experience,~~; financial responsibility~~,~~; net worth~~, and other~~; work experience and aptitude; ability to devote time and best efforts to the Franchised Business; equity interest in the Franchised Business; ability to speak and read English sufficient, in our reasonable opinion, to communicate with employees, customers, and suppliers and to satisfactorily complete our training; no conflicting interests; and other criteria, conditions, and standards that we customarily apply to new franchisees at the time of Transfer,

(b) Prospective transferee provides us with copies of all governing documents

of prospective transferee (e.g., certificate of incorporation or organization, by-laws, stock certificates, operating agreement, membership certificates (if any)) which must be reasonably satisfactory to us in our sole discretion,

(c) You and prospective transferee agree not to assert any security interest, lien, right or claim, now or in the future, in the Franchised Business. Any security interest, lien, claim or right asserted with respect to any personal property at the Approved Location must not include any after-acquired property and

must be subject, junior, and subordinate to any security interest, lien, right or claim, now or in the future, asserted by us, our successors, or assigns,

(d) You agree to complete and sign a letter of agency, letter of authorization, or equivalent and provide it to prospective transferee so that prospective transferee may keep the existing telephone number when the Franchised Business is transferred to prospective transferee,

~~(b)~~ Payment of all your and your Related Parties' outstanding debts to us and our Related Parties~~,~~ owed

(e) ~~Cure of all defaults~~ under ~~the franchise agreement,~~this Agreement and any other agreement(s) between us and our Related Parties and you or your Related Parties,

~~(c)~~(f) Cure of all defaults under this Agreement, any other agreement(s) between us or our Related Party and you or your Related Party, and the Manual,

~~(d)~~(g) Your agreement that you will ~~employ a~~ engage a general contractor and/or construction manager as may be applicable, each of whom we have ~~approved~~previously authorized in writing,

~~(e)~~(h) Your agreement that you will, before any Transfer concludes, at your own expense, remodel, modernize and redecorate the Bakery premises and replace and modernize the fixtures, equipment, and signs used in the Bakery so that the premises of the Bakery meet the standards of appearance and function applicable to the premises of a new Bakery at the time of Transfer,

~~(f)~~(i) At our sole option, signing by the transferee of an assumption of the rights and obligations of this Agreement or signing by the transferee of the then- current form of franchise agreement, amended to shorten the term to the remainder of the term of ~~the transferor's agreement~~this Agreement, and to eliminate start-up obligations of both parties, and signing by transferee and/or the transferee's Related Parties of required ancillary agreements in the forms attached to the applicable franchise agreement,

(j) Your payment of the transfer fee described in Article 6 of this Agreement,

~~(g)~~

~~(h)~~(k) Completion by the transferee of the initial training program to our satisfaction,

~~(i)~~(l) Signing by you and your Related Parties of a release of claims against us and our Related Parties in the form we prescribe,

~~(j)~~(m) Our determination, based on our review of the proposed purchase agreement or notice, that ~~the agreement~~such terms and ~~any financing~~conditions will not interfere with the financial feasibility of the ~~sale will give the buyer a reasonable chance to succeed as a franchisee~~future operation of the Franchised Business, and

~~(k)~~(n) Your opening of an escrow account for the franchise Transfer if/as needed to ensure compliance with ~~the~~any applicable bulk sales laws and fulfillment of the conditions for Transfer listed above.

9.5 Changes of Ownership Not Considered To Be Transfers

As used in this Agreement, the word "Transfer" does not mean an assignment to:

(a) Any Trustee, Guardian, Executor, or Conservator for the account and benefit of a spouse, ancestor, or descendent, or

~~(b) Any of your employees under any employee stock option plan or stock purchase plan, as long as any share certificate distributed in connection with a plan of this type is marked with a legend describing the restrictions and conditions of Transfer required by this Agreement, or~~

(b) Any business entity if the beneficial ownership of the franchisee immediately following the assignment is the same and in the same proportions as the beneficial ownership immediately before the assignment. However, no assignment of this type will relieve the original party of any of its obligations under this Agreement.~~-~~

For the ~~assignment~~above assignments to be effective~~, you~~:

(a) You must promptly submit to us information on any change of this type in the equity ownership of the franchisee, the percentage of ownership, and the address where business records are maintained,

~~(c)~~(b) You, if you are an individual franchisee, or each of your owners, if you are not, must first sign and deliver a personal guaranty to us. We require the spouse of each individual guarantor to sign the personal guaranty ~~to provide consent thereto. You must promptly submit to us information on any change of this type in the equity ownership of the franchisee, the percentage of ownership, and the address where business records are maintained.~~as well, and

(c) You enter into a written agreement in a form to be determined by us, including (except where prohibited by law) a general release by you and your Related Parties of all claims against us and our Related Parties.

9.6 Change of Ownership Upon Death or Total Disability

If you die or become totally disabled while this Agreement is in effect, your heirs or beneficiaries will have sixty (60) days within which to demonstrate to our satisfaction that they meet all of the criteria ~~of character, business experience, financial responsibility, net worth, and other standards that we require of new franchisees at that time.~~outlined in Section 9.4 above. If we approve your heirs or beneficiaries as transferees of the franchise, we will waive ~~any resale~~the transfer fee outlined in Article 6 in connection with the Transfer. If we advise your heirs or beneficiaries in writing that we do not approve them as transferees of the franchise, or if we do not approve or disapprove the Transfer within

sixty (60) days following your death, your heirs or beneficiaries may have one hundred twenty (120) additional days from the date of disapproval of the Transfer or the end of the sixty- (60~~)~~)-day period, whichever is first, within which to find and notify us of a proposed Transfer to a qualified transferee in compliance with the provisions of this article. If your heirs or beneficiaries do not advise us of a qualified transferee within the

~~advise us of a qualified transferee within the~~ specified period, the franchise will automatically terminate at the end of that period unless we have granted a written extension of time.

9.7 Assignment by Wetzel's Pretzels

We may assign this Agreement or any rights or obligations created by it at any time without your consent upon the following conditions: (a) the assignee is financially responsible, (b) we reasonably believe that the assignee is capable of performing our obligations under this Agreement, and (c) the assignee expressly agrees in writing to assume our obligations under this Agreement.

9.8 Private Offerings

Securities, partnership or other ownership interests in Franchisee may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise, but in all cases only with ~~the~~our prior written consent of ~~Company~~, which consent shall not be unreasonably withheld. All materials required for any such private offering by federal or state law shall be submitted to us for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to us for such review prior to their use. No such offering by Franchisee shall imply that we are participating in an underwriting, issuance or offering of securities of Franchisee or us, and our review of any offering materials shall be limited solely to the subject of the relationship between ~~Franchise~~Franchisee and us and our affiliates. We may, at our option, require Franchisee's offering materials to contain a written statement prescribed by us concerning the limitations described in the preceding sentence. Franchisee, its ~~Owners~~Related Parties and the other participants in the offering must fully defend and indemnify us, and our affiliates, their respective partners and the officers, directors, manager(s) (if a manager-managed limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and shall execute any additional documentation required by us to further evidence this indemnity. For each proposed offering, Franchisee shall pay to us a non-refundable fee of ~~$~~Five Thousand Dollars ($5,000~~,~~), which shall be in addition to any transfer fee under this Agreement or such greater amount as is necessary to reimburse us for our reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees. Franchisee shall give us written notice at least ~~thirty~~ninety (90) days prior to the date of commencement of any offering or other transaction covered by this Section.

~~(30) days prior to the date of commencement of any offering or other transaction covered by this Section.~~

10. TERMINATION OF FRANCHISE

10.1 Termination by Consent of the Parties

This Agreement may be terminated by the mutual written consent of the parties. upon the execution of a termination agreement in a form to be determined by us including (except

where prohibited by law) a general release by you and your Related Parties of all claims against us and our Related Parties.

10.2 Termination by Wetzel's Pretzels

10.2.1 Notice of Default

This Agreement will, at our election, terminate: (a) thirty (30) days after written notice of default is given to you of any of the defaults described in Sections 10.2.2 (a) through (c) below if not cured within such time period; (b) five (5) days after written notice of default is given to you of a default described in Section 10.2.2 (d) below if not cured in this such time period; (c) in the case of Section 10.2.2(q), after written notice of default is given of a default under an agreement other than this Agreement, which is not cured within the applicable cure period specified in such other agreement, if any; and (d) immediately when written notice is given to you, if any of the defaults described in Sections 10.2.2 (e) through ~~(p) below occurs.~~
(p) below occurs.

10.2.2 Acts of Default

~~10.2.2~~

Upon the occurrence of any of the following defaults, we, at our election, may terminate this Agreement in the manner described in Section 10.2.1:

(a) If you do not submit to us in a timely manner any information or report you are required to submit under this Agreement,

(b) If you do not fulfill the lease negotiation requirements of Section 7.3.1 of this Agreement or if you do not develop your ~~Bakery~~Franchised Business in a timely manner in relation to the Start Date or if you do not begin operation of ~~a Bakery~~the Franchised Business by the Start Date or if you operate your ~~Bakery~~Franchised Business in a manner that does not conform to this Agreement and the Manual,

(c) If you default in the performance of any obligation under this Agreement not otherwise described in this list of defaults or if you, your Related Party, an affiliate of you or your Related Party, or any of your guarantor(s) hereof are in default under any other agreement with us or our Related Party and such default is not cured in accordance with the terms of such other agreement,

(d) If you or your Related Party fail to make any payment when due under this Agreement or any other agreement between you or your Related Party and us or our Related Party,

(e) If you fail to successfully complete the initial training program and we conclude, in our sole discretion, that you are unable or unwilling to do so,

(f) If you misuse the Marks or the System or engage in conduct which reflects materially and unfavorably on the goodwill associated with them or if you use in your ~~Bakery~~Franchised Business any names, marks, systems, logotypes, or symbols that we have not authorized you to use,

~~authorized you to use,~~

(g) If you or any of your Related Parties has any direct or indirect interest in the ownership or operation of any business that is confusingly similar to a Bakery, a Concession Truck or Trailer, or remote mobile unit that uses the System or the Marks without authorization from us, or if you fail to give us a signed copy of the Nondisclosure and Noncompetition Agreement for each of your Related Parties within ten (10) days after we request it,

(h) If you or your Related Party attempt to assign your rights under this Agreement or to transfer the ~~Bakery~~Franchised Business, or any portion thereof or ownership interest therein, in any manner not authorized by this Agreement,

(i) If you or your Related Party has made any material misrepresentation in connection with the acquisition of a Bakery, Concession Truck or Trailer, or remote mobile unit or to induce us to enter into this Agreement, or if you knowingly keep false books or intentionally make false ~~royalty~~Royalty Fee reports or make any other material misrepresentation in the operation of the ~~Bakery~~Franchised Business,

(j) If you act without our prior written approval or consent in regard to a matter for which our prior written approval or consent is expressly required by this Agreement,

~~If~~

(k) Except as may be authorized by Franchisor in this Agreement or otherwise in writing, if you stop operating the Bakery or remote mobile unit, if applicable, for a period of four (4) consecutive days or more or under circumstances that lead us to the reasonable conclusion that you do not intend to resume operation or if circumstances make it clear that you have permanently abandoned the Bakery, Concession Truck or Trailer or remote mobile unit, or if you fail to respond to our communications after a closure of four (4) consecutive days,

(l) If we give you written notice of any default and we have twice previously given you written notice of the same type of default within the preceding twelve (12) months, whether or not you have cured the defaults, or if you score less than ninety percent (90%) in three (3) or more government health inspections in a twelve~~-~~ (12-)-month period,

~~) month period,~~

(m) If any other agreement between you or your Related Party and us or our Related Party is terminated because of your material default,

(n) If we make a reasonable determination that the continued operation of the ~~Bakery~~

~~(n)~~ Franchised Business will pose a threat to public health or safety,

(o) If you become insolvent, or no longer have the financial means to operate the Bakery pursuant to the requirements of the System or this Agreement,

(p) If you or your Related Party are convicted of criminal misconduct which is relevant to the operation of the ~~Bakery~~Franchised Business or any felony, or

(q) Any default by you under the terms and conditions of this Agreement, any lease or sublease, as applicable, or any other agreement between Wetzel's Pretzels (or its Related Party), and you (or your Related Party) shall be deemed to be a default of each and every said agreement. Furthermore, in the event of termination, for any cause, of this Agreement or any other agreement between the parties hereto and/or their respective Related Parties, Wetzel's Pretzels may, at its option, terminate any or all said agreements.

~~any cause, of this Agreement or any other agreement between the parties hereto, Wetzel's Pretzels may, at its option, terminate any or all said agreements.~~

10.3 Rights and Obligations After Termination

Upon Termination of this Agreement for any reason, the parties will have the following rights and obligations:

(a) We may discontinue performance of our obligations under this Agreement.

(b) You must give us a final accounting for the ~~Bakery~~Franchised Business, pay us within thirty (30) days after Termination all payments due to us, and return the Manual and any other property belonging to us.

(c) You must immediately and permanently stop using the Marks or any confusingly similar marks, the System, and any advertising, signs, stationery, or forms that bear identifying marks or colors that might give others the impression that you are operating a ~~Bakery~~Franchised Business.

(d) You must promptly sign any documents and take any steps that in our judgment are necessary to delete your listings from classified telephone directories, disconnect or, at our option, assign to us any telephone numbers that have been used in connection with the ~~Bakery~~Franchised Business, and terminate all other references that indicate you are or ever were affiliated with us. By signing this Agreement, you irrevocably appoint us your attorney-in-fact to take the actions described in this paragraph if you do not do so yourself within seven (7) days after this Agreement is terminated.

(e) You must maintain all records required by us under this Agreement for a period of not less than three (3) years after final payment of any money you owe to us when this Agreement is terminated.

(f) We have an option, but not the obligation, to purchase any and all of the physical assets of the ~~Bakery~~Franchised Business, including its removable trade fixtures, equipment, supplies and inventory, during a period of sixty (60) days following the effective date of Termination, valued at the lower of depreciated book value or fair market value.

We must send written notice to you within thirty (30) days after Termination of this Agreement if we elect to exercise the option to purchase. If the parties do not agree on a price within the option period, the option period may be extended for up to fifteen (15) business days to permit appraisal by an independent appraiser who is mutually satisfactory to the parties. If the parties fail to agree on an appraiser within the specified period, each must appoint an appraiser and the two appraisers thus appointed must agree on a third appraiser within ninety (90) days after Termination. The sole appraiser must then determine the price for the physical assets of the ~~Bakery~~Franchised Business in accordance with the standards specified above. This determination will be final and binding on both us and you.

(g) We have an option, but not the obligation, to replace you as lessee under any equipment lease for equipment that is used in connection with the ~~Bakery.~~Franchised Business. Upon our request, you must give us copies of the leases for any equipment used in the ~~Bakery~~Franchised Business. Upon our request, you must allow us the opportunity, at a mutually satisfactory time, to inspect the leased equipment. To exercise the option, we must request the information and access described in this paragraph within fifteen (15) days after Termination, we must advise you of our wish to exercise the option within fifteen (15) days after we have received the information and/or inspected the equipment. We may assume any equipment lease in consideration of its assumption of future obligations under the lease. Upon our exercise of this option, you will be fully released and discharged from future rents and other future liabilities under the lease if the terms of the lease permit it, but not from any debts to the lessor that already exist on the date when the option is exercised.

(h) We have an option, but not the obligation, to replace you as lessee of the premises of the Bakery and remote mobile unit, if applicable. We may assume the lease for the Approved Location in consideration of our assumption of future obligations under the lease. Upon our exercise of this option, you will be fully released and discharged from future rents and other future liabilities under the lease if the terms of the lease permit it, but not from any debts to the lessor that already exist on the date when the option is exercised.

If the franchise granted in this Agreement is terminated because of your default, our rights described above may not necessarily be our exclusive remedies, but will instead supplement any other equitable or legal remedies available to us. Termination of this Agreement will not end any

obligation of either party that has come into existence before Termination unless otherwise specified herein. All obligations of the parties which by their terms or by reasonable implication are to be performed in whole or in part after Termination will survive Termination.

10.4 ~~Liquidated~~Early Termination Damages ~~– Lost Future Profits~~

~~10.4~~

(a) The parties recognize the difficulty of ascertaining damages to Franchisor resulting from premature termination of this Agreement before its expiration. ~~For this reason, Franchisor and Franchisee have provided for liquidated damages for the lost benefits of the bargain for Franchisor. Such liquidated damages represent Franchisor's and Franchisee's best estimate as to the damages arising from the circumstances in which they are provided; are only damages for the future profits lost to Franchisor due to the termination of this Agreement before its expiration; are not a penalty or as damages for breaching this Agreement; and are not in lieu of any other payment or remedy~~For this reason, Franchisor and Franchisee have provided for early termination damages ("Early Termination Damages") which shall be considered damages and not a penalty, are not in lieu of other damages, and Franchisee's payment of these damages shall not constitute a release of any other obligation owed to Franchisor. Franchisor, Franchisee, each individual signing on behalf of Franchisee, and each guarantor guaranteeing Franchisee's obligations hereunder, hereby acknowledge and agree that Franchisor's losses due to Franchisee's unilateral closure of the Franchised Business or termination of this Agreement would be highly difficult or impossible to calculate with reasonable certainty and, therefore, have agreed at the outset of this Agreement that the Early Termination Damages, and the formula for calculating these damages, constitutes a reasonable, good faith forecast of Franchisor's estimated losses and damages due to the premature closure of the Franchised Business or termination of this Agreement.

(b) If at any time, Franchisee unilaterally terminates this Agreement, or closes the Bakery, Concession Truck or Trailer and/or remote mobile unit, as applicable, without Franchisor's written consent or this Agreement is terminated by Franchisor for cause, then Franchisee agrees to pay Franchisor within ten (10) days of ~~termination~~Franchisor's demand Early Termination Damages in an amount equal to the actual number of months remaining in the term of this Agreement, subject to a maximum of twenty-four (24) months, times the monthly average amount of the Royalties, Advertising Fund Contributions and other fees owed by Franchisee under the relevant sections of this Agreement for the twelve (12~~)~~)-month period prior to termination (or the entire term prior to termination if less than twelve (12) months) based on Franchisee's actual Adjusted Gross Revenue, and reduced by a discount of eight percent (8%) to produce the present value of Franchisor's ~~lost profits~~losses and damages.

(c) Franchisee will be entitled to a credit against the sums calculated according to subsection (b) for all amounts paid to Franchisor in advance for that period.

(d) ~~These~~The damages set forth in this Section 10.4 are in addition to any monies due to Franchisor for past due payments or any other actual or consequential damages.

11. MISCELLANEOUS PROVISIONS

11.1 Construction of Contract

~~11.1~~

Section headings in this Agreement are for reference purposes only and will not in any way modify the statements contained in any section of this Agreement. Each word in this Agreement may be considered to include any number or gender that the context requires. If there is any conflict between this Agreement and the Manual, this Agreement will control.

11.2 Governing Law

~~11.2~~

This Agreement will be governed by and interpreted under the laws of your State, with the following exceptions: (a) the arbitration clause will be exclusively governed by and should be construed in accordance with the Federal Arbitration Act, and (b) trademark rights will be governed by and construed in accordance with the Lanham Act.

11.3 Notices

The parties to this Agreement ~~should~~shall direct any notices to the other party at the address below that party's name on the final page of this Agreement or at another address if advised in writing that the address has been changed. Notice may be delivered by facsimile (with simultaneous mailing of a copy by first class mail), courier, nationally recognized carrier (i.e., FedEx®, UPS®, etc.), or ~~first-class~~U.S. certified mail~~.~~, return receipt requested. Notice by facsimile will be considered delivered upon transmission, by courier or carrier, upon delivery, and by first class mail, three (3) days after ~~posting~~deposited with the U.S. Postal Service. Notice of Termination or nonrenewal must be given by a receipted form of delivery.

11.4 Amendments

This Agreement may be amended only by a document signed by all of the parties to this Agreement or by their authorized agents.

11.5 Waiver

~~11.5~~

Waiver of any breach of this Agreement may not be interpreted as a waiver of any subsequent breach.

11.6 Integration

~~11.6~~

This Agreement and any exhibits or attachments to it are the entire agreement between the parties concerning the franchise it grants. All other agreements and representations, other than representations in the franchise disclosure document, are superseded by it.

11.7 Negotiation and Mediation

11.7.1 Agreement to Use Procedure

~~The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration. They agree that, if any dispute~~

The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration. They agree that, if any Dispute (as defined below) arises between them, before beginning any legal action to interpret or enforce this Agreement, they will first follow the procedures described in this section. Good-faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any legal action or arbitration to interpret or enforce this Agreement. Except as otherwise provided herein, any dispute, claim or controversy arising out of or relating to this Agreement, the breach hereof, the rights and obligations of the parties hereto or the relationship between the parties, or the entry, making, interpretation, or performance of either party under this Agreement ("Dispute"), which cannot be resolved by mediation under Section 11.7.4. or is not subject to mediation under the terms of this Agreement, shall be settled by arbitration administered by the American Arbitration Association ("AAA") in accordance with its Commercial Arbitration Rules as modified below under Section 11.8.

~~11.7.2 Initiation of Procedures~~

~~The party that initiates these procedures ("Initiating Party") must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party's claim for relief, and identifying one or more people with authority to settle the dispute for him, her, or it. The party receiving the notice ("Responding Party") has ten (10) days within which to designate by written notice to the Initiating Party one or more people with authority to settle the dispute on the Responding Party's behalf. These people are called the "Authorized People."~~

~~11.7.3 Direct Negotiations~~

~~The Authorized People may investigate the dispute as they consider appropriate, but agree to meet in person, by prearranged teleconference, or by video conference within fourteen (14) days from the date of the Initiating Party's~~

11.7.2 **Initiation of Procedures**

The party that initiates these procedures ("Initiating Party") must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party's claim for relief, and identifying one or more people with authority to settle the dispute for him, her, or it. The party receiving the notice ("Responding Party") has ten (10) days within which to designate by written notice to the Initiating Party one or more people with authority to settle the dispute on the Responding Party's behalf. These people are called the "Authorized People."

11.7.3 **Direct Negotiations**

The Authorized People may investigate the dispute as they consider appropriate, but agree to meet in person, by prearranged teleconference, or by video conference within fourteen (14) days from the date of the Initiating Party's written notice to discuss resolution of the dispute. The Authorized People may meet at any times and places and as often as they agree.

~~11.7.4 Mediation~~

~~If the Dispute has not been resolved within thirty (30) days after the initial meeting, either party may begin mediation procedures. Mediation will be conducted by and under the rules of the~~

American Arbitration Association ("AAA") in Los Angeles County, California. The mediator must have been a member of the American Bar Association Forum on Franchising for at least five (5) years. If the AAA does not have a mediator who meets this requirement on its local panel of mediators, it is instructed to look first to its panel of arbitrators, then outside the panel and, if necessary, outside the geographic area to find a mediator who meets this requirement.

11.8 Arbitration

Any dispute arising out of or in connection with this Agreement, if not resolved by the negotiation and mediation procedures described above, will be determined by the AAA under its Rules for Commercial Arbitration, except as expressly varied by this Agreement, in Los Angeles County, California. This arbitration clause will not deprive either party of any right it may otherwise have to seek provisional injunctive relief from a court of competent jurisdiction. The arbitrator must have been a member of the American Bar Association Forum on Franchising for

~~at least five (5) years. If the AAA cannot provide an arbitrator who meets this requirement from its local panel, it is instructed to look beyond the panel or outside the area. There will be no discovery beyond the minimum required for an arbitration proceeding by applicable state law, unless the parties expressly agree otherwise in a writing signed by the parties and not by their counsel. The arbitrator will have no power to make any award that modifies or suspends any lawful provision of this Agreement and must provide a reasoned award. Judgment on any award may be entered by any court of competent jurisdiction.~~

~~**11.9 No Attorney Fees**~~

11.7.4 **Mediation**

If the Dispute has not been resolved within thirty (30) days after the initial meeting, either party may begin mediation procedures. Mediation will be conducted by and under the rules of the American Arbitration Association ("AAA") in Los Angeles County, California. The mediator must have been a member of the American Bar Association Forum on Franchising for at least five (5) years. If the AAA does not have a mediator who meets this requirement on its local panel of mediators, it is instructed to look first to its panel of arbitrators, then outside the panel and, if necessary, outside the geographic area to find a mediator who meets this requirement.

11.8 Arbitration

Any dispute arising out of or in connection with this Agreement, if not resolved by the negotiation and mediation procedures described above, will be determined by the AAA under its

Rules for Commercial Arbitration, except as expressly varied by this Agreement, in Los Angeles County, California. This arbitration clause will not deprive either party of any right it may otherwise have to seek provisional injunctive relief from a court of competent jurisdiction. The arbitrator must have been a member of the American Bar Association Forum on Franchising for at least five (5) years. If the AAA cannot provide an arbitrator who meets this requirement from its local panel, it is instructed to look beyond the panel or outside the area. There will be no discovery beyond the minimum required for an arbitration proceeding by applicable state law, unless the parties expressly agree otherwise in a writing signed by the parties and not by their counsel. The arbitrator will have no power to make any award that modifies or suspends any lawful provision of this Agreement and must provide a reasoned award. Judgment on any award may be entered by any court of competent jurisdiction.

11.9 No Attorney Fees

If legal action, including any action on appeal, or arbitration is necessary to enforce the terms and conditions of this Agreement, neither party will be permitted to recover attorney fees from the other, unless ~~either~~such party is entitled to recover attorney fees under applicable law if it prevails. In that case, if the opposing party prevails, it has a reciprocal right to recover attorney fees from the other party.

11.10 Limitation of Actions

Except as to non-waivable statutory claims, neither party may maintain an arbitration proceeding against the other party unless (a) the party follows in substantial part the negotiation and mediation procedures described above and (b) files an arbitration within one (1) year after the party knows or should have known the facts constituting the cause of action. In addition, and notwithstanding anything contained in this Agreement to the contrary, the provisions of Section 11.8 do not apply to a Dispute where: (i) we bring an action for an express obligation to pay monies, declaratory relief, preliminary or permanent equitable relief, any action at law for damage to our goodwill, the Confidential Information, the Marks, or for fraudulent conduct by you; or (ii) the delay resulting from the mediation process may endanger or adversely affect the public (for example, unhealthy, unsafe, or unsanitary conditions would continue to exist). For such Disputes, we may bring an action in any federal or state court having jurisdiction, whether for monetary damages, temporary preliminary and permanent injunctive relief or specific performance in addition to, and not exclusive of, any other remedies available to us. You hereby consent to and waive any objection or defense, including, but not limited to, forum non conveniens, and agree not to contest venue or jurisdiction of such court or arbitrator.

11.11 Individual Dispute Resolution

Any dispute resolution between or among the parties to this ~~agreement~~Agreement and any of their Related Parties ~~will~~shall be conducted on an individual basis and may not be conducted on a consolidated or class-wide basis.

11.12 Severability

Each provision of this Agreement will be considered severable. If, for any reason, any provision ~~of it~~herein is determined to be invalid or in conflict with any existing or future law or regulation, that provision will not impair the operation of the remaining provisions of this Agreement. The invalid provisions will be considered not to be a part of this Agreement. However, if we determine that the finding of illegality adversely affects the basic consideration for its performance under this Agreement, we may, at our option, terminate it.

11.13 Counterparts

~~11.13~~

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

11.14 Approval and Guaranties

If you are a corporation, all directors, officers, and shareholders ~~with a ten percent (10%) or greater interest in you~~, or, if you are a partnership, all your general partners, or, if you are a limited

liability company, all your members, and managers if applicable, must approve this Agreement, permit you to furnish the financial information we require, and agree to the restrictions placed on them, including restrictions on the transferability of their interests in the franchise and the ~~Bakery~~Franchised Business and limitations on their rights to compete, and sign separately written guarantees of your payments and performance in the form of Attachment ~~8~~9 to this Agreement. We require the spouse of each individual guarantor to sign the personal guaranty ~~to provide consent thereto~~as well.

11.15 Acceptance by Wetzel's Pretzels

This Agreement will not be binding on us unless and until it has been signed by an authorized ~~officer~~representative of ~~that company.~~Wetzel's Pretzels.

11.16 Your Representations

You represent that the information you gave us in support of your application for this franchise was and is true and complete, that you have the resources of time, energy, and money needed to operate your ~~Bakery~~Franchised Business according to our System and that you are entering into this ~~franchise~~Agreement to actively operate your ~~Bakery~~Franchised Business on a long-term basis and not for the purpose of investment.

11.17 Our Representations

THE ONLY REPRESENTATIONS, WARRANTIES, OR PROMISES WE MAKE ARE THOSE SPECIFICALLY STATED IN THIS AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT THAT HAS BEEN DELIVERED TO YOU. WE DO NOT GUARANTEE THAT YOU WILL SUCCEED IN THE OPERATION OF ~~THE~~YOUR WETZEL'S PRETZELS® ~~BAKERY.~~ FRANCHISED BUSINESS. WE ARE NOT A FIDUCIARY AND HAVE NO SPECIAL RESPONSIBILITIES OR DUTIES BEYOND THE NORMAL RESPONSIBILITIES OF A SELLER IN A BUSINESS TRANSACTION.

11.18 Franchisee's Acknowledgments

Franchisee acknowledges, warrants, and represents to Franchisor that:

(a) Before executing this Agreement, Franchisee has had the opportunity to contact any and all of Franchisor's existing franchisees.

_____ _____ _____ _____
Initials Initials Initials Initials

(b) Franchisee has received from Franchisor a copy of Franchisor's Franchise Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise at the earlier of the: (i) first personal meeting between Franchisor or its agent and Franchisee; at (ii) least ten (10) business days before the execution of this Agreement; or (iii) at least ten (10) business days before the payment by Franchisee to Franchisor of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement.

_____ _____ _____ _____
Initials Initials Initials Initials

~~(c)~~ Franchisee has received from Franchisor a copy of Franchisor's Franchise Disclosure

(c) Document, together with a copy of all proposed agreements relating to the sale of the franchise, at least fourteen (14) calendar days before the execution of this Agreement and at least fourteen (14) calendar days before the payment by Franchisee to Franchisor of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement. (or sooner if required by applicable state law).

_____ _____ _____ _____

Initials Initials Initials Initials

(d) Franchisee understands and agrees that Franchisor may operate and change the Wetzel's Pretzels system and Franchisor's business in any manner that is not expressly prohibited by this Agreement. in its sole discretion. Whenever Franchisor has the right within this Agreement to take or withhold action or to grant or decline to Franchisee the right to take or withhold action, Franchisor may make such a decision on the basis of Franchisor's best interests and those of the Wetzel's Pretzels system and the franchise network, without regard to whether other reasonable alternative decisions exist or whether Franchisor's decision adversely affects Franchisee. Absent applicable statutelaw, Franchisor shall have no liability for such a decision and Franchisee agrees that Franchisor's decision will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, then Franchisee agrees that such a covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants to Franchisor the right to make decisions, take actions and/or refrain from taking actions that are inconsistent with Franchisee's rights and obligations hereunder.

obligations hereunder.

_____ _____ _____ _____
Initials Initials Initials Initials

(e) Franchisee understands and agrees that nothing herein shall obligate Franchisor to sell Wetzel's Pretzels franchises or otherwise develop, grow and/or expand the Wetzel's Pretzels system. Franchisor makes no guaranty, warranty, or representation regarding the continued sale of Wetzel's Pretzels franchises, the Franchisor's ability to make sales of Wetzel's Pretzels franchises, the Franchisor's prospects for making sales of Wetzel's Pretzels franchises, or any development, growth or expansion of the Wetzel's Pretzels ~~system~~System or Franchise Network. Further, Franchisee understands and agrees that the failure or inability of Franchisor to sell Wetzel's Pretzels franchises or develop, grow, and/or expand the Wetzel's Pretzels ~~system~~System or Franchise Network does not excuse Franchisee's performance of its obligations under this Agreement and Franchisee further understands and agrees that it shall be obligated, at all times, to perform its obligations hereunder.

_____ _____ _____ _____
Initials Initials Initials Initials

~~**THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK**~~

[SIGNATURE PAGE FOLLOWS]

IN WITNESS TO THE FOREGOING, the parties to this Agreement sign and deliver it.

~~FRANCHISOR~~
~~WETZEL'S PRETZELS, LLC~~

~~Date:~~ _____ ~~By:~~ _____
~~Jon Fischer, Head of Development~~
~~35 Hugus Alley, Suite 300~~
~~Pasadena, CA 91103~~

~~*Sign here if Franchisee is an individual:*~~

~~FRANCHISEE~~

~~Date:~~ _____ _____

~~*Print Name:*~~ _____

~~*Print Address:*~~ _____

_____

~~*Sign here if Franchisee is a company:*~~

~~FRANCHISEE~~

~~*Print Company Name:*~~ _____

~~Date:~~ _____ ~~By:~~ _____

~~*Print Name:*~~ _____

~~*Print Title:*~~ _____

~~*Print Address:*~~ _____

_____

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Jon Fischer, Authorized Representative
35 Hugus Alley, Suite 300
Pasadena, California 91103

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

By: _____
Name, Title
Address

Date: _____

By: _____
Name, Title
Address

Date: _____

STATE SPECIFIC ADDENDUM TO WETZEL'S PRETZELS® ~~FRANCHISE AGREEMENT~~FRANCHISEAGREEMENT

~~1. INTRODUCTION~~

~~This Addendum ("Addendum") is effective on the same date as the Franchise Agreement ("Agreement") to which it is attached. The parties to the Addendum are the parties to the Agreement. The purpose of this Addendum is to modify certain clauses of the standard Agreement to meet the requirements of regulatory agencies in particular states.~~

~~2. AGREEMENT~~

~~The parties agree as follows:~~

~~2.1. Illinois~~

~~The following provision applies to you if your State is Illinois:~~

~~2.1.1.1. Special Release of Claims~~

~~The~~ (FOR THE STATE OF CALIFORNIA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF CALIFORNIA) ("Addendum") to the Franchise Agreement ~~says~~ dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between WETZEL'S PRETZELS, LLC, a California limited liability company ("Franchisor") with its principal office in the city of Pasadena, California, and _____, an entity ("Franchisee"), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that ~~we~~differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

1. CALIFORNIA LAW MODIFICATIONS

A. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.

B. The Franchise Documents may provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law. (11 U.S.C.A.

Sec. 101 et seq.).

C. The Franchise Documents contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California Law.

E. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the Commissioner may by rule or order require ~~you to~~, before a solicitation of a proposed material modification of an existing franchise.

F. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

H. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning transfer, termination or non-renewal of a

franchise. If the Franchise Documents contain a provision that is inconsistent with the law, the law will control.

I. If the franchisee resides in the State of California or the franchised business is located within the State of California, the venue for any dispute may be within the State of California. Business and Professions Code Section 20040.5 voids restricting a venue to a forum outside California with respect to any claim arising under or relating to a franchise involving a franchised business operating in California.

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

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS TO THE FOREGOING, the parties to this Addendum sign ~~a special~~and deliver it.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____ By: _____
Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____ By: _____
Name, Title

Date: _____ By: _____
Name, Title

(FOR THE STATE OF HAWAII)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF HAWAII) ("Addendum") to the Franchise Agreement dated , and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between WETZEL'S PRETZELS, LLC, a California limited liability company ("Franchisor") with its principal office in the city of Pasadena, California, and , a entity ("Franchisee"), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

1. The Director of the Hawaii Department of Commerce and Consumer Affairs requires that certain provisions contained in franchise documents be amended to be consistent with Hawaii law, including the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E-1 through 482E-12 (1988). To the extent that the Franchise Documents contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Hawaii Franchise Investment Law provides rights to you concerning non-renewal, termination and transfer of the Franchise Documents. If the Franchise Documents contain a provision that is inconsistent with the Law, the Law will control. Among those rights, the law may require that upon termination or non-renewal Franchisor purchase for fair market value Franchisee's inventory, supplies, equipment and furnishings purchased from Franchisor or a supplier designated by Franchisor; provided that personalized materials which have no value to Franchisor need not be compensated for. If the non-renewal or termination is for the purpose of converting the Franchisee's business to one owned and operated by Franchisor, Franchisor may, additionally, be obligated to compensate the Franchisee for loss of goodwill. Franchisor may deduct all amounts due from Franchisee and any costs related to the transportation or disposition of items purchased against any payment for those items. If the parties cannot agree on fair market value, fair market value shall be determined in the manner set forth in the Franchise Documents. If the Franchise Documents do not provide for determination of fair market value of assets for purchase by Franchisor, such amount will be determined by an independent appraiser approved by both parties, and the costs of the appraisal shall be shared equally by the parties.

b. If the Franchisee is required in the Franchise Documents to execute a release of claims, ~~except for non-waivable statutory claims, as a~~ such release shall exclude claims arising under the Hawaii Franchise Investment Law. Any condition ~~of renewal~~, stipulation or ~~transfer~~provision

binding the Franchisee to waive compliance with any provision of Section 482E-6 of ~~your~~ the Hawaii Franchise Investment Law shall be void.

c. The requirement of a franchisee to purchase or lease goods or services of the franchisor or from designated sources may not be enforceable under Hawaii Franchise Investment law unless it is reasonably necessary for a lawful purpose, and does not substantially affect competition.

d. The Hawaii Franchise Investment Law prohibits the Franchisor from establishing a similar business or granting a franchise for the establishment of a similar business to that of the Franchisee's within the Franchisee's exclusive territory. To the extent the Franchise Documents contain a provision that is inconsistent with the Act, the Act will control.

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

2. Section ~~. Any claim under the~~ 482E-3(a) of the Hawaii Franchise Investment Law requires us to give you a copy of the Franchise Disclosure Document at least 7 calendar days prior to signing the Franchise Documents.

3. The Franchise Documents permit us to terminate the Franchise Documents upon your bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law. (11 U.S.C. §101, et seq.).

4. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Title

Date: _____

By: _____
Name, Title

(FOR THE STATE OF ILLINOIS)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF ILLINOIS) ("Addendum") to the Franchise Agreement dated , and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between WETZEL'S PRETZELS, LLC, a California limited liability company ("Franchisor") with its principal office in the city of Pasadena, California, and , a entity ("Franchisee"), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, III. Comp. Stat. ~~Franchise Disclosure Act is a non-waivable statutory claim.~~Ch. 815 para. 705/1 –705/44 (1994). To the extent that the Franchise Documents contain provisions that are inconsistent with the following, such provisions are hereby amended:

~~**2.2. Maryland**~~

~~The following provisions apply to you if you live in Maryland or your business will be located in Maryland:~~

~~2.2.1. Special Release of Claims~~

~~The Agreement says that we may require you to sign a special release of claims, except for non-waivable statutory claims, as a condition of renewal or transfer of your franchise. This release will not apply to any liability arising under~~

a. Illinois Franchise Disclosure Act Sections 19 and 20 provide rights to the Franchisee concerning non-renewal and termination of the Franchise Documents. If the Franchise Documents contain a provision that is inconsistent with the Act, the Act will control.

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

c. If the Franchise Documents designate jurisdiction or venue in a forum other than the State of Illinois, the requirement is void under the Illinois Franchise Disclosure Act except that the Franchise Documents may provide for arbitration in a forum outside the State of Illinois.

d. If the Franchise Documents require that they be governed by a state's law, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act, the Act will control.

e. Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void."

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

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Title

Date: _____

By: _____
Name, Title

(FOR THE STATE OF INDIANA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF INDIANA) ("Addendum") to the Franchise Agreement dated , and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between WETZEL'S PRETZELS, LLC, a California limited liability company ("Franchisor") with its principal office in the city of Pasadena, California, and , an entity ("Franchisee"), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

INDIANA LAW MODIFICATIONS

1. The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. §§ 1-51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-27 (1985). To the extent that the Franchise Documents contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning non-renewal and termination of the Franchise Documents. To the extent the Franchise Documents contain a provision that is inconsistent with the Act, the Act will control.

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

c. If the Franchise Documents contain covenants not to compete upon expiration or termination of the Franchise Documents that are inconsistent with the Indiana Deceptive Franchise Practices Act, the requirements of the Act will control.

d. The Indiana Deceptive Franchise Practices Act provides that substantial modification of the Franchise Documents by Franchisor requires written consent of the Franchisee. If the Franchise Documents contain provisions that are inconsistent with this requirement, the Act will control.

e. If the Franchise Documents requires litigation/arbitration to be conducted in a forum other than the State of Indiana, the requirement may be unenforceable as a limitation on litigation under the Indiana Deceptive Franchise Practices Act §§ 23-2.2.7(10).

f. If the Franchise Documents require that they be governed by a state's law, other than the State of Indiana, to the extent that such law conflicts with the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, the Acts will control.

g. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning the waiver of claims or rights. To the extent the Franchise Documents contains a provision that is inconsistent with the Act, the Act will control.

h. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning the time period to bring an action against the Franchisor. To the extent the Franchise Documents contain a provision that is inconsistent with the Act, the Act will control.

i. The Indiana Deceptive Franchise Practices Act prohibits the Franchisor from operating a substantially identical business to that of the Franchisee's within the Franchisee's territory, regardless of trade name. To the extent the Franchise Documents contain a provision that is inconsistent with the Act, the Act will control.

j. Indiana Deceptive Franchise Practice Act excludes any indemnification for liability caused by the Franchisee's proper reliance on or use of procedures or materials provided by the Franchisor. To the extent the Franchise Documents contain a provision that is inconsistent with the Act, the Act will control.

k. If the Franchise Documents require goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories or services of comparable quality are available from sources other than those designated by the franchisor, to the extent that such law conflicts with the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, the Acts will control. Providing a list of approved suppliers to comply with specifications and standards prescribed by Franchisor does not constitute designation of a source under the Indiana Deceptive Franchise Practices Act.

l. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any

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

m. If the Franchise Documents require Franchisee to participate in any advertising campaign or contest, promotional campaign, promotional materials, or display decorations or materials, then the maximum amount the Franchisee may be required to pay is Thirty-Five Thousand Dollars ($35,000) per calendar year, and if the Franchisee's participation in any advertising campaign or contest, promotional campaign, promotional materials, or display decorations or materials would require the Franchisee to pay in excess of that amount, such participation by the Franchisee will be optional for the remainder of that calendar year.

2. Indiana Code § 23-2-2.5-9(2) requires us to give you a copy of the Franchise Disclosure Document at the earlier of: (i) ten (10) days prior to signing the Franchise Documents; or (ii) ten (10) days prior to our receipt of any consideration.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Deceptive Practices Act and the Indiana Franchises Act, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Title

Date: _____

By: _____
Name, Title

(FOR THE STATE OF MARYLAND)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF MARYLAND) ("Addendum") to the Franchise Agreement dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between WETZEL'S PRETZELS, LLC, a California limited liability company ("Franchisor") with its principal office in the city of Pasadena, California, and _____, a _____ entity ("Franchisee"), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

MARYLAND LAW MODIFICATIONS

1. Section 11.18 of the Franchise Agreement has been deleted in its entirety and replaced with: "Reserved."

2. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law. To the extent that the Franchise Documents contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. The general release required as a condition of assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

~~Limitation~~

~~2.2.2.~~ The general release required as a condition of ~~Actions~~

b. ~~Section 11.10 of the Agreement ("Limitation of Actions") says that neither party may maintain~~renewal shall not apply to any ~~action or proceeding against the other party unless the party files an arbitration within one (1) year after the party knows or should know the facts on which the arbitration is based. In spite of this, any claims arising~~liability under the Maryland Franchise Registration and Disclosure Law ~~may~~ .

c. The Franchise Documents require litigation to be conducted in the State of California. The Franchise Documents are amended to state that the requirement for litigation to be conducted in a forum other than the State of Maryland shall not be interpreted to limit any rights Franchisee may have to bring suit in the state of Maryland. A Franchisee may file a civil lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought ~~for~~within three-
(3) years after the grant of the franchise.

~~**2.3. Minnesota**~~

~~The following provisions apply to you if your State is Minnesota:~~

2.3.1. Special Release of Claims

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

2.3.2. Notice and Cure Periods

The Agreement states the cure periods for various types of defaults that may lead to termination or non-renewal.

d. The Franchise Documents provide that certain disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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

f. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Title

Date: _____

By: _____
Name, Title

(FOR THE STATE OF MICHIGAN)

Section 445.1508(1) of the Michigan Franchise Investment Law requires franchisor to give you a copy of the Franchise Disclosure Document earlier of: (i) ten (10) business days prior to signing the Franchise Agreement; or (ii) ten (10) business days prior to franchisor's receipt of any consideration.

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN THE FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than five (5) years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time

of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

i. The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
ii. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
iii. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
iv. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

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

Any questions regarding this Notice shall be directed to:

STATE OF MICHIGAN
DEPARTMENT OF THE ATTORNEY GENERAL
ATTENTION: FRANCHISE SECTION
P.O. BOX 30213
LANSING, MICHIGAN 48909
(517) 373-7117

(FOR THE STATE OF MINNESOTA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF MINNESOTA) ("Addendum") to the Franchise Agreement dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between WETZEL'S PRETZELS, LLC, a California limited liability company ("Franchisor") with its principal office in the city of Pasadena, California, and _____, a entity ("Franchisee"), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively "Franchise Act"). To the extent that the Franchise Documents and Disclosure Document contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of this state, or, in the case of a partnership or corporation, organized or incorporated under the laws of this state, or purporting to bind a person acquiring any franchise to be operated in this state to waive compliance or which has the effect of waiving compliance with any provision of sections 80C.01 to 80C.22 or any rule or order thereunder is void under the Minnesota Franchise Act, Minn. Stat. § 80C.21.

b. With respect to franchises governed by Minnesota law, the franchisor will comply with ~~Minn. Stat. Sec.~~ Minnesota Statutes, Section 80C.14, ~~Subds~~Subd. 3~~, 4, and~~ -5, which require~~,~~ (except in certain specified cases~~,~~) (1) that a franchisee be given ninety (90) days' notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days' notice ~~of~~for non- renewal of the ~~Agreement.~~franchise agreement and (2) that consent to the transfer of the franchise

2.3.3. Limitation of Actions

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

2.3.4. Arbitration Venue

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

2.3.5. Legal Protection

The following language is added to section 7.1.4 of the Agreement ("Legal Protection"):

will not be unreasonably withheld.

Minnesota considers it unfair to not

c. ~~We *will*~~ protect ~~*your*~~the franchisee's right to use the ~~*WETZEL'S PRETZELS Marks and Trade Name or will*~~ trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify ~~*you against*~~ the franchisee from any loss, costs~~,~~ or expenses arising out of any claim, suit~~,~~ or demand regarding ~~*your*~~the use of the ~~*Marks or Trade Name*~~name.

d. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes 1973 Supplement, sections 80C.01 to 80C.22; provided, that this part shall not bar the voluntary settlement of disputes.

e. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

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

g. Minnesota limits a service charge not to exceed Thirty Dollars ($30) for any dishonored check by the payee or holder of the check. See Minn. Rules 604.113.

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

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Title

Date: _____

By: _____
Name, Title

(FOR THE STATE OF NORTH DAKOTA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF NORTH DAKOTA) ("Addendum") to the Franchise Agreement dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between WETZEL'S PRETZELS, LLC, a California limited liability company ("Franchisor") with its principal office in the city of Pasadena, California, and _____, a entity ("Franchisee"), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1993). To the extent that the Franchise Documents contain provisions that are inconsistent with the following, such provisions are hereby amended:

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

b. Covenants not to compete during the term and upon termination or expiration of the Franchise Documents are enforceable only under certain conditions according to North Dakota Law. If the Franchise Documents contain a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Franchise Documents require litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Franchise Documents require that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts

with the North Dakota Franchise Investment Law, the North Dakota Franchise Investment Law will control.

e. If the Franchise Documents require mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Franchise Documents require payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

g. Section 51-19-08 of the North Dakota Franchise Investment Law requires Franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) seven (7) days prior to signing the Franchise Documents; or (ii) seven (7) days prior to Franchisor's receipt of any consideration.

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

2. **THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):**

A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
C. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
E. Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

H. General Release: Franchise agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

I. Limitation of Claims: Franchise agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

J. Enforcement of Agreement: Franchise agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Title

Date: _____

By: _____
Name, Title

(FOR THE STATE OF NEW YORK)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF NEW YORK) ("Addendum") to the Franchise Agreement dated , and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between WETZEL'S PRETZELS, LLC, a California limited liability company ("Franchisor") with its principal office in the city of Pasadena, California, and , a entity ("Franchisee"), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Section 680 through 695 (1989). To the extent that the Franchise Documents contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Franchise Documents to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgements shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

b. If the Franchise Documents require that they be governed by a state's law, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Franchisee under the New York General Business Law, Article 33, Sections 680 through 695.

c. If the Franchisee is required in the Franchise Documents to waive compliance with General Business Law or rule under the Law, such condition, stipulation or provision shall be void.

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

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

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of New York General Business Law, with respect to each such provision are met.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the New York law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth above, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Title

Date: _____

By: _____
Name, Title

(FOR THE STATE OF RHODE ISLAND)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF RHODE ISLAND) ("Addendum") to the Franchise Agreement dated , and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between WETZEL'S PRETZELS, LLC, a California limited liability company ("Franchisor") with its principal office in the city of Pasadena, California, and , a entity ("Franchisee"), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

RHODE ISLAND LAW MODIFICATIONS

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

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

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

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

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

supersedes any other term of any document executed in connection with the franchise.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF

2.4. New York

The following provision applies to you if your State is New York:

2.4.1. Special Release of Claims

The Agreement says that we may require you to sign a special release of claims, except for non-waivable statutory claims, as a condition of renewal or transfer of your franchise. Claims arising under Article 33 of the General Business Law of the State of New York are non- waivable statutory claims.

2.5. North Dakota

The following provisions apply to you if your State is North Dakota:

2.5.1. Special Release of Claims

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

2.5.2. Damages for Early Termination

Section 10.3 of the Agreement ("Rights and Obligations After Termination") provides that if the Agreement is terminated because of your material default or repudiation of the Agreement, we have the right to recover damages as compensation for lost future profits. This requirement is deleted from the Agreement.

2.5.3. Arbitration Venue

Section 11.8 of the Agreement ("Arbitration") provides that disputes will be arbitrated in California. This requirement is deleted from the Agreement.

2.5.4. Limitation of Actions

Section 11.10 of the Agreement ("Limitation of Actions") says that neither party may maintain any action or proceeding against the other party unless the party files an arbitration petition within one (1) year after the party knows or should know the facts on which the arbitration is based. In spite of this, any claims arising under the North Dakota Franchise Investment Law may be brought within the period provided by North Dakota law.

2.5.5. Covenant Not to Compete

Section 8.6 of the Agreement ("Covenant Not to Compete") says that you may not, during the term of the Agreement and for two (2) years after its Termination, operate or own more than a ten percent (10%) beneficial interest in any company that features fresh baked soft pretzels and that is located within the United States or Canada. North Dakota Century Code § 9- 06-08 limits our ability to restrict your activity after the Agreement has ended.

3. INCORPORATION OF FRANCHISE AGREEMENT

The terms and conditions of the Agreement are incorporated into this Addendum by reference except to the extent that they conflict with the terms and conditions of this Addendum. If there is a conflict, the terms and conditions of this Addendum will govern.

4. COUNTERPARTS

This Addendum may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

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

IN WITNESS TO FOREGOING, the parties to this Agreement sign and deliver it.

FRANCHISOR
WETZEL'S PRETZELS, LLC

Date: _____ By: _____
Jon Fischer
Head of Development

Sign here if Franchisee is an individual:

FRANCHISEE

Date: _____ _____

Print Name: _____

Sign here if Franchisee is a company:

FRANCHISEE

Print Company Name: _____

Date: _____ By: _____

Print Name: _____
Print Title: _____

, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Title

Date: _____

By: _____
Name, Title

(FOR THE STATE OF SOUTH DAKOTA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF SOUTH DAKOTA) ("Addendum") to the Franchise Agreement dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between WETZEL'S PRETZELS, LLC, a California limited liability company ("Franchisor") with its principal office in the city of Pasadena, California, and _____, a entity ("Franchisee"), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

SOUTH DAKOTA LAW MODIFICATIONS

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

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

b. Covenants not to compete upon termination or expiration of the Franchise Documents are generally unenforceable in the state of South Dakota, except in certain limited instances as provided by law. If the Franchise Documents contain a covenant not to compete which is inconsistent with South Dakota Law, the covenant may be unenforceable.

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

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

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

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

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

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

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

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the South Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Title

Date: _____

By: _____
Name, Title

(FOR THE STATE OF VIRGINIA)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF VIRGINIA) ("Addendum") to the Franchise Agreement dated , and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between WETZEL'S PRETZELS, LLC, a California limited liability company ("Franchisor") with its principal office in the city of Pasadena, California, and , a entity ("Franchisee"), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

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

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Virginia Retail Franchising Act applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

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

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Title

Date: _____

By: _____
Name, Title

(FOR THE STATE OF WASHINGTON)

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

1. If any provisions governing termination or non-renewal disclosed herein are inconsistent with Washington law, then Washington law shall apply. The applicable law reads as follows:

Section 19.100.180. Without limiting the other provisions of this chapter, the following specific rights and prohibitions shall govern the relation between the franchisor or subfranchisor and the franchisees:

(2) For the purpose of this chapter and without limiting its general application, it shall be an unfair or deceptive act or practice or an unfair method of competition and therefore unlawful and violation of this chapter for any person to:

(a) Restrict or inhibit the right of the franchisees to join an association of franchisees.

(b) Require a franchisee to purchase or lease goods or services of the franchisor or from approved sources of supply unless and to the extent that the franchisor satisfies the burden of proving that such restrictive purchasing agreements are reasonably necessary for a lawful purpose justified on business grounds, and do not substantially affect competition: PROVIDED, that this provision shall not apply to the initial inventory of the franchise. In determining whether a requirement to purchase or lease goods or services constitutes an unfair or deceptive act or practice or an unfair method of competition the courts shall be guided by the decisions of the courts of the United States interpreting and applying the anti-trust laws of the United States.

(c) Discriminate between franchisees in the charges offered or made for royalties, goods, services, equipment, rentals, advertising services, or in any other business dealing, unless and to the extent that the franchisor satisfies the burden of proving that any classification of or discrimination between franchisees is: (i) reasonable, (ii) based on franchises granted at materially different times and such discrimination is reasonably related to such difference in time, or is based on other proper and justifiable distinctions considering the purposes of this chapter, and (iii) is not arbitrary. However, nothing in (c) of this subsection precludes negotiation of the terms and conditions of a franchise at the initiative of the franchisees.

(d) Sell, rent, or offer to sell to a franchisee any product or service for more than a fair and reasonable price.

(e) Obtain money, goods, services, anything of value, or any other benefit from any other person with whom the franchisee does business on account of such business unless such benefit is disclosed to the franchisee.

(f) If the franchise provides that the franchisee has an exclusive territory, which exclusive territory shall be specified in the franchise agreement, for the franchisor or subfranchisor to compete with the franchisee in an exclusive territory or to grant competitive franchises in the exclusive territory area previously granted to another franchisee.

(g) Require franchisee to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by this chapter, except as otherwise permitted by RCW 19.100.220.

(h) Impose on a franchisee by contract, rule, or regulation, whether written or oral, any standard of conduct unless the person so doing can sustain the burden of proving such to be reasonable and necessary.

(i) Refuse to renew a Franchise Agreement without fairly compensating the franchisee for the fair market value, at the time of expiration of the Franchise Agreement, of the franchisee's inventory, supplies, equipment, and furnishings purchased from the franchisor and good will, exclusive of personalized materials which have no value to the franchisor, and inventory, supplies, equipment and furnishings not reasonably required in the conduct of the franchised business: PROVIDED, that compensation need not be made to a franchisee for good will if: (i) the franchisee has been given one year's notice of nonrenewal; and (ii) the franchisor agrees in writing not to enforce any covenant which restrains the franchisee from competing with the franchisor: PROVIDED FURTHER, that a franchisor may offset against amounts owed to a franchisee under this subsection any amounts owed by such franchisee to franchisor.

(j) Terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include, without limitation, the failure of the franchisee to comply with lawful material provisions of the franchise or other agreement between the franchisor and the franchisee and to cure such default after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such default, or if such default cannot reasonably be cured within thirty (30) days, the failure of the franchisee to initiate within thirty (30) days substantial and continuing action to cure such default: PROVIDED, that after three (3) willful and material breaches of the same term of the Franchise Agreement occurring within a twelve (12)-month period, for which the franchisee has been given notice and an opportunity to cure as provided in this subsection, the franchisor may terminate the Franchise Agreement upon any subsequent month period without providing notice or opportunity cure: PROVIDED FURTHER, that a franchisor may terminate a Franchise Agreement without prior notice or opportunity to cure a default if the franchisee: (i) is adjudicated bankrupt or insolvent; (ii) makes an assignment for the benefit of creditors or similar disposition of the assets of the franchised business; (iii) voluntarily abandons the franchised business; or (iv) is convicted of or pleads guilty or no contest to a charge of violating any law relating to the franchised business. Upon termination for good cause the franchisor shall purchase from the franchisee at a fair market value at the time of termination, the franchisee's inventory and supplies, exclusive of: (i) personalized materials which have no value to the franchisor; (ii) inventory and supplies not reasonably required in the conduct of the franchised business; and (iii) if the franchisee is to retain control of the premises of the franchised business, any inventory and supplies not purchased from the franchisor or on his express requirement: PROVIDED, that a franchisor may offset against amounts owed to a franchisee under this subsection any amounts owed by such franchisee to the franchisor.

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

document executed in connection with the franchise.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

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

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

Each provision of this Addendum to Franchise Documents shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Addendum. This Addendum to Franchise Documents shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum to Franchise Documents, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum to the Franchise Documents on _____.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Title

Date: _____

By: _____
Name, Title

(FOR THE STATE OF WISCONSIN)

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF WISCONSIN) ("Addendum") to the Franchise Agreement dated _____, and including any and all exhibits attached thereto (individually and collectively, "Franchise Documents") between WETZEL'S PRETZELS, LLC, a California limited liability company ("Franchisor") with its principal office in the city of Pasadena, California, and _____, a entity ("Franchisee"), hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Franchise Documents. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

WISCONSIN LAW MODIFICATIONS

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

a. The Wisconsin Fair Dealership Law, among other things, grants you the right, in most circumstances, to ninety (90) days' prior written notice of non-renewal and sixty (60) days within which to remedy any claimed deficiencies. If the Franchise Documents contain a provision that is inconsistent with the Wisconsin Fair Dealership Law, the provisions of the Franchise Documents shall be superseded by the Law's requirements and shall have no force or effect.

b. The Wisconsin Fair Dealership Law, among other things, grants you the right, in most circumstances, to ninety (90) days' prior written notice of termination and sixty (60) days within which to remedy any claimed deficiencies. If the Franchise Documents contain a provision that is inconsistent with the Wisconsin Fair Dealership Law, the provisions of the Franchise Documents shall be superseded by the Law's requirements and shall have no force or effect.

c. If the Franchise Documents require that they be governed by a state's law, other than the State of Wisconsin, to the extent that any provision of the Franchise Documents conflicts with the Wisconsin Fair Dealership Law such provision shall be superseded by the law's requirements.

d. Any condition, stipulation or provision in the Franchise Documents requiring Franchisee to waive compliance with any provision under the Wisconsin Franchise Investment law may be void.

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

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Title

Date: _____

By: _____
Name, Title

APPROVED LOCATION, BAKERY TYPE AND PROTECTED AREA (OR DEVELOPMENT TERRITORY)

The street address of the Approved Location is:

_____

The type of Bakery to be operated by Franchisee:

_____

The Protected Area is ~~as follows~~the smaller of:

(i) The shopping center or mall located at:

_____

_____

OR

(ii) A one-half mile radius surrounding the Approved Location.

_____

~~ATTACHMENT 1~~

SPECIAL RELEASE OF CLAIMS

This Special Release of Claims ("Release") is signed on [*date*], at Pasadena, California, by [*name of releasor*], FRANCHISEE ENTITY, a(n) , and INDIVIDUAL NAME, an individual, individually and collectively referred to in this Release as "Releasor," in favor of Wetzel's PretzelsWETZEL'S PRETZELS, LLC, a California limited liability company, referred to in this Release individually and collectively with the Released Parties (as defined below), as "Releasee."

RECITALS

This Release is made and delivered with reference to the following facts:

A. Releasee and Releasor are parties to a WETZEL'S PRETZELS'® franchise agreement dated (the "Franchise Agreement").

B. Releasor would like to assign the Franchise Agreement and the franchised business operated under it to a Transferee described in the accompanying documents

OR

B. Releasor would like to renew the Franchise Agreement. or relocate the Bakery from a previous location to the Approved Location in Attachment 2.

B.

C. Releasee is willing to consent to Releasor's request on condition that Releasor meets the conditions for consent stated in the Franchise Agreement. One of these conditions is that Releasor must sign a release of claims in favor of Releasee.

D. For the above-described consideration, the value and adequacy of which Releasor acknowledges, Releasor signs and delivers this Release.

RELEASE

1. Releasor, on behalf of Releasor and Releasor's Related Parties, as the term "Related Parties" is defined in the Franchise Agreement, now and forever releases and discharges Wetzel's Pretzels, LLC, andReleasee, and its Related Parties including its parents, affiliates, and each of such entities' successors, attorneys, insurers, brokers, principals, officers, directors, shareholders, partners, agents, employees, and contractors, (collectively, "Released Parties"), from any and all claims, demands, losses, expenses, damages, liabilities, actions, and causes of action of any nature, **except for non-waivable statutory claims**, that in any manner arise from or relate to the franchise relationship described above.

2. This Release extends to and includes any and all claims, liabilities, injuries, damages, and causes of action, **except for non-waivable statutory claims**, that the parties do not presently anticipate, know, or suspect to exist, but that may develop, accrue, or be discovered in the future. RELEASOR EXPRESSLY WAIVES ALL RIGHTS UNDER CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES: "A general release does not extend to claims whichthat the creditor or releasing party does not know or suspect to exist in his or her favor at the time of signingexecuting the release, which and that, if known by him mustor her, would

have materially affected his or her settlement with the debtor or released party." Releasor represents and warrants that Releasor has considered the possibility that claims, liabilities, injuries, damages, and causes of action that Releasor does not presently know or

suspect to exist in Releasor's favor may develop, accrue, or be discovered in the future, and that Releasor voluntarily assumes that risk as part of the ~~consideration received for this Release.~~

consideration received for this Release.

3. Releasor covenants and agrees that Releasor will not make, assert, or maintain any claim, demand, action, or cause of action that is discharged by this Release against any Releasee named or described in this Agreement. Releasor agrees to indemnify, defend, and hold each Releasee named or described in this Release, and their successors in interest, harmless against any claim, demand, damage, liability, action, cause of action, cost, or expense, including attorney fees, resulting from a breach of the covenant contained in this paragraph.

4. This Release may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

~~4.~~

I, the undersigned, have read this Release and understand all of its terms. I sign it voluntarily and with full knowledge of its significance.

~~Date:~~ _____ _____

~~[*Signature of Releasor*]~~

_____

~~[*Print name of Releasor*]~~

RELEASOR By: _____ Name, an individual Date: _____ **RELEASOR** By: _____ Name, an individual Date: _____	**RELEASOR** ENTITY, a[n] _____ By: _____ Name, Title Date: _____ By: _____ Name, Title Date: _____

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT (DIRECT DEBIT)

~~The undersigned depositor ("Depositor") authorizes Wetzel's Pretzels, LLC ("Wetzel's Pretzels"), to request debit entries and/or credit correction entries to the Depositor's checking and/or savings account(s) indicated below and the depository ("Depository") to debit the account according to our instructions.~~

~~Depository~~ ~~Branch~~

~~Street Address, City, State, Zip~~

FRANCHISEE INFORMATION

Franchisee Name Name	Store Number(s) 0000	Franchisee Phone No. (000) 000-0000
Franchisee Mailing Address (street, city, state, zip) Address		
Contact Name, Address and Phone number (if different than above) Name(s)		
Employer Identification Number (if applicable)	Principal's Name and Social Security Number	

BANK ACCOUNT INFORMATION

Bank Name	Bank Account Number	Bank Routing Number [: [: 9 Characters
Bank Mailing Address (street, city, state, zip)		
Bank Phone Number		

PAYMENT AUTHORIZATION

Franchisee hereby authorizes Wetzel's Pretzels, LLC, its affiliates and/or agents ("Payee"), to initiate withdrawals from the Bank Account indicated on this form, and hereby authorizes the Bank to honor and debit the Bank Account for electronic funds transfers or drafts drawn on the Bank Account and payable to Payee. The amount of such charge shall be set forth in a notice from the Payee presented to the Bank on the day(s) of the week set forth in Franchisee's franchise agreement, promissory note and security agreement, gift card participation agreement (or similar agreement for the gift card program), and any other agreement Franchisee signs that authorizes Payee, its affiliate or agent to debit Franchisee's account for the fees, which may be modified by Wetzel's Pretzels, LLC, its affiliates and/or agents, for the payment of royalty fees, advertising fees, POS support fees, gift card and e-gifting program fees and funds flow, and any other fees, charges, and other amounts payable to Payee, its affiliates and/or agents for any services Payee, its affiliates, and/or agents provide or facilitate. Franchisee agrees to execute such additional documents as may be reasonably requested by Payee or the Bank to evidence the interest of this EFT Authorization. This authority shall remain in full force and effect until Payee has received written notification from Franchisee in such time and manner as to afford Payee and the Bank to act on such notice. Franchisee understands that the termination of this authorization does not relieve Franchisee of its obligations to make payments to Payee. Payee may assign its rights and obligations under this EFT Authorization to Payee's affiliates and/or agents. Payee may change its designated affiliates and/or agents at Payee's discretion.

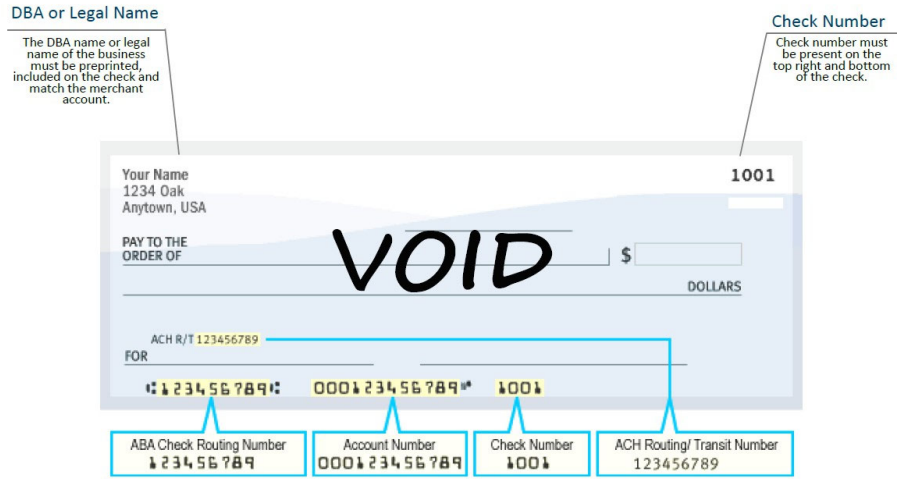
Signature:	Date:

NOTE: IF APPLICABLE, ATTACH A VOIDED OR COMPLETED CHECK RELATING TO THE BANK ACCOUNT.

ATTACH VOIDED OR COMPLETED CHECK HERE

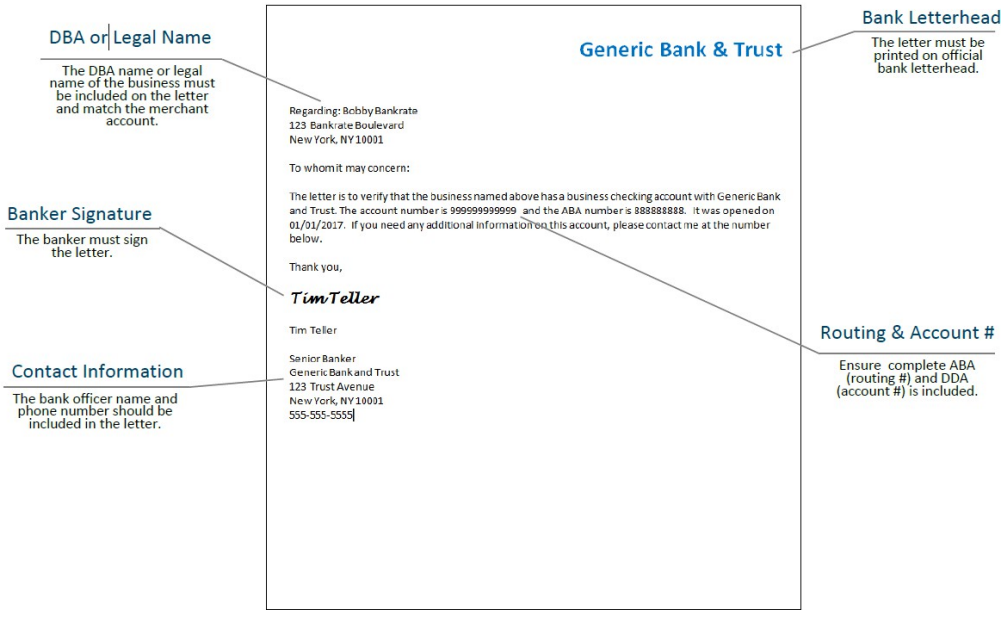
Voided Check Requirements

Starter checks may not be used.



Bank Letter Requirements

Bank Letter Requirements



~~Code~~

~~Bank Transit/ABA Number~~	~~Account Number~~

~~This authorization is to remain in full force and effect until Depository has received joint written notification from us and Depositor of the Depositor's termination of the authorization in a time and manner that will give Depository a reasonable opportunity to act on it. In spite of the foregoing, Depository will give us and Depositor thirty (30) days' prior written notice of the termination of this authorization. If an erroneous debit entry is made to Depositor's account, Depositor will have the right to have the amount of the entry credited to the account by Depository, if within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to the entry or forty-five (45) days after posting, whichever occurs first, Depositor has sent Depository a written notice identifying the entry, stating that the entry was in error, and requesting Depository to credit the amount to the account. These rights are in addition to any rights Depositor may have under federal and state banking laws.~~

~~Depositor~~	~~Depository~~
~~By~~	~~By~~
~~Title~~	~~Title~~
~~Date~~	~~Date~~

REMOTE MOBILE UNIT ADDENDUM TO ~~FRANCHISE AGREEMENT~~FRANCHISEAGREEMENT

(Remote Mobile Unit S-_____)

1. INTRODUCTION

This Remote Mobile Unit Addendum ("this Addendum") modifies a franchise agreement dated _____ ("the Franchise Agreement") ~~dated ____~~ between ~~Wetzel's Pretzels~~WETZEL'S PRETZELS, LLC ~~("Wetzel's Pretzels"),~~ a California limited liability company ("Wetzel's Pretzels") with its principal place of business in Pasadena, California, and _____ FRANCHISEE ENTITY, a(n) _____ ("you") for the operation of a Bakery at ~~_____ [*mall where Bakery is located*].~~ _____. This Addendum is made in light of the following facts:

2. RECITALS

A. ~~The~~Pursuant to certain lease documents, the landlord of the premises of your Bakery has agreed to allow you to operate a remote mobile unit ("the Remote Mobile Unit") within the Protected Area granted to you by the Franchise Agreement~~. The landlord's consent is evidenced by a letter or temporary space lease, a copy of which is attached.~~ at SPACE/SUITE # ("RMU Location").

B. You are in Good Standing under the Franchise Agreement and all other agreements between you or your Affiliate or both and Wetzel's Pretzels or its Affiliate or both.

C. The purpose of this Addendum is to provide for your operation of a remote mobile unit within your Bakery's Protected Area.

3. AGREEMENT

Accordingly, the parties agree as follows:

3.1. Granting Clause

We grant to you and you accept from us a license to operate a remote mobile unit as an auxiliary to your Bakery, at the RMU Location within the Bakery's Protected Area, using the Trade Name, Marks and System under the terms of this Addendum ~~and the letter of approval or temporary space lease provided by the landlord~~.

3.2. ~~Incorporation~~0Incorporation of Franchise Agreement

All references in the Franchise Agreement to the Bakery will be considered to apply to the Bakery and Remote Mobile Unit, unless otherwise noted. The terms and conditions of the Franchise Agreement are incorporated in this Addendum by reference except to the extent that they conflict with the terms and conditions of this Addendum. If there is such a conflict, the terms ~~and conditions of this Addendum will govern.~~

and conditions of this Addendum will govern.

3.3. Remote Mobile Unit Fee

When you sign this ~~Agreement~~Addendum, you will pay Wetzel's Pretzels the sum of ~~five thousand dollars~~Five Thousand Dollars ($5,000) as a Remote Mobile Unit Fee.

3.4. Term

The term of this Addendum is coterminous with the Term of the Franchise Agreement ~~it modifies or with the temporary space lease, whichever is shorter~~.

3.5. Equipment and Trade Dress

Before leasing or purchasing a retail unit, you must obtain our prior written approval of your plans and specifications for furnishing, equipping, and decorating it. Before beginning operation of the remote mobile unit, you will obtain our written certificate that it meets our currently effective standards and that you may begin operating it.

3.6. Insurance

You have arranged for appropriate liability and casualty insurance coverage for the Remote Mobile Unit, as required by your landlord, and have made us an additional named insured under the additional or extended insurance coverage. You have given us a copy of the policy's declarations page evidencing this coverage. You agree to maintain this coverage throughout the term of this Addendum.

3.7. Transfer

Upon Transfer of your Bakery, if the landlord is willing to permit you to transfer the Remote Mobile Unit with the Bakery, the Remote Mobile Unit must be included in the ~~resale~~transfer, you must remodel the Remote Mobile Unit to currently effective standards, and you must pay ~~a resale fee for the reconveyance of the~~ the Remote Mobile Unit ~~equal to fifty percent (50%) of the currently effective remote mobile unit fee~~Transfer Fee outlined in Section 6.16 of the Franchise Agreement at the time of Transfer. Otherwise, the license conveyed by this Addendum will expire upon Transfer of your Bakery.

3.8 Renewal.

~~As a condition of renewal of the remote mobile unit, you must pay, when you sign a remote mobile unit addendum to the franchise agreement for the renewal term, a renewal fee in the amount of fifty percent (50%) of the then-current remote mobile unit fee for a renewal term ranging between four (4) years and ten (10) years. If the renewal term shall be less than four (4) years, but not less than one (1) year, we shall pro-rate the renewal fee by twenty-five percent (25%) for each year. For clarification purposes, (a) if the renewal term shall be three (3) years, Franchisee shall pay an amount equal to seventy-five percent (75%) of the renewal fee; (b) if the renewal term shall be two (2) years, Franchisee shall pay an amount equal to fifty percent (50%) of the renewal fee; and (c) if the renewal term shall be one (1) year, Franchisee shall pay an amount equal to twenty-five percent (25%) of the renewal fee. Prior to signing the remote mobile unit addendum to the franchise agreement for the renewal term, you and we will mutually agree upon the renewal term, which will take into consideration, the period remaining on your lease (or sublease) and/or any renewal thereof. Notwithstanding anything to the contrary above, if you extend your lease (or sublease) for a period of time less than one (1) year, which shall require our prior written consent, or become a holdover tenant,~~

~~you will be required to remit to us a monthly fee of $500 per month until such time as you have entered into a new lease (or sublease) or a renewal of your lease (or sublease). Our acceptance of the above $500 fee shall not be deemed to be our consent to the extension of your lease or your election to become a holdover tenant. Rather, it shall only be deemed to reflect our consent to extend the term of this Addendum on a month to month basis, which we may terminate at any time upon thirty (30) days' written notice to you. If we cannot agree on the length of the renewal term, you will not be able to renew the remote mobile unit. A separate renewal fee shall be charged for each Bakery and each Remote Mobile Unit, if applicable.~~Upon renewal of your Bakery, if the landlord is willing to permit you to renew the Remote Mobile Unit with the Bakery, you must remodel the Remote Mobile Unit to currently effective standards, and you must pay the Renewal Fee outlined in Section 6.13 of the Franchise Agreement at the time of renewal. Otherwise, the license conveyed by this Addendum will expire upon renewal of your Bakery.

3.9 Counterparts

This Addendum may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

~~**THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK**~~

IN WITNESS TO THE FOREGOING, the parties to this Addendum ~~have signed~~sign and ~~delivered~~deliver it ~~as of the date of the Franchise Agreement~~.

~~FRANCHISOR~~
~~WETZEL'S PRETZELS, LLC~~

~~Date:~~ _____ ~~By:~~ _____
~~Jon Fischer~~
~~Head of Development 35 Hugus Alley, Suite 300 Pasadena, CA 91103~~

~~*Sign here if Franchisee is an individual:*~~

~~FRANCHISEE~~

~~Date:~~ _____ _____

~~*Print Name:*~~ _____

~~*Print Address:*~~ _____

_____

~~*Sign here if Franchisee is a company:*~~

~~FRANCHISEE~~

~~*Print Company Name:*~~ _____

~~Date:~~ _____ ~~By:~~ _____

~~*Print Name:*~~ _____

~~*Print Title:*~~ _____

~~*Print Address:*~~ _____

_____

FRANCHISOR

WETZEL'S PRETZELS, LLC, a California limited liability company

Date: _____

By: _____
Jon Fischer, Authorized Representative
35 Hugus Alley, Suite 300
Pasadena, California 91103

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____

By: _____
Name, Title
Address

Date: _____

By: _____
Name, Title
Address

ASSIGNMENT OF TELEPHONE NUMBERS, EMAIL ADDRESSES AND URL'S AND SPECIAL POWER OF ATTORNEY

1. _____[*Franchisee's legal name*]("FRANCHISEE ENTITY, a[n] _____ ("You"), in return for valuable consideration, including our signing a franchise agreement with you at the same time that this assignment is signed, assign to ~~Wetzel's Pretzels, LLC~~WETZEL'S PRETZELS, LLC, a California limited liability company ("Wetzel's Pretzels"), all telephone numbers, email addresses, and URL's and listings you advertise, publicize, or otherwise make known to customers or the public in the operation of a franchised Bakery, both now and in the future, in the city where the franchised business is operated.

2. This assignment will automatically become effective immediately upon Termination (meaning "termination, expiration, or nonrenewal") of your franchise. When the franchise is terminated, you agree to do whatever is necessary to cause the companies providing service to the franchised Bakery to promptly transfer the telephone numbers, email addresses and URL's and associated directory listings to Wetzel's Pretzels or its designee.

3. You agree to pay the telephone company, on or before the date when the franchise is Terminated, all amounts you owe it in connection with the telephone numbers, including payment for any advertisements or listings in a classified telephone directory or directories. You further agree to indemnify Wetzel's Pretzels for any money Wetzel's Pretzels must pay the telephone company before the telephone company will carry out this agreement.

4. This assignment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

~~**THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK**~~

~~4.~~

5. You appoint Wetzel's Pretzels as your attorney-in-fact to sign any documents and do any things necessary to carry out this agreement if you fail to sign or do them within three (3) business days after termination of the franchise agreement. You further agree to indemnify Wetzel's Pretzels for any expenses, including legal fees, that Wetzel's Pretzels incurs which would not have been incurred if you had performed as you promised under this agreement.

~~*Sign here if Franchisee is an individual:*~~

~~FRANCHISEE~~

~~Date:~~ _____ _____

~~*Print Name:*~~ _____

~~*Print Address:*~~ _____

_____

~~*Sign here if Franchisee is a company:*~~

~~FRANCHISEE~~

~~*Print Company Name:*~~ _____

~~Date:~~ _____ ~~By:~~ _____

~~*Print Name:*~~ _____

~~*Print Title:*~~ _____

~~*Print Address:*~~ _____

_____

[SIGNATURE PAGE FOLLOWS]

FRANCHISEE ENTITY, a[n] _____

Date: _____ By: _____

Name, Title

Address

Date: _____ By: _____

Name, Title

Address

LEASE PROVISIONS

Please give this language to your prospective lessor and ask that it be added to the terms of the lease. We will not approve leases that do not include substantially similar provisions:

Lessor will simultaneously give written notice to both Wetzel's Pretzels, LLC, a California limited liability company ("Wetzel's Pretzels"), and Lessee of any default under the lease. If Lessee does not cure any curable default during the time allowed by the lease, Wetzel's Pretzels may have an additional fifteen (15) days within which to cure the default on its own behalf as assignee of the lease. Notice will be directed to Wetzel's Pretzels at 35 Hugus Alley, Suite 300, Pasadena, CA 91103.

If the lease is terminated for any reason or if the franchise agreement between Wetzel's Pretzels and Lessee is terminated for any reason, Wetzel's Pretzels may enter the leasehold premises for purposes of removing all signs and other materials bearing Wetzel's Pretzels' trade name, marks or other commercial symbols.

If the lease is terminated for any reason or if the franchise agreement between Wetzel's Pretzels and Lessee is terminated for any reason, lessor consents to assignment, without further action on its part, of this lease to Wetzel's Pretzels. Under these circumstances, Lessor will not unreasonably withhold its consent to assignment of the lease by Wetzel's Pretzels to another WETZEL'S PRETZELS® franchisee with financial qualifications comparable to those of Lessee.

Lessor may, upon Wetzel's Pretzels' written request, disclose to Wetzel's Pretzels all reports, information or data in Lessor's possession regarding sales made in, upon or from the leased premises.

The leased premises may be used by Lessee only for operation of a WETZEL'S PRETZELS® Bakery.

~~NONDISCLOSURE AND~~

NONDISCLOSUREAND
NONCOMPETITION AGREEMENT

In return for (a) his or her training by Wetzel's Pretzels, LLC, a California limited liability company ("Wetzel's Pretzels" or "Franchisor"), to operate a Bakery or (b) his or her employment by Wetzel's Pretzels or by one of its franchisees, the undersigned Confidant agrees as follows: under this Nondisclosure and Noncompetition Agreement ("Agreement"):

1. Nondisclosure of Trade Secrets and Confidential Information

Confidant agrees, during the term of the franchise agreement and following termination, expiration, or assignment of the Agreement or Confidant's employment with Wetzel's Pretzels or by franchisee and following termination, expiration, or assignment of the franchise agreement or termination or expiration of Confidant's employment with franchisee, not to disclose, duplicate, sell, reveal, divulge, publish, furnish, or communicate, either directly or indirectly, any Trade Secret or other Confidential Information of Wetzel's Pretzels to any other person or company unless authorized in writing by Wetzel's Pretzels. Confidant agrees not to use any Trade Secret or Confidential Information for his or her personal gain or for purposes of personal gain by others, whether or not the Trade Secret or Confidential Information was conceived, originated, discovered, or developed, in whole or in part, by Confidant or represents Confidant's work product. If Confidant has assisted in the preparation of any information that we consider to be a Trade Secret or Confidential Information or has himself or herself prepared or created the information, Confidant assigns any rights that he or she may have in the information as its creator to Wetzel's Pretzels, including all ideas made or conceived by Confidant.

2. Definition of Trade Secrets and Confidential Information

For purposes of this Agreement, the terms "Trade Secret" and "Confidential Information" mean any knowledge, technique, processes, or information made known or available to Confidant that we treat as confidential, whether existing now or created in the future, including but not limited to information about the cost of materials and supplies, supplier lists or sources of supplies, internal business forms, orders, customer accounts, manuals and instructional materials describing our methods of operation, including our Operations Manual, products, drawings, designs, plans, proposals, and marketing plans, all concepts or ideas in, or reasonably related to our business that have not previously been publicly released by Wetzel's Pretzels, and any other information or property of any kind of Wetzel's Pretzels that may be protected by law as a Trade Secret, confidential, or proprietary. The Trade Secrets and Confidential Information described in this Agreement are the sole property of Wetzel's Pretzels.

3. Return of Proprietary Materials

Upon termination of franchise ownership or employment by Wetzel's Pretzels or a franchisee, Confidant must surrender to Wetzel's Pretzels all materials considered proprietary by Wetzel's Pretzels, technical or nontechnical, whether or not copyrighted, that relate to a Trade Secret, Confidential Information, or conduct of the operations of Wetzel's Pretzels. Confidant expressly acknowledges that any such materials of any kind given to him or her are and will remain

the sole property of Wetzel's Pretzels.

4. Nondisclosure of Employees

Confidant further agrees that he or she will not furnish to or for the benefit of any competitor of Wetzel's Pretzels, or the competitor's employees, agents, licensees, or franchisees, or the competitor's subsidiaries, the name of any person who is employed by Wetzel's Pretzels or its Related Parties or by any other franchisee of Wetzel's Pretzels or its Related Parties.

5. Noncompetition

Confidant agrees and covenants that because of the confidential and sensitive nature of the Confidential Information and because the use of the Confidential Information in certain circumstances may cause irrevocable damage to Wetzel's Pretzels, Confidant will not, until the expiration of two (2) years after the termination (regardless of the cause of termination) or expiration of the employment relationship between Confidant and Wetzel's Pretzels or the franchisee that employs Confidant, or termination of the ownership interest of Confidant in a franchise, engage, directly or indirectly, or through any corporations or Related Parties, in any business that is competitive with any Bakery and that is located (i) at the location of the Bakery owned by Confidant or at which Confidant was employed, (ii) within the Protected Area assigned to the franchisee, (iii) within five (5) miles of the outer boundaries of the Protected Area assigned to the franchisee, (iv) within the protected area assigned to any other Wetzel's Pretzels bakery owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of Confidant's employment or ownership of Confidant in a franchise or (b) a Transfer, as defined in the franchise agreement, if applicable; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 5, and (v) within five (5) miles of the outer boundaries of the protected area assigned to any other Wetzel's Pretzels bakery owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of Confidant's employment or ownership of Confidant in a franchise or (b) a Transfer, as defined in the franchise agreement, if applicable; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 5.

6. Saving Provision

Confidant agrees and stipulates that the agreements and covenants not to compete contained in the preceding paragraph are fair and reasonable in light of all the facts and circumstances of the relationship between Confidant and Wetzel's Pretzels. Nevertheless, Confidant and Wetzel's Pretzels are aware that in certain circumstances courts have refused to enforce certain agreements not to compete. Therefore, in furtherance of the provisions of the preceding paragraph, Confidant and Wetzel's Pretzels agree that if a court or arbitrator should decline to enforce the provisions of the preceding paragraph, that paragraph must be considered modified to restrict Confidant's competition with Wetzel's Pretzels to the maximum extent, in both time and geography, which the court or arbitrator finds enforceable.

7. Irreparable Harm to Wetzel's Pretzels

Confidant understands and agrees that Wetzel's Pretzels will suffer irreparable injury that cannot be precisely measured in monetary damages if Confidential Information or proprietary information is obtained by any person, firm, or corporation and is used in competition with Wetzel's Pretzels. Accordingly, Confidant agrees that it is reasonable and for the protection of the business and goodwill of Wetzel's Pretzels for Confidant to enter into this Agreement. If there is a breach of this Agreement by Confidant, Confidant consents to entry of a temporary restraining order or other injunctive relief and to any other relief that may be granted by a court having proper jurisdiction.

8. Binding Effect

This Agreement will be binding on Confidant's heirs, executors, successors, and assignees as though originally signed by those people.

9. Applicable Law

The validity of this Agreement will be governed by the laws of the State where Confidant lives. If any provision of this Agreement is void or unenforceable in that State, the remainder of the Agreement will be fully enforceable according to its terms.

CONFIDANT By: _____ Name, an individual **CONFIDANT** By: _____ Name, an individual	**CONFIDANT** ENTITY, a[n] _____ By: _____ Name, Title By: _____ Name, Title

PERSONAL GUARANTY AND SUBORDINATION AGREEMENT

To induce WETZEL'S PRETZELS, LLC, a California limited liability company ("Franchisor"), to enter into or permit assignment of a certain franchise agreement (the "Franchise Agreement") with FRANCHISEE ENTITY, a(n) ("Franchisee"), signed on the same date as the date of this Personal Guaranty and Subordination Agreement ("Personal Guaranty"), each of the undersigned (jointly and severally "Guarantor"), unconditionally personally guaranty to Franchisor, its successors, or its assignees, the prompt full payment and performance of all obligations of Franchisee that are or may become due and owing to Franchisor, including, but not limited to, all obligations arising out of the Franchise Agreement and any other agreement between the parties and all extensions or renewals of it or them in the same manner as if the Franchise Agreement were signed between Franchisor and the undersigned, as franchisee, directly.

Each of the undersigned expressly waives notice of acceptance by Franchisor to or for the benefit of Franchisee, of the purchase of inventory and goods by Franchisee, the maturing of bills and the failure to pay the same, the incurring by Franchisee of any additional future obligations and liability to Franchisor, and any other notices and demands. This Personal Guaranty will not be affected by the modification, extension, or renewal of any agreement between Franchisor and Franchisee, the taking of a note or other obligation from Franchisee or others, the taking of security for payment, the granting of an extension of time for payment, the filing by or against Franchisee of bankruptcy, insolvency, reorganization, or other debtor relief afforded Franchisee under the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing, and this Personal Guaranty will cover the terms and obligations of any modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned will be unconditional in spite of any defect in the validity of the Franchisee's obligations or liability to Franchisor or any other circumstances whether or not referred to in this Guaranty that might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This is an irrevocable, unconditional, and absolute guaranty of payment and performance and the undersigned agrees that the undersigned's liability under this guaranty will be immediate and will not be contingent upon the exercise or enforcement by Franchisor of whatever remedies it may have against the Franchisee or others, or the enforcement of any lien or realization upon any security Franchisor may at any time possess.

Each of the undersigned agrees that any current or future indebtedness by the Franchisee to the undersigned will always be subordinate to any indebtedness owed by Franchisee to Franchisor. The undersigned will promptly modify any financing statements on file with state agencies to specify that Franchisor's rights are senior to those of Guarantor.

Each of the undersigned further agrees that as long as the Franchisee owes any money to Franchisor (other than Royalties and advertising fund contributions that are not past due), the Franchisee will not pay and the undersigned will not accept payment of any part of any indebtedness owed by Franchisee to any of the undersigned, either directly or indirectly, without the consent of Franchisor. In connection with any litigation or arbitration to determine the

undersigned's liability under this Personal Guaranty, the undersigned expressly waives the undersigned's right to trial by jury, if any, and agrees to pay costs and reasonable attorney fees as fixed by the court or arbitrator.

If this Personal Guaranty is signed by more than one individual, each person signing this Personal Guaranty will be jointly and severally liable for the obligations created in it.

Each of the undersigned agrees to be personally bound by the restrictive covenants and confidentiality provisions contained within the Franchise Agreement.

This Personal Guaranty will remain in full force and effect until all obligations arising out of and under the Franchise Agreement, including all renewals and extensions, are fully paid and satisfied.

IN WITNESS TO THE FOREGOING, each of the undersigned has signed this Personal Guaranty as of the same day and year as the Franchise Agreement was executed.

GUARANTOR:

_____	_____
Name, an individual	Name, an individual
_____	_____
Name, an individual	Name, an individual

CORPORATE GUARANTY AND SUBORDINATION AGREEMENT

To induce WETZEL'S PRETZELS, LLC, a California limited liability company ("Franchisor"), to enter into or permit assignment of a certain franchise agreement (the "Franchise Agreement") with FRANCHISEE ENTITY, a(n) ("Franchisee"), signed on the same date as the date of this Corporate Guaranty and Subordination Agreement ("Corporate Guaranty"), the undersigned (jointly and severally "Guarantor"), unconditionally guarantees to Franchisor, its successors, or its assignees, the prompt full payment and performance of all obligations of Franchisee that are or may become due and owing to Franchisor, including, but not limited to, all obligations arising out of the Franchise Agreement and any other agreement between the parties and all extensions or renewals of it or them in the same manner as if the Franchise Agreement were signed between Franchisor and the undersigned, as franchisee, directly.

The undersigned expressly waives notice of acceptance by Franchisor to or for the benefit of Franchisee, of the purchase of inventory and goods by Franchisee, the maturing of bills and the failure to pay the same, the incurring by Franchisee of any additional future obligations and liability to Franchisor, and any other notices and demands. This Corporate Guaranty will not be affected by the modification, extension, or renewal of any agreement between Franchisor and Franchisee, the taking of a note or other obligation from Franchisee or others, the taking of security for payment, the granting of an extension of time for payment, the filing by or against Franchisee of bankruptcy, insolvency, reorganization, or other debtor relief afforded Franchisee under the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing, and this Corporate Guaranty will cover the terms and obligations of any modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned will be unconditional in spite of any defect in the validity of the Franchisee's obligations or liability to Franchisor or any other circumstances whether or not referred to in this Corporate Guaranty that might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This is an irrevocable, unconditional, and absolute guaranty of payment and performance and the undersigned agrees that the undersigned's liability under this guaranty will be immediate and will not be contingent upon the exercise or enforcement by Franchisor of whatever remedies it may have against the Franchisee or others, or the enforcement of any lien or realization upon any security Franchisor may at any time possess.

The undersigned agrees that any current or future indebtedness by the Franchisee to the undersigned will always be subordinate to any indebtedness owed by Franchisee to Franchisor. The undersigned will promptly modify any financing statements on file with state agencies to specify that Franchisor's rights are senior to those of Guarantor.

The undersigned further agrees that as long as the Franchisee owes any money to Franchisor (other than Royalties and advertising fund contributions that are not past due), the Franchisee will not pay and the undersigned will not accept payment of any part of any indebtedness owed by Franchisee to any of the undersigned, either directly or indirectly, without the consent of Franchisor. In connection with any litigation or arbitration to determine the

undersigned's liability under this Corporate Guaranty, the undersigned expressly waives the undersigned's right to trial by jury, if any, and agrees to pay costs and reasonable attorney fees as fixed by the court or arbitrator.

The undersigned agrees to be bound by the restrictive covenants and confidentiality provisions contained within the Franchise Agreement.

This Corporate Guaranty will remain in full force and effect until all obligations arising out of and under the Franchise Agreement, including all renewals and extensions, are fully paid and satisfied.

IN WITNESS TO THE FOREGOING, each of the undersigned has signed this Corporate Guaranty as of the same day and year as the Franchise Agreement was executed.

Guarantor:

ENTITY NAME, a _____

By: _____
Name, Title

Address

_____

_____

The

CONCESSION TRUCK OR TRAILER AMENDMENT TO WETZEL'S PRETZELS® FRANCHISE AGREEMENT

1. PARTIES

This Concession Truck or Trailer Amendment to Wetzel's Pretzels® Franchise Agreement (the "Amendment") is made between WETZEL'S PRETZELS, LLC, a California limited liability company ("Wetzel's Pretzels") with its principal office in the city of Pasadena, California, and FRANCHISEE ENTITY, a(n) ("you").

2. RECITALS

2.1 Wetzel's Pretzels and you entered into a franchise agreement dated as of (the "Agreement") for the operation of a Wetzel's Pretzels Bakery (as defined in the Agreement).

2.2 You desire to operate a Wetzel's Pretzels concession truck or trailer (a "Concession Truck or Trailer") instead of operating a Bakery and Wetzel's Pretzels desires to grant you the right to operate a Concession Truck or Trailer rather than a Bakery.

2.3 Wetzel's Pretzels hereby grants to you and you hereby accept from us a franchise to own and operate a Concession Truck or Trailer to be operated using and in connection with the Trade Name, Marks and System, upon the terms and conditions of the Agreement, as amended by this Amendment.

3. DEFINITIONS

3.1 Section 3.3 of the Agreement is hereby amended so that the term "Approved Location" shall mean "a location located with the Mobile Area (defined below) that we have approved in writing as a site from which you may operate a Concession Truck or Trailer."

3.2 Section 3.4 of the Agreement is hereby deleted in its entirety.

3.3 The Agreement is amended so that each reference to "Bakery" shall be replaced with Concession Truck or Trailer, which shall be the business that we have authorized franchisee to conduct under the Trade Name, Marks and System in accordance with the Agreement, as amended by this Amendment.

3.4 Section 3.14 "Protected Area", of the Agreement is hereby deleted in its entirety and is replaced with the following.

3.14 "Mobile Area" means "a geographic area described in greater detail in Exhibit A to this Amendment within which we agree to refrain from specified competitive activities." "Mobile Area" does not include sites along toll roads, or in hotels and motels, ships, ports, piers,

airports, railroads, train stations, other modes of mass transportation, casinos, movie theaters, theme parks, stadiums, sports arenas, college and university campuses, healthcare facilities, regional malls, outlet malls, guest lodging facilities, day care facilities of any type, government facilities, as well as the premises of any third-party retailer (including grocery stores, supermarkets and convenience stores) or any other location or venue to which access to the general public is restricted such as military installations, higher security headquarters or corporations, and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider, which are located within its borders. Additionally, the Mobile Area shall exclude any geographic area that is within one-half (1/2) of a mile of any Wetzel's Pretzels Bakery or Twisted by Wetzel's Bakery, whether in existence as of the date of this Agreement or any time during the term of this Agreement.

3.5 Section 3.16 of the Agreement is hereby amended so that the term "Transfer" shall mean "any sale, gift, or other change in ownership of all or any part: (1) of the rights and obligations of this Agreement, (2) of the Concession Truck or Trailer, or (3) of an ownership interest in you."

3.6 Section 3.17 of the Agreement is deleted in its entirety and is replaced with the following: "Start Date" means the earlier of (i) the first anniversary of the Effective Date, or (ii) the date you begin operating the Concession Truck or Trailer. The Start Date may be extended only with our written consent."

4. FRANCHISED RIGHTS

4.1 Section 4.1 of the Agreement is deleted in its entirety and is replaced with the following:

Wetzel's Pretzels grants to you and you accept from us a franchise to own and operate a Concession Truck or Trailer to be operated at an Approved Location within a Mobile Area under the Trade Name, Marks, and System during the term of this Agreement and according to its provisions. You are not granted the right to engage in wholesale, internet, or mail-order sales. You shall not engage in or solicit sales other than from the Concession Truck or Trailer, which may be parked anywhere within the Mobile Area.

4.2 Section 4.2 of the Agreement is deleted in its entirety and is replaced with the following:

Each Approved Location will be located within the Mobile Area. We agree not to authorize any other franchisee to operate a Concession Truck or Trailer within the Mobile Area or operate a company-owned Concession Truck or Trailer within the Mobile Area.

4.3 Section 4.3 of the Agreement is hereby amended to include the following:

Further, we reserve the right for ourselves and our affiliates the right to enfranchise others to

operate a Bakery within the Mobile Area, operate a company-owned or affiliate-owned Bakery within the Mobile Area.

4.4 Section 4.3 of the Agreement is hereby amended so that all references to the term "Protected Area" shall be replaced with the "Mobile Area."

4.5 Section 4.4 of the Agreement is deleted in its entirety and is replaced with the following:

You may operate the Concession Truck or Trailer at an Approved Location within the Mobile Area. You will not be permitted to relocate the Concession Truck or Trailer outside of the Mobile Area, without the written consent of Wetzel's Pretzels, LLC.

4.6 Section 4.5.1 of the Agreement is deleted in its entirety and is replaced with the following:

The initial term of the franchise will begin on the Effective Date and will expire five (5) years from the Start Date.

4.7 Section 4.5.2 of the Agreement is deleted in its entirety and is replaced with the following:

You will have the right to renew the franchise for an additional renewal term of five (5) years, on the same terms and conditions as those on which we are customarily granting new franchises at the time of renewal if at the time of renewal you meet the following conditions:

(i) You and your Related Parties are in Good Standing under this Agreement, any other Agreement between us or our Related Party and you or your Related Party, and the Manual,

(ii) You and any Related Parties that have signed this Agreement have signed a new franchise agreement in the currently effective form not less than one hundred eighty (180) days before the expiration of this Agreement or thirty (30) days after you receive the new franchise agreement from us, whichever is earlier,

(iii) You have agreed that you will, before the renewal term begins, at your own expense, remodel, modernize and redecorate the Concession Truck or Trailer and replace and modernize the equipment and signs used in the Concession Truck or Trailer to meet the standards of appearance and function applicable to new Concession Trucks or Trailers at that time,

(iv) You and any Related Parties have signed a special release of claims, except for non-waivable statutory claims, with respect to past dealings with us in the form of Attachment 3 to this Agreement, and

(v) You have paid the renewal fee described in Article 6.

The provisions of the standard franchise agreement we use at the time of renewal may be materially different from this Agreement's provisions. Changed provisions may include but are not limited to increased Royalties and advertising fund contributions and a modified Mobile Area.

4.8 Section 4.5.3 of the Agreement is deleted in its entirety.

5. SERVICES TO FRANCHISEE

5.1 Section 5.1 of the Agreement is hereby deleted in its entirety.

5.2 Section 5.8 of the Agreement is amended to include the following:

You will physically obtain the Proprietary Products and other goods, supplies, items, products, and merchandise that we require for the operation of the Concession Truck or Trailer from a location that we have previously approved in writing.

6. PAYMENTS BY FRANCHISEE

6.1 Section 6.1 of the Agreement is hereby deleted in its entirety and is replaced with the following:

When you sign this Agreement, you will pay us in immediately accessible funds an initial franchise fee of Seven Thousand Five Hundred Dollars ($7,500). The initial franchise fee must be paid as a lump sum by wire transfer or some other form of electronic funds transfer acceptable to us in our sole discretion and is fully earned upon execution of this Agreement and is non-refundable. In the event that Franchisee and Franchisor mutually agree that Franchisee shall be permitted to operate an additional Concession Truck or Trailer in the Mobile Area, then for each such additional Concession Truck or Trailer, Franchisee shall pay to Franchisor an initial franchise fee of Five Thousand Dollars ($5,000).

6.2 Section 6.2 of the Agreement is hereby deleted in its entirety.

6.3 Section 6.12 of the Agreement is hereby deleted in its entirety.

6.4 Section 6.15 of the Agreement is hereby deleted in its entirety.

6.5 Section 6.16 of the Agreement is hereby deleted in its entirety.

7. OBLIGATIONS OF FRANCHISEE

7.1 The first sentence in Section 7.1.1 of the Agreement is deleted and is replaced with the following:

You may use the Trade Name and Marks only in the operation of a Concession Truck or Trailer at Approved Locations within the Mobile Area.

7.2 Section 7.3.1 of the Agreement is deleted in its entirety.

7.3 Section 7.3.2 of the Agreement is deleted in its entirety and replaced with the following:

You must engage a truck/trailer fabricator whom we have approved within thirty (30) days after we sign this Agreement. You agree to plan, equip, and furnish your Concession Truck or Trailer according to our currently effective standards, as described in the Manual. You must submit all fabrication plans and designs to us for our prior written approval, which will not be unreasonably withheld, within ninety (90) days after we sign this Agreement. You must take all necessary action to develop your Concession Truck or Trailer in a timely manner in relationship to the Start Date stated in Article 3 or any written extension of the Start Date.

7.4 Section 7.3.3 of the Agreement is deleted in its entirety and is replaced with the following:

You may not begin operating the Concession Truck or Trailer until we certify in writing that, in the view of our management, you and your employees are prepared to begin operations. By certifying that our management believes the Concession Truck or Trailer is prepared for operations, we do not guarantee that the Concession Truck or Trailer will be successful. Success is dependent on a number of factors, including your skill, your efforts, and general economic conditions, all of which are not within our control.

We estimate that the length of time between signing the Franchise Agreement and beginning operations of the WETZEL'S PRETZELS® Concession Truck or Trailer will be about three (3) to six (6) months, but timing may vary due to truck availability and fabrication. You are required to open your Concession Truck or Trailer for business by the earlier of (i) within six (6) months from the Effective Date; or (ii) within thirty (30) days of the date you receive the built-out Concession Truck or Trailer, unless you obtain a written extension of this time period from us.

7.5 Section 7.3.8 of the Agreement is deleted in its entirety and is replaced with the following:

You agree to keep your Concession Truck or Trailer and the equipment located therein in clean condition and in excellent repair. Periodically, we will ask you to remodel the Concession Truck or Trailer and to upgrade the equipment located therein to meet our then-current standards. You must promptly comply with any such request.

7.6 Section 7.6.4 of the Agreement is deleted in its entirety and is replaced with the following:

You must permanently purchase, install, display and maintain, at your own expense, on your Concession Truck or Trailer, signs of any nature, form, color, number, location and size, and containing any legends that we have designated in writing.

7.7 Section 7.7.2 of the Agreements is deleted in its entirety and is replaced with the following:

We require you to purchase or lease computer and/or communications equipment and software that meet specifications set out in the Manual. You must submit to us, upon request, copies of all federal, state and local income, and sales tax returns. You will prepare and submit to us financial statements and weekly sales reports in the format, using the chart of accounts, and at the times specified in the Manual as periodically revised. You are required to submit an income and balance sheet in the form, manner and time that franchisor determines and may adjust from time to time. We may use this data to assist you in tracking and improving your performance, confirm that you are complying with your obligations under this Agreement, formulate earnings and expense information to disclose to prospective franchisees and/or other legitimate business purposes. Failure to timely submit an income statement and/or balance sheet constitutes a material breach of this Agreement, and will subject you to payment of a late fee as set forth in Section 6.18.

7.8 Section 7.8 of the Agreement is deleted in its entirety and is replaced with the following:

You must purchase and maintain a policy or policies of comprehensive public liability insurance, including products liability coverage, covering all Concession Truck or Trailer assets, personnel, and activities on an occurrence basis with a combined single limit for bodily injury, death, or property damage of not less than Two Million Dollars ($2,000,000). We may increase the minimum coverage requirement annually, if necessary, to reflect inflation or other changes in circumstances. You must also carry (1) casualty insurance in a minimum amount equal to the replacement value of your interest in the Concession Truck or Trailer, including equipment, (2) automobile insurance with coverage in the amount of Two Million Dollars ($2,000,000) and (3) business interruption insurance in an amount sufficient to cover salary or wages of key personnel, and other fixed expenses. Each of these insurance policies must contain a provision that the policy cannot be canceled without ten (10) days' written notice to us. It must be issued by an insurance company of recognized responsibility, designate us as an additional named insured and be satisfactory to us in form, substance, and coverage. You must deliver a certificate of the issuing insurance company evidencing each policy to us within ten (10) days after the policy is issued or renewed. In addition, you must maintain policies of workers' compensation insurance, disability insurance, and any other types of insurance required by applicable law.

7.9 Section 7.9.3 of the Agreement is deleted in its entirety.

7.10 You will be required to maintain or hire a driver with a minimum of Class B Commercial Driver's License whenever the Concession Truck or Trailer is moved.

7.11 Your Concession Truck or Trailer must be equipped with a Global Positioning System ("GPS") device during the entire Term of the Agreement, as may be extended or renewed. Wetzel's Pretzels, LLC shall have access to your GPS and may monitor the location of your Concession Truck and Trailer and the right to review the GPS records to ensure your compliance with operating within your Mobile Area.

7.12 Your Concession Truck or Trailer must be open and operating for business for a mutually agreed upon number of days per calendar year; if we do not mutually agree in writing upon a total number of days per calendar year, then your Concession Truck or Trailer must be open and operating for a number of days not less than the number of days set forth in the Operations Manual or otherwise set forth by us in writing.

8. RELATIONSHIP OF THE PARTIES

8.1 Section 8.3 of the Agreement is deleted in its entirety and is replaced with the following:

> On your Concession Truck or Trailer, you must conspicuously display a sign that states that "THIS CONCESSION [TRUCK OR TRAILER] IS AN INDEPENDENTLY OWNED AND OPERATED FRANCHISED BUSINESS." Business cards, stationery, purchase order forms, invoices, tax returns, and other documents you use in your business dealings with suppliers, government agencies, employees, and customers must clearly identify you as an independent legal entity operating under a franchise.

8.2 Section 8.6 of the Agreement is deleted in its entirety and is replaced with the following:

> You may not, during the term of this Agreement and for two (2) years after its Termination, operate or own more than a ten percent (10%) beneficial interest in any company that features fresh-baked soft pretzels and that is located (i) within the Mobile Area, (ii) within five (5) miles of the outer boundaries of the Mobile Area, (iv) within the mobile area assigned to any other Wetzel's Pretzels concession truck or trailer owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of this Agreement or (b) a Transfer, as defined in this Agreement; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 8.6, and (iv) within five (5) miles of the outer boundaries of the mobile area assigned to any other Wetzel's Pretzels concession truck or

trailer owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of this Agreement or (b) a Transfer, as defined in this Agreement; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 8.6. You agree to obtain the individual written agreement of each of your Related Parties, Designated Manager and each employee to whom Confidential Information is disclosed to the provisions of this section in the form of Exhibit B to this Amendment.

9. TRANSFER OF FRANCHISE

9.1 Section 9.4(g) of the Agreement is deleted in its entirety.

9.2 Section 9.4(h) of the Agreement is deleted in its entirety and is replaced with the following:

Your agreement that you will, before Transfer concludes, at your own expense, remodel, modernize and redecorate the Concession Truck or Trailer and replace and modernize the equipment and signs used therein so that the Concession Truck or Trailer meets the standards of appearance and function applicable to a new Concession Truck or Trailer at the time of Transfer,

10. TERMINATION OF FRANCHISE

10.1 Section 10.2.2(b) of the Agreement is deleted in its entirety and replaced with the following:

If you do not begin operation of a Concession Truck or Trailer by the Start Date or if you operate your Concession Truck or Trailer in a manner that does not conform to this Agreement and the Manual,

10.2 The first sentence in Section 10.2.2(q) of the Agreement is amended so that the phrase “any lease or sublease, as applicable” shall be deleted.

10.3 Section 10.3(h) of the Agreement is deleted in its entirety.

11. INCORPORATION OF FRANCHISE AGREEMENT

11.1 The terms and conditions of the Agreement are incorporated into this Amendment by reference except to the extent that they conflict with the terms and conditions of this Amendment. If there is a conflict, the terms and conditions of this Amendment will govern.

11.2 All references in the Agreement to the Bakery will be considered to apply to the Concession Truck or Trailer, unless otherwise noted herein.

12. COUNTERPARTS

This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS TO THE FOREGOING, the parties to this Amendment sign and deliver it.

FRANCHISOR

WETZEL'S PRETZELS, LLC,
a California limited liability company

Date: _____ By: _____
Jon Fischer, Authorized Representative
35 Hugus Alley, Suite 300
Pasadena, California 91103

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____ By: _____
Name, Title
Address

Date: _____ By: _____
Name, Title
Address

EXHIBIT A
MOBILE AREA

The Mobile Area for this Concession Truck or Trailer franchise shall be:

_____

_____

_____

FRANCHISOR

WETZEL'S PRETZELS, LLC,
a California limited liability company

Date: _____ By: _____
Jon Fischer, Authorized Representative

FRANCHISEE

FRANCHISEE ENTITY, a[n] _____

Date: _____ By: _____
Name, Title

Date: _____ By: _____
Name, Title

EXHIBIT B
NONDISCLOSURE AND NONCOMPETITION AGREEMENT

In return for (a) his or her training by Wetzel's Pretzels, LLC, a California limited liability company ("Wetzel's Pretzels" or "Franchisor"), to operate a Concession Truck or Trailer or (b) his or her employment by Wetzel's Pretzels or by one of its franchisees, the undersigned Confidant agrees as follows under this Nondisclosure and Noncompetition Agreement ("Agreement"):

1. Nondisclosure of Trade Secrets and Confidential Information

Confidant agrees, during the term of the franchise agreement and following termination, expiration, or assignment of the Agreement or Confidant's employment with Wetzel's Pretzels or by franchisee and following termination, expiration, or assignment of the franchise agreement or termination or expiration of Confidant's employment with franchisee, not to disclose, duplicate, sell, reveal, divulge, publish, furnish, or communicate, either directly or indirectly, any Trade Secret or other Confidential Information of Wetzel's Pretzels to any other person or company unless authorized in writing by Wetzel's Pretzels. Confidant agrees not to use any Trade Secret or Confidential Information for his or her personal gain or for purposes of personal gain by others, whether or not the Trade Secret or Confidential Information was conceived, originated, discovered, or developed, in whole or in part, by Confidant or represents Confidant's work product. If Confidant has assisted in the preparation of any information that we consider to be a Trade Secret or Confidential Information or has himself or herself prepared or created the information, Confidant assigns any rights that he or she may have in the information as its creator to Wetzel's Pretzels, including all ideas made or conceived by Confidant.

2. Definition of Trade Secrets and Confidential Information

For purposes of this Agreement, the terms "Trade Secret" and "Confidential Information" mean any knowledge, technique, processes, or information made known or available to Confidant that we treat as confidential, whether existing now or created in the future, including but not limited to information about the cost of materials and supplies, supplier lists or sources of supplies, internal business forms, orders, customer accounts, manuals and instructional materials describing our methods of operation, including our Operations Manual, products, drawings, designs, plans, proposals, and marketing plans, all concepts or ideas in, or reasonably related to our business that have not previously been publicly released by Wetzel's Pretzels, and any other information or property of any kind of Wetzel's Pretzels that may be protected by law as a Trade Secret, confidential, or proprietary. The Trade Secrets and Confidential Information described in this Agreement are the sole property of Wetzel's Pretzels.

3. Return of Proprietary Materials

Upon termination of franchise ownership or employment by Wetzel's Pretzels or a franchisee, Confidant must surrender to Wetzel's Pretzels all materials considered proprietary by Wetzel's Pretzels, technical or nontechnical, whether or not copyrighted, that relate to a Trade Secret, Confidential Information, or conduct of the operations of Wetzel's Pretzels. Confidant expressly acknowledges that any such materials of any kind given to him or her are and will remain ~~the sole property of Wetzel's Pretzels.~~

the sole property of Wetzel's Pretzels.

~~Solicitation~~

4. Nondisclosure of Employees

Confidant further agrees that he or she will not furnish to or for the benefit of any competitor of Wetzel's Pretzels, or the competitor's employees, agents, licensees, or franchisees, or the competitor's subsidiaries, the name of any person who is employed by Wetzel's Pretzels or its Related Parties or by any other franchisee of Wetzel's Pretzels or its Related Parties.

5. Noncompetition

Confidant agrees and covenants that because of the confidential and sensitive nature of the Confidential Information and because the use of the Confidential Information in certain circumstances may cause irrevocable damage to Wetzel's Pretzels, Confidant will not, until the expiration of two (2) ~~year after the termination (regardless of the cause of termination) or expiration of the employment relationship between Confidant and Wetzel's Pretzels or the franchisee that employs Confidant, or termination of the ownership interest of Confidant in a franchise, engage, directly or indirectly, or through any corporations or Related Parties, in any business that is competitive with any Bakery and that is located (i) at the location of the Bakery owned by Confidant or at which Confidant was employed, (ii) within the Protected Area assigned to the franchisee, (iii) within five (5) miles of the outer boundaries of the Protected Area assigned to the franchisee, (iv) within the protected area assigned to any other Wetzel's Pretzels bakery owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of Confidant's employment or ownership of Confidant in a franchise or (b) a Transfer, as defined in the franchise agreement, if applicable; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 5, and (v) within five (5) miles of the outer boundaries of the protected area assigned to any other Wetzel's Pretzels bakery owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of Confidant's employment or ownership of Confidant in a franchise or (b) a Transfer, as defined in the franchise agreement, if applicable; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 5.~~

~~**6.1. Saving Provision**~~

~~Confidant agrees and stipulates that the agreements and covenants not to compete contained in the preceding paragraph are fair and reasonable in light of all the facts and circumstances of the relationship between Confidant and Wetzel's Pretzels. Nevertheless, Confidant and Wetzel's Pretzels are aware that in certain circumstances courts have refused to enforce certain agreements not to compete. Therefore, in furtherance of the provisions of the preceding paragraph, Confidant and Wetzel's Pretzels agree that if a court or arbitrator should decline to enforce the provisions of the preceding paragraph, that paragraph must be considered modified to restrict Confidant's competition with Wetzel's Pretzels to the maximum extent, in both time and geography, which the court or arbitrator finds enforceable.~~

~~ATTACHMENT 7~~

7. Irreparable Harm to Wetzel's Pretzels

Confidant understands and agrees that Wetzel's Pretzels will suffer irreparable injury that cannot be precisely measured in monetary damages if Confidential Information or proprietary information is obtained by any person, firm, or corporation and is used in competition with Wetzel's Pretzels. Accordingly, Confidant agrees that it is reasonable and for the protection of the business and goodwill of Wetzel's Pretzels for Confidant to enter into this Agreement. If there is a breach of this Agreement by Confidant, Confidant consents to entry of a temporary restraining order or other injunctive relief and to any other relief that may be granted by a court having proper jurisdiction.

8.1. Binding Effect

This Agreement will be binding on Confidant's heirs, executors, successors, and assignees as though originally signed by those people.

9.1. Applicable Law

The validity of this Agreement will be governed by the laws of the State where Confidant lives. If any provision of this Agreement is void or unenforceable in that State, the remainder of the Agreement will be fully enforceable according to its terms.

CONFIDANT

Signature: _____

Print Name: _____

PERSONAL GUARANTY AND SUBORDINATION AGREEMENT

To induce Wetzel's Pretzels, LLC ("Franchisor"), to enter into or permit assignment of a certain franchise agreement with _____ [*franchisee's full legal name*] ("Franchisee") (the "Franchise Agreement"), signed on the same date as the date of this Personal Guaranty and Subordination Agreement, each of the undersigned unconditionally, jointly and severally, personally guaranty to Franchisor, its successors, or its assignees, the prompt full payment and performance of all obligations of Franchisee that are or may become due and owing to Franchisor, including, but not limited to, all obligations arising out of the Franchise Agreement and any other agreement between the parties and all extensions or renewals of it or them in the same manner as if the Franchise Agreement were signed between Franchisor and the undersigned, as franchisee, directly.

Each of the undersigned expressly waives notice of acceptance by Franchisor to or for the benefit of Franchisee, of the purchase of inventory and goods by Franchisee, the maturing of bills and the failure to pay the same, the incurring by Franchisee of any additional future obligations and liability to Franchisor, and any other notices and demands. This Personal Guaranty will not be affected by the modification, extension, or renewal of any agreement between Franchisor and Franchisee, the taking of a note or other obligation from Franchisee or others, the taking of security for payment, the granting of an extension of time for payment, the filing by or against Franchisee of bankruptcy, insolvency, reorganization, or other debtor relief afforded Franchisee under the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing, and this Personal Guaranty will cover the terms and obligations of any modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned will be unconditional in spite of any defect in the validity of the Franchisee's obligations or liability to Franchisor or any other circumstances whether or not referred to in this Guaranty that might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This is an irrevocable, unconditional, and absolute guaranty of payment and performance and the undersigned agrees that the undersigned's liability under this guaranty will be immediate and will not be contingent upon the exercise or enforcement by Franchisor of whatever remedies it may have against the Franchisee or others, or the enforcement of any lien or realization upon any security Franchisor may at any time possess.

Each of the undersigned agrees that any current or future indebtedness by the Franchisee to the undersigned will always be subordinate to any indebtedness owed by Franchisee to Franchisor. The undersigned will promptly modify any financing statements on file with state agencies to specify that Franchisor's rights are senior to those of Guarantor.

Each of the undersigned further agrees that as long as the Franchisee owes any money to Franchisor (other than royalty and advertising fund contributions that are not past due), the Franchisee will not pay and the undersigned will not accept payment of any part of any indebtedness owed by Franchisee to any of the undersigned, either directly or indirectly, without the consent of Franchisor.

~~ATTACHMENT 8~~

In connection with any litigation or arbitration to determine the undersigned's liability under this Personal Guaranty, the undersigned expressly waives the undersigned's right to trial by jury, if any, and agrees to pay costs and reasonable attorney fees as fixed by the court or arbitrator.

If this Personal Guaranty is signed by more than one individual, each person signing this Personal Guaranty will be jointly and severally liable for the obligations created in it.

Each of the undersigned agree to be personally bound by the restrictive covenants and confidentiality provisions contained within the Franchise Agreement.

This Personal Guaranty will remain in full force and effect until all obligations arising out of and under the Franchise Agreement, including all renewals and extensions, are fully paid and satisfied.

[Signature page follows]

IN WITNESS TO THE FOREGOING, each of the undersigned has signed this Personal Guaranty as of the same day and year as the Franchise Agreement was executed.

Guarantor(s):

Signature: _____ Signature: _____ Print Name: _____

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the Personal Guaranty given by his/her spouse. Such consent also serves to bind the assets of the marital estate to the Guarantor's performance of this Personal Guaranty.

_____ _____

Name of Guarantor Name of Guarantor

_____ _____

Name of Guarantor's Spouse Name of Guarantor's Spouse

_____ _____

Signature of Guarantor's Spouse Signature of Guarantor's Spouse

CONCESSION TRUCK OR TRAILER AMENDMENT TO WETZEL'S PRETZELS® FRANCHISE AGREEMENT

1. PARTIES

This Concession Truck or Trailer Amendment to Wetzel's Pretzels® Franchise Agreement (the "Amendment") is made between Wetzel's Pretzels, LLC ("Wetzel's Pretzels"), a California limited liability company with its principal office in the city of Pasadena, California, and _____ [*franchisee's legal name*] ("you").

2. RECITALS

2.1 Wetzel's Pretzels and you entered into a franchise agreement dated as of _____ (the "Agreement") for the operation of a Wetzel's Pretzels Bakery (as defined in the Agreement).

2.2 You desire to operate a Wetzel's Pretzels concession truck or trailer (a "Concession Truck or Trailer") instead of operating a Bakery and Wetzel's Pretzels desires to grant you the right to operate a Concession Truck or Trailer rather than a Bakery.

2.3 Wetzel's Pretzels hereby grants to you and you hereby accept from us a franchise to own and operate a Concession Truck or Trailer to be operated using and in connection with the Trade Name, Marks and System, upon the terms and conditions of the Agreement, as amended by this Amendment.

3. DEFINITIONS

3.1 Section 3.3 of the Agreement is hereby amended so that the term "Approved Location" shall mean "a location located with the Mobile Area (defined below) that we have approved in writing as a site from which you may operate a Concession Truck or Trailer."

3.2 Section 3.4 of the Agreement is hereby deleted in its entirety.

3.3 The Agreement is amended so that each reference to "Bakery" shall be replaced with Concession Truck or Trailer, which shall be the business that we have authorized franchisee to conduct under the Trade Name, Marks and System in accordance with the Agreement, as amended by this Amendment.

3.4 Section 3.13 of the Agreement is hereby deleted in its entirety and is replaced with the following.

"Mobile Area" means "a geographic area described in greater detail in Exhibit A to this Amendment within which we agree to refrain from specified competitive activities." "Mobile Area" does not include sites along toll roads, or in hotels and motels, ships, ports, piers, airports,

railroads, train stations, other modes of mass transportation, casinos, movie theaters, theme parks, stadiums, sports arenas, college and university campuses, healthcare facilities, regional malls, outlet malls, guest lodging facilities, day care facilities of any type, government facilities, as well as the premises of any third-party retailer (including grocery stores, supermarkets and convenience stores) or any other location or venue to which access to the general public is restricted such as military installations, higher security headquarters or corporations, and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider, which are located within its borders. Additionally, the Mobile Area shall exclude any geographic area that is within one-half (1/2) of a mile of any Wetzel's Pretzels Bakery or Twisted by Wetzel's Bakery, whether in existence as of the date of this Agreement or any time during the term of this Agreement."

3.5 Section 3.15 of the Agreement is hereby amended so that the term "Transfer" shall mean "any sale, gift, or other change in ownership of all or any part: (1) of the rights and obligations of this Agreement, (2) of the Concession Truck or Trailer, or (3) of an ownership interest in you."

4.1. FRANCHISED RIGHTS

4.11.1 Section 4.1 of the Agreement is deleted in its entirety and is replaced with the following:

Wetzel's Pretzels grants to you and you accept from us a franchise to own and operate a Concession Truck or Trailer to be operated at Approved Locations within a Mobile Area under the Trade Name, Marks, and System during the term of this Agreement and according to its provisions. You are not granted the right to engage in wholesale, Internet, or mail order sales. You shall not engage in or solicit sales other than from the Concession Truck or Trailer, which may be parked anywhere within the Mobile Area.

4.21.1 Section 4.2 of the Agreement is deleted in its entirety and is replaced with the following:

Each Approved Location with located with the Mobile Area. We agree not to authorize any other franchisee to operate a Concession Truck or Trailer within the Mobile Area or operate a company-owned Concession Truck or Trailer within the Mobile Area.

4.31.1 Section 4.3 of the Agreement is hereby amended to include the following:

Further, we reserve the right for ourselves and our affiliates the right to enfranchise others to operate a Bakery within the Mobile Area, operate a company-owned or affiliate-owned Bakery with the Mobile Area.

4.41.1 Section 4.3 of the Agreement is hereby amended so that all references to the term "Protected Area" shall be replaced with the "Mobile Area."

4.51.1 Section 4.4 of the Agreement is deleted in its entirety and is replaced with the following:

You may operate the Concession Truck or Trailer at Approved Locations within the Mobile Area. You will not be permitted to relocate the Concession Truck or Trailer outside of the Mobile Area, without the written consent of Wetzel's Pretzels, LLC.

4.6 Section 4.5.1 of the Agreement is deleted in its entirety and is replaced with the following:

The initial term of the franchise will begin on the Start Date and will continue for a period of five (5) years.

4.71.1 Section 4.5.2 of the Agreement is deleted in its entirety and is replaced with the following:

You will have the right to renew the franchise for an additional renewal term of five (5) years, on the same terms and conditions as those on which we are customarily granting new franchises at the time of renewal if at the time of renewal you meet the following conditions:

(i) You and your Related Parties are in Good Standing under this Agreement, any other Agreement between us or our Related Party and you, and the Manual,

(ii) You and any Related Parties that have signed this Agreement have signed a new franchise agreement in the currently effective form not less than one hundred eighty (180) days before the expiration of this Agreement or thirty (30) days after you receive the new franchise agreement from us, whichever is earlier,

(iii) You have agreed that you will, before the renewal term begins, at your own expense, remodel, modernize and redecorate the Concession Truck or Trailer and replace and modernize the equipment, and signs used in the Concession Truck or Trailer to meet the standards of appearance and function applicable to new Concession Trucks or Trailers at that time,

(iv) You and any Related Parties have signed a special release of claims, except for non-waivable statutory claims, with respect to past dealings with us in the form of Attachment 2 to this Agreement, and

(v) You have paid the renewal fee described in Article 6.

The provisions of the standard franchise agreement we use at the time of renewal may be materially different from this agreement's provisions. Changed provisions may include but are

not limited to increased royalties and advertising fund contributions and a modified Mobile Area.

4.81.1 Section 4.5.3 of the Agreement is deleted in its entirety.

5.1. SERVICES TO FRANCHISEE

5.11.1 Section 5.1 of the Agreement is hereby deleted in its entirety.

5.21.1 Section 5.8 of the Agreement is amended to include the following:

You will physically obtain the Proprietary Products and other goods, supplies, items, products, and merchandise that we require for the operation of the Concession Truck or Trailer from a location that we have previously approved in writing.

6.1. PAYMENTS BY FRANCHISEE

6.11.1 Section 6.1 of the Agreement is hereby deleted in its entirety and is replaced with the following:

When you sign this Agreement, you will pay us in immediately accessible funds an initial franchise fee of seven thousand five hundred dollars ($7,500). The initial fee is not refundable. In the event that Franchisee and Franchisor mutually agree that Franchisee shall be permitted to operate an additional Concession Truck or Trailer in the Mobile Area, then for each such additional Concession Truck or Trailer, Franchisee shall pay to Franchisor a fee of five thousand dollars($5,000).

6.2 Section 6.2 of the Agreement is hereby deleted in its entirety.

6.3 Section 6.12 of the Agreement is hereby deleted in its entirety.

6.4 Section 6.13 of the Agreement is hereby deleted in its entirety and is replaced with the following:

As a condition of renewal of this franchise, you must pay, when you sign the franchise agreement for the renewal term, a renewal fee in the amount of three thousand seven hundred and fifty dollars ($3,750).

6.5 Section 6.14 of the Agreement is hereby deleted in its entirety and is replaced with the following:

As a condition of Transfer of this franchise, you must pay, upon giving notice of intent to transfer, a transfer fee of three thousand seven hundred and fifty dollars ($3,750). This fee will defray our expenses of evaluating the transferee's qualifications, preparing legal documents in connection with the Transfer, and training the transferee. If the Transfer is not concluded, we

~~will refund the fee to you less our costs in connection with the proposed Transfer. In no event shall our costs be less than one thousand dollars ($1,000).~~

6.6 Section 6.15 of the Agreement is hereby deleted in its entirety.

6.7 Section 6.16 of the Agreement is hereby deleted in its entirety.

6.8 Section 6.17 of the Agreement is hereby deleted in its entirety.

7.1. OBLIGATIONS OF FRANCHISEE

7.1 The first sentence in Section 7.1.1 of the Agreement is deleted and is replaced with the following:

You may use the Trade Name and Marks only in the operation of a Concession Truck or Trailer at Approved Locations within the Mobile Area.

7.21.1 Section 7.3.1 of the Agreement is deleted in its entirety.

7.3 Section 7.3.2 of the Agreement is deleted in its entirety.

7.41.1 Section 7.3.3 of the Agreement is deleted in its entirety and is replaced with the following:

We estimate that the length of time between signing the Franchise Agreement and opening of the WETZEL'S PRETZELS® Concession Truck or Trailer will be about three (3) to six (6) months, but timing may vary due to truck availability and fabrication. You are required to open your Concession Truck or Trailer for business by the earlier of (i) within six (6) months from the Effective Date; or (ii) within thirty (30) days of the date you receive the built-out Concession Truck or Trailer.

7.51.1 Section 7.3.8 of the Agreement is deleted in its entirety and is replaced with the following:

You agree to keep your Concession Truck or Trailer and the equipment located therein in clean and in excellent repair. Periodically, we will ask you to remodel the Concession Truck or Trailer and to upgrade the equipment located therein to meet our currently effective standards. You must promptly comply with any such request.

7.61.1 Section 7.6.4 of the Agreement is deleted in its entirety and is replaced with the following:

You must permanently purchase, install, display and maintain, at your own expense, on your Concession Truck or Trailer, signs of any nature, form, color, number, location and size, and containing any legends that we have designated in writing.

7.71.1 Section 7.7.2 of the Agreements is deleted in its entirety and is replaced with the following:

We require you to purchase or lease computer and/or communications equipment and software that meet specifications set out in the Manual. You must submit to us, upon request, copies of all federal, state and local income, and sales tax returns. You will prepare and submit to us financial statements and weekly sales reports in the format, using the chart of accounts, and at the times specified in the Manual as periodically revised. You are required to submit an income and balance sheet in the form, manner and time that franchisor determines and may adjust from time to time. Failure to timely submit an income statement and balance sheet constitutes a material breach of this Agreement, and will subject you to payment of a late fee as set forth in Section 6.19. We may use this data to assist you in tracking and improving your performance, confirm that you are complying with your obligations under this Agreement, formulate earnings and expense information to disclose to prospective franchisees and/or other legitimate business purposes.

7.81.1 Section 7.8 of the Agreement is deleted in its entirety and is replaced with the following:

> You must purchase and maintain a policy or policies of comprehensive public liability insurance, including products liability coverage, covering all Concession Truck or Trailer assets, personnel, and activities on an occurrence basis with a combined single limit for bodily injury, death, or property damage of not less than two million dollars ($2,000,000). We may increase the minimum coverage requirement annually, if necessary, to reflect inflation or other changes in circumstances. You must also carry (1) casualty insurance in a minimum amount equal to the replacement value of your interest in the Concession Truck or Trailer, including equipment, (2) automobile insurance with coverage in the amount of two million dollars ($2,000,000) and (3) business interruption insurance in an amount sufficient to cover salary or wages of key personnel, and other fixed expenses. Each of these insurance policies must contain a provision that the policy cannot be canceled without ten (10) days' written notice to us. It must be issued by an insurance company of recognized responsibility, designate us as an additional named insured and be satisfactory to us in form, substance, and coverage. You must deliver a certificate of the issuing insurance company evidencing each policy to us within ten (10) days after the policy is issued or renewed. In addition, you must maintain policies of workers' compensation insurance, disability insurance, and any other types of insurance required by applicable law.
>
> 7.91.1 Section 7.9.3 of the Agreement is deleted in its entirety.

7.101.1You will be required to maintain or hire a driver with a minimum of Class B Commercial Driver's License whenever the Concession Truck or Trailer is moved.

7.11 Your Concession Truck or Trailer must be equipped with a Global Positioning System ("GPS") device during the entire length of your franchise agreement. Wetzel's Pretzels, LLC shall have access to your GPS and may monitor the location of your Concession Truck and Trailer and the right to review the GPS records to ensure your compliance with your Mobile Area.

7.12 Your Concession Truck or Trailer must be open and operating for business for a mutually agreed upon number of days per calendar year; if we do not mutually agree in writing upon a total number of days per calendar year, then your Concession Truck or Trailer must be open

and operating for a number of days not less than the number of days set forth in the Operations

Manual or otherwise set forth by us in writing.

8.1. RELATIONSHIP OF THE PARTIES

8.11.1 Section 8.3 of the Agreement is deleted in its entirety and is replaced with the following:

On your Concession Truck or Trailer, you must conspicuously display a sign that states that "THIS CONCESSION [TRUCK OR TRAILER] IS AN INDEPENDENTLY OWNED AND OPERATED FRANCHISED BUSINESS." Business cards, stationery, purchase order forms, invoices, tax returns, and other documents you use in your business dealings with suppliers, government agencies, employees, and customers must clearly identify you as an independent legal entity operating under a franchise.

8.21.1 Section 8.6 of the Agreement is deleted in its entirety and is replaced with the following:

You may not, during the term of this Agreement and for two (2) years after its Termination, operate or own more than a ten percent (10%) beneficial interest in any company that features fresh baked soft pretzels and that is located (i) within the Mobile Area, (ii) within five (5) miles of the outer boundaries of the Mobile Area, (iv) within the mobile area assigned to any other Wetzel's Pretzels concession truck or trailer owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of this Agreement or (b) a Transfer, as defined in this Agreement; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 8.6, and (iv) within five (5) miles of the outer boundaries of the mobile area assigned to any other Wetzel's Pretzels concession truck or trailer owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of this Agreement or (b) a Transfer, as defined in this Agreement; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 8.6. You agree to obtain the individual written agreement of each of your Related Parties, Designated Manager and each employee to whom Confidential Information is disclosed to the provisions of this section in the form of Exhibit B to this Amendment.

9.1. TRANSFER OF FRANCHISE

9.1 The last sentence in Section 9.2 of the Agreement is hereby deleted and is replaced with the following:

If we do not approve the Transfer, we will return the transfer fee to you after deducting direct costs incurred in connection with the proposed Transfer in the minimum amount

~~of one thousand dollars ($1,000).~~

9.2 Section 9.4(d) of the Agreement is deleted in its entirety.

9.31.1 Section 9.4(e) of the Agreement is deleted in its entirety and is replaced with the following:

Your agreement that you will, before Transfer concludes, at your own expense, remodel, modernize and redecorate the Concession Truck or Trailer and replace and modernize the equipment and signs used therein so that the Concession Truck or Trailer meets the standards of appearance and function applicable to a new Concession Truck or Trailer at the time of Transfer;

9.4 Section 9.4(f) of the Agreement is deleted in its entirety.

10. TRANSFER OF FRANCHISE

10.1 Section 10.2.2(b) of the Agreement is deleted in its entirety.

10.21.1The first sentence in Section 10.2.2(q) of the Agreement is amended so that the phrase "any lease or sublease, as applicable" shall be deleted.

10.31.1Section 10.3(h) of the Agreement is deleted in its entirety.

11.1. INCORPORATION OF FRANCHISE AGREEMENT

11.11.1 The terms and conditions of the Agreement are incorporated into this Amendment by reference except to the extent that they conflict with the terms and conditions of this Amendment. If there is a conflict, the terms and conditions of this Amendment will govern.

11.21.1 All references in the Agreement to the Bakery will be considered to apply to the Concession Truck or Trailer, unless otherwise noted herein.

12.1. COUNTERPARTS

This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

IN WITNESS TO THE FOREGOING, the parties to this Agreement sign and deliver it.

FRANCHISOR

WETZEL'S PRETZELS, LLC

Date: _____ By: _____ Jon Fischer,
35 Hugus Alley, Suite 300
Pasadena, CA 91103

FRANCHISEE

Date: _____ _____

Print _____

Name: _____

Print

Address:

_____

EXHIBIT A MOBILE AREA

The Mobile Area for this Concession Truck or Trailer franchise shall be:

_____

_____

_____

_____

FRANCHISOR
WETZEL'S PRETZELS, LLC

Date: _____ By: _____
Jon Fischer
Head of Development

FRANCHISEE

_____

~~Date:~~ _____

By: _____ Its: _____

EXHIBIT B
NONDISCLOSURE AND NONCOMPETITION AGREEMENT

In return for (a) his or her training by Wetzel's Pretzels, LLC ("Wetzel's Pretzels"), to operate a Concession Truck or Trailer or (b) his or her employment by Wetzel's Pretzels or by one of its franchisees, the undersigned Confidant agrees as follows:

1. Nondisclosure of Trade Secrets and Confidential Information

Confidant agrees, during the term of the franchise agreement and following termination, expiration, or assignment of the Agreement or Confidant's employment with Wetzel's Pretzels or by franchisee and following termination, expiration, or assignment of the franchise agreement or termination or expiration of Confidant's employment with franchisee, not to disclose, duplicate, sell, reveal, divulge, publish, furnish, or communicate, either directly or indirectly, any Trade Secret or other Confidential Information of Wetzel's Pretzels to any other person or company unless authorized in writing by Wetzel's Pretzels. Confidant agrees not to use any Trade Secret or Confidential Information for his or her personal gain or for purposes of personal gain by others, whether or not the Trade Secret or Confidential Information was conceived, originated, discovered, or developed, in whole or in part, by Confidant or represents Confidant's work product. If Confidant has assisted in the preparation of any information that we consider to be a Trade Secret or Confidential Information or has himself or herself prepared or created the information, Confidant assigns any rights that he or she may have in the information as its creator to Wetzel's Pretzels, including all ideas made or conceived by Confidant.

2.1. Definition of Trade Secrets and Confidential Information

For purposes of this Agreement, the terms "Trade Secret" and "Confidential Information" mean any knowledge, technique, processes, or information made known or available to Confidant that we treat as confidential, whether existing now or created in the future, including but not limited to information about the cost of materials and supplies, supplier lists or sources of supplies, internal business forms, orders, customer accounts, manuals and instructional materials describing our methods of operation, including our Operations Manual, products, drawings, designs, plans, proposals, and marketing plans, all concepts or ideas in, or reasonably related to our business that have not previously been publicly released by Wetzel's Pretzels, and any other information or property of any kind of Wetzel's Pretzels that may be protected by law as a Trade Secret, confidential, or proprietary. The Trade Secrets and Confidential Information described in this Agreement are the sole property of Wetzel's Pretzels.

3.1. Return of Proprietary Materials

Upon termination of franchise ownership or employment by Wetzel's Pretzels or a franchisee, Confidant must surrender to Wetzel's Pretzels all materials considered proprietary by Wetzel's Pretzels, technical or nontechnical, whether or not copyrighted, that relate to a Trade Secret, Confidential Information, or conduct of the operations of Wetzel's Pretzels. Confidant expressly acknowledges that any such materials of any kind given to him or her are and will remain the sole property of Wetzel's Pretzels.

~~**4.1. Solicitation of Employees**~~

~~Confidant further agrees that he or she will not furnish to or for the benefit of any competitor of Wetzel's Pretzels, or the competitor's employees, agents, licensees, or franchisees, or the competitor's subsidiaries, the name of any person who is employed by Wetzel's Pretzels or its Related Parties or by any other franchisee of Wetzel's Pretzels or its Related Parties.~~

~~**5.1. Noncompetition**~~

~~Confidant agrees and covenants that because of the confidential and sensitive nature of the Confidential Information and because the use of the Confidential Information in certain circumstances may cause irrevocable damage to Wetzel's Pretzels, Confidant will not, until the expiration of two (2) year~~years after the termination (regardless of the cause of termination) or expiration of the employment relationship between Confidant and Wetzel's Pretzels or the franchisee that employs Confidant, or termination of the ownership interest of Confidant in a franchise, engage, directly or indirectly, or through any corporations or Related Parties, in any business that is competitive with any Bakery and that is located (i) within the Mobile Area assigned to the franchisee, (ii) within five (5) miles of the outer boundaries of the Mobile Area assigned to the franchisee, (iii) within the mobile area assigned to any other Wetzel's Pretzels concession truck or trailer owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of Confidant's employment or ownership of Confidant in a franchise or (b) a Transfer, as defined in the franchise agreement, if applicable; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 5, and
(iv) within five (5) miles of the outer boundaries of the mobile area assigned to any other Wetzel's Pretzels concession truck or trailer owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of Confidant's employment or ownership of Confidant in a franchise or (b) a Transfer, as defined in the franchise agreement, if applicable; or (z) as of the date of entry of any final non- appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 5.

6. Saving Provision

Confidant agrees and stipulates that the agreements and covenants not to compete contained in the preceding paragraph are fair and reasonable in light of all the facts and circumstances of the relationship between Confidant and Wetzel's Pretzels. Nevertheless, Confidant and Wetzel's Pretzels are aware that in certain circumstances courts have refused to enforce certain agreements not to compete. Therefore, in furtherance of the provisions of the preceding paragraph, Confidant and Wetzel's Pretzels agree that if a court or arbitrator should decline to enforce the provisions of the preceding paragraph, that paragraph must be considered modified to restrict Confidant's competition with Wetzel's Pretzels to the maximum extent, in both time and geography, which the court or arbitrator finds enforceable.

~~**7. Irreparable Harm to Wetzel's Pretzels**~~

~~Confidant understands and agrees that Wetzel's Pretzels will suffer irreparable injury that~~

cannot be precisely measured in monetary damages if Confidential Information or proprietary information is obtained by any person, firm, or corporation and is used in competition with Wetzel's Pretzels. Accordingly, Confidant agrees that it is reasonable and for the protection of the business and goodwill of Wetzel's Pretzels for Confidant to enter into this Agreement. If there is a breach of this Agreement by Confidant, Confidant consents to entry of a temporary restraining order or other injunctive relief and to any other relief that may be granted by a court having proper jurisdiction.

8. Binding Effect

This Agreement will be binding on Confidant's heirs, executors, successors, and assignees as though originally signed by those people.

9. Applicable Law

The validity of this Agreement will be governed by the laws of the State where Confidant lives. If any provision of this Agreement is void or unenforceable in that State, the remainder of the Agreement will be fully enforceable according to its terms.

CONFIDANT

Signature: _____

Print Name: _____

~~**EXHIBIT D**~~

~~**MULTI-UNIT DEVELOPMENT AGREEMENT**~~

~~**WETZEL'S PRETZELS, LLC**~~
~~**MULTI-UNIT DEVELOPMENT**~~
~~**AGREEMENT**~~

~~**BY AND BETWEEN**~~

~~**WETZEL'S PRETZELS, LLC**~~

~~**AND**~~

_____

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WETZEL'S PRETZELS®
MULTI-UNIT DEVELOPMENT AGREEMENT

THIS WETZEL'S PRETZELS ® **MULTI UNIT DEVELOPMENT AGREEMENT** (the "**Agreement**") is made and entered into this day of _____, 20 , (the "**Effective Date**") by and between Wetzel's Pretzels, LLC, a California limited liability company (the "**Company**") and _____, a(n) _____ ("**Franchisee**") with reference to the following facts:

a. Company has the right to license the WETZEL'S PRETZELS®" name and service mark, and such other trademarks, trade names, service marks, logotypes, insignias, trade dress and designs used in connection with the development, operation and maintenance of "WETZEL'S PRETZELS®" Bakeries operated in accordance with Company's prescribed methods and business practices.

b. Company desires to expand and develop the Bakeries in the Development Area (defined below), and Franchisee wishes to develop Bakeries in the Development Area, upon the terms and conditions as set forth in this Agreement.

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1
GRANT OF DEVELOPMENT RIGHTS

1.1 Certain Fundamental Definitions and Applicable Information. In this Agreement, in addition to those terms defined in Appendix 1 and elsewhere in this Agreement, the following terms, shall have the meanings set forth below, unless the context otherwise requires:

"Franchisee Notice Address" is: _____

_____

_____

Fax No._____

"**Initial Development Fee**" means $_____. (See Section 5.1)

1.2 Grant of Development Rights

1.2.1 Upon the terms and subject to the conditions of this Agreement, Company hereby grants to Franchisee, and Franchisee hereby accepts, the right and obligation, during the Term (defined below), to develop Bakeries (defined below) in the geographic area defined in Exhibit A, which is attached hereto and by this reference made a part hereof (the "**Development Area**"). An increase or decrease in the size of the cities, counties or political subdivisions, if any, included within these boundaries shall have no effect on the Development Area as it is described in Exhibit A.

1.2.2 No right or license is granted to Franchisee hereunder to use any trademarks, trade names, service marks, logotypes, insignias, trade dress or designs owned by Company, including the Trade Name and Marks, such right and license being granted solely pursuant to Franchise Agreements executed pursuant hereto. Without limiting the generality of the foregoing, nothing in this Agreement shall permit Franchisee to own or operate a Bakery, except pursuant to duly executed and subsisting Franchise Agreement. Franchisee shall not use such trademarks, trade names, service marks, logotypes, insignias, trade dress or designs in any manner or for any purpose, including in connection with any offering of securities or any request for credit, without the prior express written approval of Company.

1.3 Rights within Development Area

1.3.1 Company and its Affiliates shall not directly open and operate nor grant a license or franchise to any other person to open or operate any Bakery at any location within the Development Area during the Term without first providing Franchisee a right of first refusal ("**ROFR**"), for a least 30 days, to execute a Franchise Agreement to open and operate a Bakery at that location, *provided* and on condition that Franchisee is not then in breach of any of the terms of this Agreement, and *provided further,* that the ROFR need not be offered to Franchisee in any case in which the owner or person or Entity controlling that location has established conditions, requirements, or other preconditions that Company knows or reasonably believes Franchisee does not or cannot satisfy, or for any Bakeries that were already in operation in the Development Area on the Effective Date, including those expressly identified on Exhibit A, if any.

1.3.2 Company and its Affiliates reserve all other rights, including the exclusive, unrestricted right, in its discretion, directly and indirectly, through its employees, Affiliates (defined below), representatives, licensees, assigns, agents and others, (i) to own or operate and to franchise or license others to own or operate Bakeries at any location outside the Development Area, (ii) to own or operate and to franchise or license others to own or operated Bakeries under names other than "Wetzel's Pretzels®" at any location whatsoever, (iii) to own or operate and to franchise or license others to own or operate businesses including Bakeries at Non-Traditional Venues within or outside the Development Area, and regardless of their proximity to any Bakery developed or under development or consideration by Franchisee; and (iv) to produce, license, distribute and market "Wetzel's Pretzels®" brand named products, and products bearing other marks, including pre-packaged food items and other food and beverage products; books; clothing; souvenirs and novelty items, at or through any location or outlet, including grocery stores and convenience stores (including those which may be located within the Development Area), and through any distribution channel, at wholesale or retail, including by means of mail order catalogs, direct mail advertising, Internet marketing and other distribution methods. Except as provided in Section 1.3.1, this Agreement is not exclusive.

ARTICLE 2
FRANCHISEE'S DEVELOPMENT OBLIGATION

2.1 Development Obligation

2.1.1 Within each Development Period specified in Exhibit B, Franchisee shall construct, equip, open and thereafter continue to operate within the Development Area, not less than the cumulative number of Bakeries required by the Development Obligation for that Development Period. Remote Mobile Units (as defined in the Franchise Agreement) will not count in satisfaction of Franchisee's Development Obligation.

2.1.2 Bakeries developed hereunder which are open and operating and which have been assigned to Affiliates of Franchisee in accordance with Section 7.2.2 with Company's consent, shall count in determining whether Franchisee has satisfied the Development Obligation for so long as the applicable Affiliate continues to satisfy the conditions set forth in Section 7.2.2.

2.2 Force Majeure

2.2.1 Subject to Franchisee's continuing compliance with Section 2.2.2, should Franchisee be unable to meet the Development Obligation for any Development Period solely as the result of Force Majeure or any legal disability of Company to deliver a Franchise Disclosure Document pursuant to Section 6.2 of this Agreement, which results in the inability of Franchisee to construct or operate the Bakeries in all or substantially all of the Development Area pursuant to the terms of this Agreement, the particular Development Period during which the event of Force Majeure (or Company's legal disability to deliver a Franchise Disclosure Document) occurs shall be extended by an amount of time equal to the time period during which the Force Majeure (or Company's legal disability to deliver a Franchise Disclosure Document) shall have existed during that Development Period. Development Periods during which no such Force Majeure (or legal disability) existed shall not be extended. Other than as a result of Force Majeure, any delay in Company's issuance of acceptance of any site under Article 6, including, as a result of Franchisee's failure to satisfy the conditions set forth in Section 6.3 of this Agreement, shall not extend any Development Period.

2.2.2 In the event of the occurrence of an event constituting Force Majeure, Franchisee shall notify Company in writing within 5 days following commencement of the alleged Force Majeure of the specific nature and extent of the Force Majeure, and how it has impacted Franchisee's performance hereunder. Franchisee shall continue to provide Company with updates and all information as may be requested by Company, including Franchisee's progress and diligence in responding to and overcoming the Force Majeure

ARTICLE 3
DEVELOPMENT AREA

3.1 Company's Right to Develop. Notwithstanding Section 2.1 above, if during the Term of this Agreement, Franchisee is unable or unwilling, or fails for any reason (except due to Force Majeure as provided in Section 2.2), to satisfy the Development Obligation, this Agreement may be terminated by Company in accordance with Section 9.1 hereof. Upon such termination, Company may, but has no obligation to, open and operate, or license others to (or grant others development rights to) open and operate, Bakeries at any site(s) within the Development Area, excluding sites in any Protected Area granted to Franchisee pursuant to the individual Franchise Agreement for each then existing Bakery located in the Development Area.

3.2 Protected Area for Each Individual Bakery. Subject to certain conditions provided for in the Franchise Agreements, each such agreement executed pursuant hereto shall provide that Company and its Affiliates may not open or operate, or franchise or license the operation of, any Bakery within a Protected Area surrounding the Bakery opened by Franchisee pursuant to such Franchise Agreement. The Protected Area will be the smaller of the area within a one-half (½) mile radius of the Approved Location or the shopping center or mall within which the Approved Location is located; provided that there will be no Protected Area if the Approved Location is in a Non-Traditional Venue (other than a shopping center or mall location).

ARTICLE 4
TERM OF MULTI-UNIT DEVELOPMENT AGREEMENT

4.1 Term. The term of this Agreement shall commence on the Effective Date and, unless otherwise negotiated, terminated or extended as provided herein, shall continue until the earlier of (i) the 3rd anniversary of the Effective Date, or (ii) the date of execution of the Franchise Agreement granting Franchisee the right to open the last Bakery necessary for Franchisee to fully satisfy the Development Obligation (the "**Term**").

4.2 Limited Additional Development Right. If Franchisee shall determine that it desires to engage in further development of the Development Area in excess of the Development Obligation, Franchisee shall at the earlier of (i) 180 days prior to the scheduled expiration of the Term or (ii) the date on which acceptance of the proposed site for the last Bakery required to meet the Development Obligation is issued, notify Company in writing ("**Additional Development Notice**") of Franchisee's desire to develop additional Bakeries in the Development Area and a plan for such development over a new term, setting forth the number of proposed Bakeries and the deadlines for the development of each of them within such proposed term. This right of additional development by Franchisee shall be exercised only in accordance with Section 4.3 and is subject to the conditions set forth in Section 4.4. This Agreement is not otherwise renewable.

4.3 Exercise of Right of Additional Development

4.3.1 If Company determines the additional development obligation proposed by the Additional Development Notice is unacceptable in any respect(s), Company and Franchisee shall (subject to Section 4.4) negotiate during the following 60 days in an effort to reach a mutually agreeable additional development obligation. Each party may negotiate to protect its own interests as it deems appropriate in its discretion.

4.3.2 If the additional development obligation proposed by the Additional Development Notice is acceptable to Company, or if Company and Franchisee reach agreement on an alternative additional development obligation (the "**Additional Development Obligation**") within said 60-day period, then Company shall deliver to Franchisee a copy of Company's Then-current Franchise Disclosure Document, if required by Applicable Law, and two copies of the Then-current multi-unit development agreement, which may vary substantially from this Agreement, setting forth the agreed upon Additional Development Obligation. Within 30 days after Company's delivery of the said multi-unit development agreement, but no sooner than immediately after the expiration of any applicable waiting period(s) prescribed by Applicable Law, Franchisee shall execute two copies of the then-current multi-unit development agreement and return them to Company together with the applicable development fee, if any, for the Bakeries required by the Additional Development Obligation. If Franchisee has so executed and returned the copies and has satisfied the conditions set forth in Section 4.4, Company will execute the copies and return one fully executed copy to Franchisee.

4.4 Conditions to Exercise of Right of Additional Development. Franchisee's right to additional development described in Section 4.2 shall be subject to Franchisee's fulfillment of the following conditions precedent:

4.4.1 Franchisee (and each of its Affiliates which have developed or operate Bakeries in the Development Area) shall have fully performed all of its obligations under this Agreement and all other agreements between Company and Franchisee (or the applicable Affiliate).

4.4.2 Franchisee shall have demonstrated to Company Franchisee's financial capacity to perform the Additional Development Obligations set forth in the then current multi unit development agreement. In determining if Franchisee is financially capable, Company will apply the same criteria to Franchisee as it applies to prospective area developer franchisees at that time.

4.4.3 At the expiration of each Development Period and at the expiration of the Term, Franchisee shall have opened and shall thereafter have continued to operate, in the Development Area, not less than the aggregate number of Bakeries then required by the Development Obligation.

4.4.4 Company and Franchisee shall have executed a new multi unit development agreement pursuant to Section 4.3.

4.4.5 Franchisee and all Affiliates of Franchisee who then have a currently effective franchise agreement or multi unit development agreement with Company shall have executed and delivered to Company a general release, or a form prescribed by Company, of any and all known and unknown claims against Company or its Affiliates, and their respective officers, directors, agents, shareholders and employees.

4.5 Effect of Expiration. Unless an Additional Development Obligation shall have been agreed upon, and a new multi unit development agreement shall have been executed by the parties pursuant to Sections 4.2 and 4.3, following the expiration of the Term, or the sooner termination of this Agreement, (a) Franchisee shall have no further right to construct, equip, own, open or operate additional Bakeries which are not, at the time of such termination or expiration, the subject of a then existing Franchise Agreement between Franchisee (or an Affiliate of Franchisee) and Company which is then in full force and effect, and (b) Company or its Affiliates may thereafter itself construct, equip, open, own or operate, and license others to (or grant development rights to) construct, equip, open, own or operate Bakeries at any location(s) (within or outside of the Development Area), without any restriction, subject only to any territorial rights granted for any then existing Bakery pursuant to a validly subsisting Franchise Agreement executed for such Bakery.

ARTICLE 5
PAYMENTS BY FRANCHISEE

5.1 Initial Development Fee. Concurrently with the execution of this Agreement, Franchisee shall pay the Initial Development Fee to Company, in cash or by certified check, representing $20,000 for each of the Bakeries required to be opened during the Term pursuant to the Development Obligation. Franchisee shall also concurrently pay to Company the Initial Franchise Fee payable pursuant to the first Franchise Agreement which shall be signed contemporaneously with this Agreement less the sum of $20,000. Franchisee acknowledges and agrees that in consideration of Franchisor's expenses and administrative costs incurred in connection with this Agreement and as compensation for its lost or deferred opportunities to grant these development rights to others, the grant of these development rights and the undertakings and agreements of Franchisor contained in this Agreement constitute the sole and only consideration for the payment of the Initial Development Fee. Franchisee further acknowledges and agrees that the Initial Development Fee shall be non refundable and fully earned by Franchisor at the time of the parties' execution of this Agreement.

5.2 Franchise Fees. Notwithstanding the terms of the Franchise Agreement executed for each Bakery developed pursuant hereto:

5.2.1 Franchisee shall be obligated to pay to Company, in cash or by certified check, an initial franchise fee ("**Initial Franchise Fee**") equal to $35,000 for each Bakery to be opened pursuant hereto (or $25,000 for a second Bakery in the same mall), which Initial Franchise Fee shall be payable upon execution by Franchisee of each Franchise Agreement entered into pursuant to this Agreement, provided, however, that Company shall credit such Initial Development Fee against the Initial Franchise Fees payable under the second and each subsequent Franchise Agreement (at the rate of $15,000 per Franchise Agreement);

5.2.2 The Franchise Agreement executed for each Bakery developed pursuant hereto, shall provide for a weekly Royalty (as defined therein) equal to 7% of Adjusted Gross Revenue (as defined therein), *provided that* no weekly Royalty shall be payable until the first to occur of: (i) 12 months following the effective date of that Franchise Agreement, or (ii) until Franchisee's cumulative Adjusted Gross Revenue for the Bakery equals or exceeds $500,000.00; and

5.2.3 The Franchise Agreement executed for each Bakery developed pursuant hereto, shall provide for an Advertising Fund Contribution (as defined therein) equal to 1% of Adjusted Gross Revenue (as defined therein), except that if a TWISTED BY WETZELS™ Bakery, then the Advertising Fund Contribution may be increased to not more than 5% of Adjusted Gross Revenue (as defined therein).

ARTICLE 6
EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS

6.1 Site Review

6.1.1 When Franchisee has located a proposed site for construction of a Bakery, Franchisee shall submit to Company such demographic and other information regarding the proposed site and neighboring areas as Company shall require, in the form prescribed by Company ("**Site Review Request**"). Company may seek such additional information as it deems necessary within 15 days of submission of Franchisee's Site Review Request, and Franchisee shall respond promptly to such request for additional information. If Company shall not deliver written notice to Franchisee that Company accepts the proposed site, within 30 days of receipt of Franchisee's Site Review Request, or within 15 days after receipt of such additional requested information, whichever is later, the site shall be deemed rejected. If the Company accepts the proposed site it shall notify Franchisee of its acceptance of the site.

6.1.2 Although Company may voluntarily (without obligation) assist Franchisee in locating an acceptable site for a Bakery, neither Company's said assistance, if any, nor its acceptance of any proposed site, whether initially proposed Franchisee or by Company, shall be construed to insure or guarantee the profitable or successful operation of the Bakery at that site by Franchisee, and Company hereby expressly disclaims any responsibility therefor. Franchisee acknowledges its sole responsibility for finding each site for the Bakeries it develops pursuant to this Agreement.

6.2 Delivery of Franchise Disclosure Document, Execution of Lease and Franchise Agreement

6.2.1 Promptly following Franchisee's receipt of acceptance, Franchisee shall proceed to negotiate a lease or purchase agreement for the site and shall submit to Company a copy of the proposed lease or purchase agreement, as applicable. Following Company's receipt of the proposed lease or purchase agreement, as applicable, which meets Company's requirements, Company shall notify Franchisee of its acceptance of the proposed lease or purchase agreement, as applicable.

6.2.2 Company's review and acceptance of the lease is solely for Company's benefit and is solely an indication that the lease meets Company's minimum Standards and specification at the time of acceptance of the lease (which may be different that the requirements of this Agreement). Company's review and acceptance of the lease shall not be construed to be an endorsement of such lease, confirmation that such lease complies with Applicable Law, or confirmation that the terms of such lease are favorable to Franchisee, and Company hereby expressly disclaims any responsibility therefore.

6.2.3 Subject to Section 6.3, after Company's acceptance of each proposed site, Company shall deliver to Franchisee a copy of Company's Then current Franchise Disclosure Document as may be required by Applicable Law (the "**Franchise Disclosure Document**") and two copies of the Then current Franchise Agreement. Immediately upon receipt of the Franchise Disclosure Document, Franchisee shall return to Company a signed copy of the Acknowledgment of Receipt of the Franchise Disclosure Document. Franchisee acknowledges that the new Franchise Agreement may vary substantially from the current Franchise Agreement. If Company is not legally able to deliver a Franchise Disclosure Document to Franchisee by reason of any lapse or expiration of its franchise registration, or because Company is in the process of amending any such registration, or for any reason beyond Company's reasonable control, Company may delay acceptance of the site for Franchisee's proposed Bakery, or delivery of a Franchise Agreement, until such time as Company is legally able to deliver a Franchise Disclosure Document.

6.2.4 Within 30 days after Franchisee's receipt of the Franchise Disclosure Document and the Then-current Franchise Agreement, but no sooner than immediately after any applicable waiting periods prescribed by Applicable Law have passed, Franchisee shall execute two copies of the Franchise Agreement described in the Franchise Disclosure Document and return them to Company together with the applicable Initial Franchise Fee. If Franchisee has so executed and returned the copies and Initial Franchise Fee and has satisfied the conditions set forth in Section 6.3, Company shall execute the copies and return one fully executed copy of such Franchise Agreement to Franchisee.

6.2.5 Franchisee shall not execute any lease or purchase agreement for any Bakery, until Company has accepted the proposed site and Company has delivered to Franchisee a fully executed Franchise Agreement counter-signed by Company pursuant to Sections 6.2.4. After Company's acceptance of the site and lease (or purchase agreement, if applicable), and its delivery to Franchisee of the fully executed Franchise Agreement, Franchisee shall then procure the site pursuant to the purchase agreement or lease which has been reviewed and accepted by Company, and shall forward to Company, within ten (10) days after its execution, one copy of the executed lease or, if purchased, the deed evidencing Franchisee's right to occupy the site. Franchisee shall then commence construction and operation of the Bakery pursuant to the terms of the applicable Franchise Agreement.

6.3 Condition Precedent to Company's Obligations. It shall be a condition precedent to Company's obligations pursuant to Sections 6.1 and 6.2, and to Franchisee's right to develop each and every Bakery, that Franchisee shall have satisfied all of the following conditions precedent prior to Company's acceptance of the proposed Bakery and the site and lease or purchase agreement therefor, and the Company's execution of the Franchise Agreement therefor:

6.3.1 Franchisee (and each of its Affiliates which have developed or operate Bakeries in the Development Area) shall have fully performed all of its obligations under this Agreement and all Franchise Agreements and other written agreements between Company and Franchisee (or any such Affiliate of Franchisee), and must not at any time following Franchisee's submission of its Site Review Request, and until Company grants its acceptance of the proposed site, be in default of any of its contractual or other legal obligations to Company or any of its Affiliates, or any approved vendor or supplier, or to any federal, state, county or municipal agency.

6.3.2 Franchisee shall have demonstrated to Company, in Company's discretion, Franchisee's financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement, and Franchisee's submission of a comprehensive management plan acceptable to, and accepted by Company, which shall include among other reasonable requirements as may be established by Company, an organization chart and supervisory requirements for the proposed Bakery. In determining if Franchisee is financially or otherwise capable, Company shall apply the same criteria to Franchisee as it applies to prospective multi-unit developer franchisees at that time.

6.3.3 Franchisee shall continue to operate, in the Development Area, not less than the cumulative number of Bakeries required by the Development Obligation set forth in Exhibit B to be in operation as of the end of the immediately preceding Development Period.

6.3.4 Franchisee, and each of its Affiliates who then has a currently effective franchise agreement or multi-unit development agreement with Company, must sign a general release of any claims they may have against Company and its Affiliates, on a form prescribed by Company.

~~ARTICLE 7~~
~~ASSIGNMENT AND SUBFRANCHISING~~

7.1 Assignment by Company. This Agreement is fully transferable by Company, in whole or in part, without the consent of Franchisee and shall inure to the benefit of any transferee or their legal successor to Company's interests herein; provided, however, that such transferee and successor shall expressly agree to assume Company's obligations under this Agreement. Without limiting the foregoing, Company may (i) assign any or all of its rights and obligations under this Agreement to an Affiliate; (ii) sell its assets, its marks, or its System outright to a third party; (iii) engage in a public offering of its securities; (iv) engage in a private placement of some or all of its securities; (v) merge, acquire other corporations, or be acquired by another corporation; or (vi) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring. Company shall be permitted to perform such actions without liability or obligation to Franchisee who expressly and specifically waives any claims, demands or damages arising from or related to any or all of the above actions (or variations thereof). In connection with any of the foregoing, at Company's request, Franchisee shall deliver to Company a statement in writing certifying (a) that this Agreement is unmodified and in full force and effect (or if there have been modifications that the Agreement as modified is in full force and effect and identifying the modifications); (b) that Franchisee is not in default under any provision of this Agreement, or if in default, describing the nature thereof in detail; and (c) as to such other matters as Company may reasonably request; and Franchisee agrees that any such statements may be relied upon by Company and any prospective purchaser, assignee or lender of Company.

7.2 No Subfranchising by Franchisee

7.2.1 Franchisee shall not offer, sell, or negotiate the sale of "Wetzel's Pretzels®" franchises to any third party, either in Franchisee's own name or in the name and/or on behalf of Company, or otherwise subfranchise, subcontract, sublicense, share, divide or partition this Agreement, and nothing in this Agreement will be construed as granting Franchisee the right to do so. Franchisee shall not execute any Franchise Agreement with Company, or construct or equip any Bakery with a view to offering or assigning such Franchise Agreement or Bakery to any third party.

7.2.2 Notwithstanding Section 7.2.1, Franchisee may, with Company's prior written consent, execute and contemporaneously assign a Franchise Agreement executed pursuant hereto to a separate Entity controlled by Franchisee (each a "**Subsidiary**"); provided and on condition that:

(a) Upon Company's request, Franchisee has delivered to Company a true, correct and complete copy of the Subsidiary's articles of incorporation or articles of organization, bylaws, operating agreement, partnership agreement, and other organizational documents, and Company has accepted the same;

(b) The Subsidiary's articles of incorporation or articles of organization, bylaws, operating agreement, and partnership agreement, as applicable, shall provide that its activities are confined exclusively to operating Bakeries;

(c) Franchisee, directly owns and controls not less than 100% of the Equity and voting rights of the Subsidiary;

(d) the Subsidiary is in good standing in its jurisdiction of organization and each other jurisdiction where the conduct of its business or the operation of its properties requires it to be so qualified;

(e) the person designated by Franchisee as the Operating Principal has exclusive day-to-day operational control over the Subsidiary;

(f) the Subsidiary conducts no business other than the operation of the Bakery;

(g) the Subsidiary assumes all of the obligations under the Franchise Agreement as franchisee pursuant to written agreement, the form and substance of which shall be acceptable to Company;

(h) each person or Entity comprising Franchisee, and all present and future Owners of 10% or more (directly or indirectly), in the aggregate, of the Equity or voting rights of any franchisee under any and all Franchise Agreements executed pursuant to this Agreement shall execute a written guaranty in a form prescribed by Company, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other

guarantors, the full payment and performance of all of the obligations to Company and to Company's Affiliates under this Agreement and each Franchise Agreement executed pursuant hereto (for purposes of determining whether said 10% threshold is satisfied, holdings of spouses, family members who live in the same household, and Affiliates shall be aggregated);

(i) none of the Owners of the Equity of the franchisee under the applicable Franchise Agreement is engaged in Competitive Activities;

(j) at Company's request, Franchisee shall, and shall cause each of its Affiliates to execute and deliver to Company a general release, on a form prescribed by Company of any and all known and unknown claims against Company and its Affiliates and their officers, directors, agents, shareholders and employees; and

(k) Franchisee shall reimburse Company for all direct and indirect costs and expense it may incur in connection with the transfer and assignment, including attorney's fees.

7.2.3 In the event that Franchisee exercises its rights under Section 7.2.2 then, Franchisee and such Subsidiary shall, in addition to any other covenants contained in the applicable Franchise Agreement, affirmatively covenant to continue to satisfy each of the conditions set forth in Section 7.2.2 throughout the term of such Franchise Agreement.

7.3 Assignment by Franchisee

7.3.1 This Agreement has been entered into by Company in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence reposed in Franchisee. Neither Franchisee nor any Owner shall cause or permit any Assignment unless Franchisee shall have obtained Company's prior written consent, which consent may be withheld for any reason whatsoever in Company's judgment, and shall comply with Company's right of first refusal pursuant to Section 7.3.4. Except as provided in Section 7.2.2, Franchisee acknowledges and agrees that it will not be permitted to make an Assignment of this Agreement or sell, gift, convey, assign or transfer the assets used in any of the Bakeries developed hereunder or any Franchise Agreement executed pursuant to this Agreement except in conjunction with a concurrent Assignment to the same approved assignee of all of the assets used in all of said Bakeries, and all of the Franchise Agreements executed pursuant to this Agreement or at Company's election the execution by the assignee of new Franchise Agreements on Company's Then current form for each of the Bakeries then developed or under development by Franchisee, and otherwise in accordance with the terms and conditions of Franchisee's Franchise Agreement(s). If Franchisee is an Entity, Franchisee shall promptly provide Company with written notice (stating such information as Company may from time to time require) of each and every transfer, assignment, encumbrance, gift and other conveyance, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise by any Owner of any direct or indirect Equity or voting rights in Franchisee, notwithstanding that the same may not constitute an "Assignment" as defined by this Agreement.

7.3.2 Franchisee shall not, directly or indirectly, pledge, encumber, hypothecate or otherwise grant any third party a security interest in this Agreement in any manner whatsoever without the prior express written consent of Company. To the extent that the foregoing prohibition may be ineffective under Applicable Law, Franchisee shall provide not less than 10 days prior written notice (which notice shall contain the name and address of the secured party and the terms of such pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement.

Securities, partnership or other ownership interests in Franchisee may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with the prior written consent of Company, which consent shall not be unreasonably withheld. All materials required for any such private offering by federal or state law shall be submitted to Company for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Company for such review prior to their use. No such offering by Franchisee shall imply that Company is participating in an underwriting, issuance or offering of securities of Franchisee or Company, and Company's review of any offering materials shall be limited solely to the subject of the relationship between Franchise and Company and its Affiliates. Company may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Company concerning the limitations described in the preceding

sentence. Franchisee, its Owners and the other participants in the offering must fully defend and indemnify Company, and its Affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and shall execute any additional documentation required by Company to further evidence this indemnity. For each proposed offering, Franchisee shall pay to Company a non-refundable fee of $5,000, which shall be in addition to any transfer fee under any Franchise Agreement or such greater amount as is necessary to reimburse Company for its reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees. Franchisee shall give Company written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section.

7.3.3 Franchisee's written request for consent to any Assignment must be accompanied by an offer to Company of a right of first refusal to purchase the interest which is proposed to be transferred, on the same terms and conditions offered by the third party; provided that Company may substitute cash for any non-cash consideration proposed to be given by such third party (in an amount determined by Company reasonably and in good faith as the approximate equivalent value of said non-cash consideration); and provided further that Franchisee shall make representations and warranties to Company customary for transactions of the type proposed (the "**Company ROFR**"). If Company elects to exercise the Company ROFR, Company or its nominee, as applicable, shall send written notice of such election to Franchisee within 60 days of receipt of Franchisee's request. If Company accepts such offer, the closing of the transaction shall occur within 60 days following the date of Company's acceptance. Any material change in the terms of an offer prior to closing or the failure to close the transaction within 60 days following the written notice provided by Franchisee (the "**ROFR Period**") shall cause it to be deemed a new offer, subject to the same right of first refusal by Company, or its third party designee, as in the case of the initial offer. Company's failure to exercise such right of first refusal shall not constitute consent to the transfer or a waiver of any other provision of this Agreement, including any of the requirements of this Article with respect to the proposed transfer.

ARTICLE 8
NON-COMPETITION

8.1 In Term. During the Term, no Restricted Person shall in any capacity, either directly or indirectly, through one or more Affiliates or otherwise, engage in any Competitive Activities at any location, whether within or outside the Development Area, unless Company shall consent thereto in writing. Franchisee shall at Company's request obtain individual written agreements from each Restricted Person to the provisions of this section in the form prescribed by Company from time to time.

8.2 Post-Term. To the extent permitted by Applicable Law, upon (i) the expiration or termination of this Agreement, (ii) the occurrence of any Assignment, or (iii) the cession of any Restricted Person's relationship with Franchisee, each person who was a Restricted Person before such event shall not for a period of two (2) years thereafter, without the Company's prior written agreement, either directly or indirectly, own, operate, advise, be employed by, or have any financial interest in any business engaged in Competitive Activities that is located (i) at the location(s) of the Bakery owned by Confidant or at which Confidant was employed, (ii) within the Development Area assigned to the franchisee; (iii) within five (5) miles of the Development Area assigned to the franchisee, (iv) within any protected area assigned to any franchise operated in connection with the Multi-Unit Development Agreement, (v) within five (5) miles of the outer boundaries of any protected area assigned to any franchise operated in connection with the Multi-Unit Development Agreement, (vi) within the protected area assigned to any other Wetzel's Pretzels bakery owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of Confidant's employment or ownership of Confidant in a franchise or (b) a Transfer, as defined in the Multi-Unit Development Agreement, if applicable; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 5, and (vii) within five (5) miles of the outer boundaries of the protected area assigned to any other Wetzel's Pretzels bakery owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of Confidant's employment or ownership of Confidant in a franchise or (b) a Transfer, as defined in the Multi-Unit Development Agreement, if applicable; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 8.2. In applying for such consent, Franchisee will have the burden of establishing that any such activity by it will not involve the use of benefits provided under this Agreement or constitute unfair competition with Company

or other franchisees of the Company. Further, the parties agree and acknowledge that all Restricted Persons, when the same have achieved that status, shall execute a Nondisclosure and Noncompetition Agreement in the form attached hereto as Exhibit D and Franchisee shall promptly send a copy of the same to Company.

8.3 Modification

8.3.1 The parties have attempted in Sections 8.1 and 8.2 above to limit the Franchisee's right to compete only to the extent necessary to protect the Company from unfair competition. The parties hereby expressly agree that if the scope or enforceability of Section 8.1 or 8.2 is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify either or both of such provisions to the extent that it deems necessary to make such provision(s) enforceable under Applicable Law. In addition, Company reserves the right to reduce the scope of either, or both, of said provisions without Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee.

8.3.2 In view of the importance of the "Wetzel's Pretzels®" and the incalculable and irreparable harm that would result to the parties in the event of a Default under this Article 8, the parties agree that each party may seek specific performance and/or injunctive relief to enforce the covenants and agreements in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity.

ARTICLE 9
TERMINATION

9.1 Termination Pursuant to a Default of this Agreement

9.1.1 Subject to Applicable Law to the contrary, this Agreement may be terminated by Company in the event of any Default by Franchisee of this Agreement, unless such Default is cured by Franchisee within 5 days following written notice of the Default (in the case of a failure to pay money), or 10 days following written notice of the Default (in the case of any other Default); provided that in the case of a Default by Franchisee (or its Affiliate) under any Franchise Agreement or other written agreement, the notice and cure provisions of the Franchise Agreement or other agreement shall control, and provided, further, however, that any Default described in Sections 9.1.2(a), (b) or (e) below shall be deemed incurable.

9.1.2 The term "default", as used herein, includes the following:

(a) Any Assignment or attempted Assignment in violation of the terms of Section 7.2 or 7.3 of this Agreement, or without the written consents required pursuant to this Agreement; provided, however, (i) upon prompt written request to Company following the death or legal incapacity of a Franchisee who is an individual, Company shall allow a period of up to 60 days after such death or legal incapacity for his or her heirs, personal representatives, or conservators (the "**Heirs**") to seek and obtain Company's consent to the Assignment his or her rights and interests in this Agreement to the Heirs or to another person acceptable to Company; or (ii) upon prompt written request to Company following the death or legal incapacity of an Owner of a Franchisee which is an Entity, directly or indirectly, owning more than 20% or more of the Equity or voting power of Franchisee, Company shall allow a period of up to 60 days after such death or legal incapacity for his or her Heir(s) to seek and obtain Company's consent to the Assignment of such Equity and voting power to the Heir(s) or to another person or persons acceptable to Company. If, within said 60 day period, said Heir(s) fail to receive Company's consent as aforesaid or to effect such consented to Assignment, then this Agreement shall immediately terminate at Company's election.

(b) Subject to Section 2.2 of this Agreement, failure of Franchisee to satisfy the Development Obligation within the Development Periods set forth herein.

(c) Failure of Franchisee (or any Affiliate of Franchisee) to pay any Initial Franchise Fee, Weekly Royalty or Advertising Fund Contribution, or any other payment obligation in a timely manner as required by this Agreement or any Franchise Agreement signed by Franchisee.

(d) Franchisee's opening of any Bakery in the Development Area except in strict accordance with the procedures set forth in Sections 6.1 through 6.3 of this Agreement.

(e) Failure of Franchisee to fully comply with the requirements of Section 8.1 of this Agreement.

(f) Any Default of any other agreement between Franchisee (or any Affiliate of Franchisee) and Company (or any Affiliate of Company), including any Franchise Agreement executed pursuant hereto.

ARTICLE 10
GENERAL CONDITIONS AND PROVISIONS

10.1 Relationship of Franchisee to Company. It is expressly agreed that the parties intend by this Agreement to establish between Company and Franchisee the relationship of franchisor and area developer franchisee. It is further agreed that Franchisee has no authority to create or assume in Company's name or on behalf of Company, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Company for any purpose whatsoever. Neither Company nor Franchisee is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Franchisee agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Company. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Company or subject to Company control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

10.2 Indemnity by Franchisee. Franchisee hereby agrees to protect, defend and indemnify Company, and all of its past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or in connection with Franchisee's construction, development or operation of Bakeries pursuant hereto, except to the extent caused by intentional acts of the Company in breach of this Agreement. The terms of this Section 10.2 shall survive the termination, expiration or cancellation of this Agreement.

10.3 No Consequential Damages For Legal Incapacity. Company shall not be liable to Franchisee for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Franchisee by reason of any delay in the delivery of Company's Franchise Disclosure Document caused by legal incapacity during the Term, or other conduct not due to the gross negligence or intentional misfeasance of Company.

10.4 Waiver and Delay. No waiver by Company of any Default or Defaults, or series of Defaults in performance by Franchisee, and no failure, refusal or neglect of Company to exercise any right, power or option given to it hereunder or under any Franchise Agreement or other agreement between Company and Franchisee, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Bakeries), or to insist upon strict compliance with or performance of Franchisee's (or its Affiliates) obligations under this Agreement or any Franchise Agreement or other agreement between Company and Franchisee (or its Affiliates), whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Bakeries), shall constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by Company of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

10.5 Survival of Covenants. The covenants contained in this Agreement which, by their nature or terms, require performance by the parties after the expiration or termination of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

10.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Company and shall be binding upon and inure to the benefit of Franchisee and his or their respective, heirs, executors, administrators, and its successors and assigns, subject to the prohibitions and restrictions against Assignment contained herein.

10.7 Joint and Several Liability. If Franchisee consists of more than one person or Entity, or a combination thereof, the obligations and liabilities of each of such person or Entity to Company are joint and several, and such person(s) or Entities shall be deemed to be general partnership.

10.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State in which the Development Area is located (without giving effect to any conflict of laws), except that (a) any state law relating to (1) the offer and sale of franchises, (2) franchise relationships, or (3) business opportunities, will not apply unless the applicable jurisdictional requirements are met independently without reference to this paragraph.

10.9 Entire Agreement. This Agreement and the Exhibits incorporated herein contain all of the terms and conditions agreed upon by the parties hereto concerning the subject matter hereof. No other agreements concerning the subject matter hereof, written or oral, shall be deemed to exist or to bind any of the parties hereto and all prior agreements, understandings and representations, are merged herein and superseded hereby. Franchisee represents that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained herein. No officer or employee or agent of Company has any authority to make any representation or promise not included in this Agreement or any Franchise Disclosure Document for prospective franchisees required by Applicable Law, and Franchisee agrees that it has executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

10.10 Titles for Convenience. Article and paragraph titles used this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

10.11 Gender and Construction. The terms of all Exhibits hereto are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full herein. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section hereof may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense. Unless otherwise expressly provided herein to the contrary, any consent, approval, acceptance or authorization of Company which Franchisee may be required to obtain hereunder may be given or withheld by Company in its sole discretion, and on any occasion where Company is required or permitted hereunder to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Company's Standards or satisfaction, Company may do so in its sole subjective judgment and discretion. No provision herein expressly identifying any particular breach of this Agreement as material shall be construed to imply that any other breach which is not so identified is not material. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against the drafter hereof, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto. Company and Franchisee intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

10.12 Severability, Modification. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

10.13 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

10.14 No Attorney Fees. If legal action, including any action on appeal, or arbitration if necessary to enforce the terms and conditions of this Agreement, neither party will be permitted to recover attorney fees from the other, unless either party is entitled to recover attorney fees under applicable law if it prevails. In that case, if the opposing party prevails, it has a reciprocal right to recover attorney fees from the other party.

10.15 Waiver of Jury Trial; Venue

10.15.1 TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES: (1) HEREBY WAIVE THEIR RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY DISPUTE ARISING UNDER THIS AGREEMENT; AND (2) THEY AGREE THAT SHALL BE THE STATE OR FEDERAL COURTS LOCATED IN LOS ANGELES,

CALIFORNIA SHALL BE THE VENUE FOR ANY LITIGATION ARISING UNDER THIS AGREEMENT, AND LOS ANGELES SHALL BE THE LOCATION OF ANY ARBITRATION PROCEEDING ARISING UNDER THIS AGREEMENT. THE PARTIES ACKNOWLEDGE THAT THEY HAVE REVIEWED THIS SECTION AND HAVE HAD THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVISE AS TO ITS MEANING AND EFFECT.

_____ _____

FRANCHISEE COMPANY

INITIALS INITIALS

10.16 Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand; one business day after electronically confirmed transmission by facsimile or other electronic system; one business day after delivery by Express Mail or other recognized, reputable overnight courier; or 3 business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

If to Company: Wetzel's Pretzels, LLC
35 Hugus Alley Suite 300
Pasadena, CA 91103

With copy (which shall not constitute notice) to:

Michael Einbinder, Esq.
Einbinder & Dunn LLP
112 Madison Ave., 8th Fl
New York, NY 10016

If to Franchisee: See Section 1.1

or to such other address as such party may designate by 10 days' advance written notice to the other party.

10.17 Negotiation and Mediation

10.17.1 Agreement to Use Procedure

The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration. They agree that, if any dispute arises between them, before beginning any legal action to interpret or enforce this Agreement, they will first follow the procedures described in this section. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any legal action or arbitration to interpret or enforce this Agreement.

10.17.2 1.1.1 **Initiation of Procedures**

The party that initiates these procedures ("Initiating Party") must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party's claim for relief, and identifying one or more people with authority to settle the dispute for him, her, or it. The party receiving the notice ("Responding Party") has ten (10) days within which to designate by written notice to the Initiating Party one or more people with authority to settle the dispute on the Responding Party's behalf. These people are called the "Authorized People."

10.17.3 1.1.1 **Direct Negotiations**

The Authorized People may investigate the dispute as they consider appropriate, but agree to meet

~~in person, by prearranged teleconference, or by video conference within fourteen (14) days from the date of the Initiating Party's~~

written notice to discuss resolution of the dispute. The Authorized People may meet at any times and places and as often as they agree.

10.17.4**1.1.1 Mediation**

If the Dispute has not been resolved within thirty (30) days after the initial meeting, either party may begin mediation procedures. Mediation will be conducted by and under the rules of the American Arbitration Association ("AAA") in Los Angeles County, California. The mediator must have been a member of the American Bar Association Forum on Franchising for at least five (5) years. If the AAA does not have a mediator who meets this requirement on its local panel of mediators, it is instructed to look first to its panel of arbitrators, then outside the panel and, if necessary, outside the geographic area to find a mediator who meets this requirement.

10.18**1.1Arbitration**

Any dispute arising out of or in connection with this Agreement, if not resolved by the negotiation and mediation procedures described above, will be determined by the AAA under its Rules for Commercial Arbitration, except as expressly varied by this Agreement, in Los Angeles County, California. This arbitration clause will not deprive either party of any right it may otherwise have to seek provisional injunctive relief from a court of competent jurisdiction. The arbitrator must have been a member of the American Bar Association Forum on Franchising for at least five (5) years. If the AAA cannot provide an arbitrator who meets this requirement from its local panel, it is instructed to look beyond the panel or outside the area. There will be no discovery beyond the minimum required for an arbitration proceeding by applicable state law, unless the parties expressly agree otherwise in a writing signed by the parties and not by their counsel. The arbitrator will have no power to make any award that modifies or suspends any lawful provision of this Agreement and must provide a reasoned award. Judgment on any award may be entered by any court of competent jurisdiction.

10.19**1.1No Attorney Fees**

If legal action, including any action on appeal, or arbitration is necessary to enforce the terms and conditions of this Agreement, neither party will be permitted to recover attorney fees from the other, unless either party is entitled to recover attorney fees under applicable law if it prevails. In that case, if the opposing party prevails, it has a reciprocal right to recover attorney fees from the other party.

10.20 Limitation of Actions

Except as to non-waivable statutory claims, neither party may maintain an arbitration proceeding against the other party unless (a) the party follows in substantial part the negotiation and mediation procedures described above and files an arbitration within one (1) year after the party knows or should have known the facts constituting the cause of action.

10.21 Individual Dispute Resolution

Any dispute resolution between or among the parties to this agreement and any of their Affiliates will be conducted on an individual basis and not on a consolidated or class-wide basis, and any arbitration proceeding between Franchisee and Company will not be joined or consolidated with any other arbitration proceeding involving Company and any other person or entity.

10.22 Awards. The arbitrator will have the right to award or include in his award any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief but not attorneys' fees (as provided in Section 10.14 of this Agreement), provided

~~that the arbitrator will not have the authority to award exemplary or punitive damages. The award and decision of the arbitrator will be conclusive and binding upon all parties and judgment upon the award may be entered in any court of competent jurisdiction. Each party waives any right to contest the validity or enforceability of such award. The parties shall be bound by the provisions of any limitation on the period of time by which claims must be brought. The parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute~~

a compulsory counter-claim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceedings as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred.

10.23 Survival. The terms of Section 10 shall survive termination, expiration or cancellation of this Agreement.

ARTICLE 11
SUBMISSION OF AGREEMENT

11.1 General. The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Company and Franchisee.

ARTICLE 12
ADDITIONALCOVENANTS

12.1 Entity Franchisee Information. If Franchisee is an Entity, Franchisee represents and warrants that the information set forth in Exhibit C which is annexed hereto and by this reference made a part hereof, is accurate and complete in all material respects. Franchisee shall notify Company in writing within 10 days of any change in the information set forth in Exhibit C, and shall submit to Company a revised Exhibit C, which shall be certified by Franchisee as true, correct and complete and upon acceptance thereof by Company shall be annexed to this Agreement as Exhibit C. Franchisee promptly shall provide such additional information as Company may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee, including providing copies of all amendments to Franchisee's "**Entity Documents**" as defined in Exhibit C. Franchisee shall conduct no business other than the business contemplated hereunder and under any currently effective Franchise Agreement between Company and Franchisee. The Entity Documents of Franchisee shall recite that the issuance and transfer of any interest therein is subject to the restrictions set forth in the Agreement and any Franchise Agreement executed pursuant thereto.

12.2 Operating Principal; Director of Operations

12.2.1 The Operating Principal shall be principally responsible for communicating and coordinating with Company regarding business, operational and other ongoing matters concerning this Agreement and the **Bakeries** developed pursuant hereto. The Operating Principal shall have the full authority to act on behalf of Franchisee in regard to performing, administering or amending this Agreement and all Franchise Agreements executed pursuant hereto. Company may, but is not required to, deal exclusively with the Operating Principal in such regards unless and until Company's actual receipt of written notice from Franchisee of the appointment of a successor Operating Principal, who shall have been accepted by Company.

12.2.2 Commencing on the date which Franchisee, directly or indirectly through one or more Affiliate(s), opens its 3rd Bakery within the Development Area, and at all times throughout the Term and the term of each Franchise Agreement executed pursuant hereto after such date, Franchisee shall employ and retain, or shall cause the Entity to which each Franchise Agreement is assigned in accordance with Section 7.2 hereof to employ and retain, an individual (the "**Director of Operations**") who shall be vested with the authority and responsibility for the day-to-day operations of all Bakeries owned or operated, directly or indirectly, by Franchisee within the Development Area. The Director of Operations shall, during the entire period he/she serves as such, meet the following qualifications: (a) shall devote full time and best efforts solely to operation of the all Bakeries owned or operated, directly or indirectly, by Franchisee in the Development Area and to no other business activities; (b) meet Company's educational, experience, financial and such other reasonable criteria for such individual, as set forth in the Manuals as defined herein or otherwise in writing by Company; and (c) be an individual acceptable to Company. The Director of Operations may (but need not) be an Owner, and with the prior written consent of Company, may be the same individual as the Operating Principal. The Director of Operations shall be responsible for all actions necessary to ensure that all Bakeries owned or operated, directly or indirectly, by Franchisee in the Development Area are operated in compliance with this Agreement, all Franchise Agreements therefor and the Manuals. If, during the Term hereof or any Franchise Agreement executed pursuant hereto, the Director of Operations is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section (including Company's subsequent disapproval of such person), Franchisee shall promptly notify Company and designate a replacement within 30 days after the Director of Operations ceases to serve, such replacement being subject to Company's

~~approval.~~

12.2.3 Franchisee shall notify Company in writing at least 10 days prior to employing the Director of Operations setting forth in reasonable detail all information reasonably requested by Company. Company's acceptance of the Operating Principal and Director of Operations shall not constitute Company's endorsement of such individual or a guarantee by Company that such individual will perform adequately for Franchisee or its Affiliates, nor shall Company be estopped from subsequently disapproving or otherwise challenging such person's qualifications or performance.

12.3 *Business* Practices. Franchisee represents, warrants and covenants to Company that:

12.3.1 As of the date of this Agreement, Franchisee and each of its Owners (if Franchisee is an Entity) shall be and, during the Term shall remain, in full compliance with all applicable laws in each jurisdiction in which Franchisee or any of its Owners (if Franchisee is an Entity), as applicable, conducts business that prohibits unfair, fraudulent or corrupt business practices in the performance of its obligations under this Agreement and related activities, including the following prohibitions:

(a) No government official, official of an international organization, political party or official thereof, or candidate is an owner or has any investment interest in the revenues or profit of Franchisee;

(b) None of the property or interests of Franchisee or any of its Owners is subject to being "blocked" under any Anti-Terrorism Laws. Neither Franchisee, nor any of its respective funding sources (including any legal or beneficial owner of any equity in Franchisee) or any of its Affiliates is or has ever been a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Laws or identified by name or address on any Terrorist List. Each of Franchisee and its Owners are in compliance with Applicable Law, including all such Anti-Terrorism Laws;

(c) Neither Franchisee nor any of its Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act, as amended, and any amendments or successors thereto.

(d) Franchisee is neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo. Nor does Franchisee or its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo.

12.3.2 Franchisee has taken all necessary and proper action required by Applicable Law and has the right to execute this Agreement and perform under all of its terms. Franchisee shall implement and comply with anti-money laundering policies and procedures that incorporate "know-your-customer" verification programs and such other provisions as may be required by applicable law.

12.3.3 Franchisee shall implement procedures to confirm, and shall confirm, that (a) none of Franchisee, any person or entity that is at any time a legal or beneficial owner of any interest in Franchisee or that provides funding to Franchisee is identified by name or address on any Terrorist List or is an Affiliate of any person so identified; and (b) none of the property or interests of Franchisee is subject to being "blocked" under any Anti-Terrorism Laws.

12.3.4 Franchisee shall promptly notify Company upon becoming aware of any violation of this Section or of information to the effect that any person or entity whose status is subject to confirmation pursuant to Section 12.3.1(e) above is identified on any Terrorist List, any list maintained by OFAC or to being "blocked" under any Anti-Terrorism Laws, in which event Franchisee shall cooperate with Company in an appropriate resolution of such matter.

12.3.5 In accordance with Applicable Law, none of Franchisee nor any of its Affiliates, principals, partners, officers, directors, managers, employees, agents or any other persons working on their behalf, shall offer, pay, give, promise to pay or give, or authorize the payment or gift of money or anything of value to any officer or employee of, or any person or entity acting in an official capacity on behalf of, the Governmental Authority, or any political party or official thereof or while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to any official, for the purpose of (a) influencing any action or decision of such official in his or its official capacity; (b) inducing such official to do or omit to do any act in violation of his or its lawful duty; or

(b) inducing such official to use his or its influence with any Governmental Authority to affect or influence any act or decision of such Governmental Authority in order to obtain certain business for or with, or direct business to, any person.

12.3.6 The provisions of this Section shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Company for any infringement of, violation of, or interference with, this Agreement, or Company's marks, System, trade secrets, or any other proprietary aspects of Company's business.

12.3.7 Franchisee shall, in all dealings relating to the Bakery, with the public, suppliers, its landlord, and the Company and each of their respective employees, agents and representatives, conduct itself and cause its employees, agents and representatives, to conduct themselves in an honest, professional appropriate and lawful manner, and without limiting the generality of the foregoing, shall refrain and cause its employees, agents and representatives to refrain from making any statement or taking any action that would or might reasonably be interpreted as intimidation, harassment, violent, harmful or disparaging to others or to its or their Owners, directors, officers, employees, agents or representatives, as applicable.

ARTICLE 13 ACKNOWLEDGMENT

13.1 General

13.1.1 Franchisee acknowledges that it has carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, that it has obtained the advice of counsel in connection with entering into this Agreement, that it understands the nature of this Agreement, and that it intends to comply herewith and be bound hereby.

13.1.2 Company expressly disclaims making, and Franchisee acknowledges that it or they have not received or relied on any warranty or guarantee, express or implied, as to the potential volume, profits, expenses, or success of the business venture contemplated by this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the first date set forth above.

ACCEPTED on this _____ day of _____ 20____.

Wetzel's Pretzels, a California limited liability company

By: _____
Name: _____
Title: _____

"Franchisee"

_____
a _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

~~Exhibit A~~
~~DEVELOPMENT AREA~~

~~The Development Area* is defined as the territory within the boundaries described below**:~~

~~* If the Development Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Development Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.~~

~~** **Excluded Areas**. The Development Area automatically excludes the location of any Bakeries which are subject to existing franchise agreements as of the Effective Date, and any Bakeries which are subject to future franchise agreements entered into after the Effective Date (subject to the ROFR described in Section 1.3.2), and the "protected area" surrounding those locations as granted in those franchise agreements, including without limitation the locations and protected areas described below (it being understood and agreed that locations and protected areas surrounding them which are subject to existing franchise agreements as of the Effective Date are excluded even if not identified below):~~

EXHIBIT B
DEVELOPMENTOBLIGATION

Development Period Ending	Cumulative No. of Bakeries* to be in Operation
1	
2	
3	

* Remote Mobile Units shall not count as "Bakeries" for purposes of satisfying the Development Obligation

EXHIBIT C
Entity Information

Franchisee represents and warrants that the following information is accurate and complete in all material respects:

(i) Franchisee is a (check as applicable): [ ] corporation
[ ] limited liability company [ ] general partnership
[ ] limited partnership
[ ] Other (specify): _____

(ii) Franchisee shall provide to Company concurrently with the execution hereof true and accurate copies of its charter documents including Articles of Incorporation, Bylaws, Operating Agreement, Regulations Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing ("**Entity Documents**").

(iii) Franchisee promptly shall provide such additional information as Company may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

(iv) The name and address of each of Franchisee's owners, members, or general and limited partner:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

(v) There is set forth below the names, and addresses and titles of Franchisee's principal officers or partners who will be devoting their full time to the Business:

NAME	ADDRESS

(vi) The address where Franchisee's Financial Records, and Entity Documents are maintained is: _____

_____

_____

(vii) The "Operating Principal" is: _____

EXHIBIT D

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

In return for (a) entering into a Multi-Unit Development Agreement with Wetzel's Pretzels, LLC ("Wetzel's Pretzels"), for the right to develop Bakeries within a Development Area or (b) his or her employment by Wetzel's Pretzels or by one of its area developers (hereinafter referred to as a "franchisee"), the undersigned Confidant agrees as follows:

1. Nondisclosure of Trade Secrets and Confidential Information

Confidant agrees, during the term of the Multi-Unit Development Agreement or Confidant's employment with Wetzel's Pretzels or by franchisee and following termination, expiration, or assignment of the Multi-Unit Development Agreement or termination or expiration of Confidant's employment with franchisee, not to disclose, duplicate, sell, reveal, divulge, publish, furnish, or communicate, either directly or indirectly, any Trade Secret or other Confidential Information of Wetzel's Pretzels to any other person or company unless authorized in writing by Wetzel's Pretzels. Confidant agrees not to use any Trade Secret or Confidential Information for his or her personal gain or for purposes of personal gain by others, whether or not the Trade Secret or Confidential Information was conceived, originated, discovered, or developed, in whole or in part, by Confidant or represents Confidant's work product. If Confidant has assisted in the preparation of any information that we consider to be a Trade Secret or Confidential Information or has himself or herself prepared or created the information, Confidant assigns any rights that he or she may have in the information as its creator to Wetzel's Pretzels, including all ideas made or conceived by Confidant.

2. Definition of Trade Secrets and Confidential Information

For purposes of this Agreement, the terms "Trade Secret" and "Confidential Information" mean any knowledge, technique, processes, or information made known or available to Confidant that we treat as confidential, whether existing now or created in the future, including but not limited to information about the cost of materials and supplies, supplier lists or sources of supplies, internal business forms, orders, customer accounts, manuals and instructional materials describing our methods of operation, including our Operations Manual, products, drawings, designs, plans, proposals, and marketing plans, all concepts or ideas in, or reasonably related to our business that have not previously been publicly released by Wetzel's Pretzels, and any other information or property of any kind of Wetzel's Pretzels that may be protected by law as a Trade Secret, confidential, or proprietary. The Trade Secrets and Confidential Information described in this Agreement are the sole property of Wetzel's Pretzels.

3. Return of Proprietary Materials

Upon termination of franchise ownership or employment by Wetzel's Pretzels or a franchisee, Confidant must surrender to Wetzel's Pretzels all materials considered proprietary by Wetzel's Pretzels, technical or nontechnical, whether or not copyrighted, that relate to a Trade Secret, Confidential Information, or conduct of the operations of Wetzel's Pretzels. Confidant expressly acknowledges that any such materials of any kind given to him or her are and will remain the sole property of Wetzel's Pretzels.

4. Solicitation of Employees

Confidant further agrees that he or she will not furnish to or for the benefit of any competitor of Wetzel's Pretzels, or the competitor's employees, agents, licensees, or franchisees, or the competitor's subsidiaries, the name of any person who is employed by Wetzel's Pretzels or its Related Parties or by any other franchisee of Wetzel's Pretzels or its Related Parties.

5. Noncompetition

Confidant agrees and covenants that because of the confidential and sensitive nature of the Confidential Information and because the use of the Confidential Information in certain circumstances may cause irrevocable damage to Wetzel's Pretzels, Confidant will not, until the expiration of two (2) year after the termination (regardless of the cause of termination) or expiration of the employment relationship between Confidant and Wetzel's Pretzels or the franchisee that employs Confidant, or termination of the ownership interest of Confidant in a area developer or franchise, engage, directly or indirectly, or through any corporations or Related Parties, in any business that is competitive with any Bakery and that is located (i) at the location(s) of the Bakery owned by Confidant or at which Confidant was employed, (ii) within the Development Area assigned to the franchisee; (iii) within five (5) miles of the Development Area assigned to the franchisee, (iv) within any protected area assigned to any franchise operated in connection with the Multi-Unit Development Agreement, (v) within five (5) miles of the outer boundaries of any protected area assigned to any franchise operated in connection with the Multi-Unit Development Agreement, (vi) within the protected area assigned to any other Wetzel's Pretzels bakery owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of Confidant's employment or ownership of Confidant in a franchise or (b) a Transfer, as defined in the multi-unit development agreement, if applicable; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 5, and (vii) within five (5) miles of the outer boundaries of the protected area assigned to any other Wetzel's Pretzels bakery owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates (x) as of the date of this Agreement; (y) as of the date of (a) termination (regardless of the cause of termination) or expiration of Confidant's employment or ownership of Confidant in a franchise or (b) a Transfer, as defined in the Multi-Unit Development Agreement, if applicable; or (z) as of the date of entry of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 5.

6. Saving Provision

Confidant agrees and stipulates that the agreements and covenants not to compete contained in the preceding paragraph are fair and reasonable in light of all the facts and circumstances of the relationship between Confidant and Wetzel's Pretzels. Nevertheless, Confidant and Wetzel's Pretzels are aware that in certain circumstances courts have refused to enforce certain agreements not to compete. Therefore, in furtherance of the provisions of the preceding paragraph, Confidant and Wetzel's Pretzels agree that if a court or arbitrator should

decline to enforce the provisions

~~of the preceding paragraph, that paragraph must be considered modified to restrict Confidant's competition with Wetzel's Pretzels to the maximum extent, in both time and geography, which the court or arbitrator finds enforceable.~~

7. Irreparable Harm to Wetzel's Pretzels

Confidant understands and agrees that Wetzel's Pretzels will suffer irreparable injury that cannot be precisely measured in monetary damages if Confidential Information or proprietary information is obtained by any person, firm, or corporation and is used in competition with Wetzel's Pretzels. Accordingly, Confidant agrees that it is reasonable and for the protection of the business and goodwill of Wetzel's Pretzels for Confidant to enter into this Agreement. If there is a breach of this Agreement by Confidant, Confidant consents to entry of a temporary restraining order or other injunctive relief and to any other relief that may be granted by a court having proper jurisdiction.

8. Binding Effect

This Agreement will be binding on Confidant's heirs, executors, successors, and assignees as though originally signed by those people.

9. Applicable Law

The validity of this Agreement will be governed by the laws of the State where Confidant lives. If any provision of this Agreement is void or unenforceable in that State, the remainder of the Agreement will be fully enforceable according to its terms.

CONFIDANT By: _____ Name, an individual **CONFIDANT** By: _____ Name, an individual	**CONFIDANT** ENTITY, a[n] _____ By: _____ Name, Title By: _____ Name, Title

EXHIBIT D

INTENTIONALLY OMITTED

EXHIBIT ~~CONFIDANT~~

~~*Signature:* _____~~

~~*Print Name:* _____~~

~~APPENDIX~~ E-1

Company Owned Locations, as of November 30, 2023

Store #	Center Name	Owner First Name	Owner Last Name	State / Province	Zip	Phone
S-061	Cherry Creek Shopping Center	Corporate	Office	Colorado	80206	(303) 388-2323
S-108	Downtown Disney Anaheim	Corporate	Office	California	92802	(714) 535-5994
S-136	Grove	Corporate	Office	California	90036	(323) 746-5373
S-154	Disney Springs West Side	Corporate	Office	Florida	32830	(407) 560-0871
S-157	Disney Springs Marketplace	Corporate	Office	Florida	32830	(407) 938-0400
S-166	Galleria at Tyler #1	Corporate	Office	California	92503	(951) 470-1010
S-235	Park Meadows	Corporate	Office	Colorado	80124	(303) 799-1840
S-327	Ontario Mills #1	Corporate	Office	California	91764	(909) 481-3657
S-332	Las Vegas South Premium Outlets	Corporate	Office	Nevada	89123	(702) 260-1001
S-356	Galleria at Tyler #2	Corporate	Office	California	92503	(951) 299-2491
S-429	Downtown Summerlin	Corporate	Office	Nevada	89135	(702) 912-4775
S-466	Victoria Gardens	Corporate	Office	California	91739	(909) 899-3060
S-470	Downtown Disney Anaheim Cart	Corporate	Office	California	92802	(714) 535-5994
S-471	ESPN Wide World Of Sports Stadium Cart	Corporate	Office	Florida	34747	(407) 912-5917
S-472	ESPN Wide World of Sports Visa Center	Corporate	Office	Florida	34747	(407) 938-9450
S-473	ESPN Wide World of Sports HP Fieldhouse	Corporate	Office	Florida	34747	(407) 938-9449
S-488	Downtown Disney Springs Haagen Dazs	Corporate	Office	Florida	32830	(407) 560-0870
S-503	Las Vegas South Premium Outlets	Corporate	Office	Nevada	89123	(702) 914-1960
S-505	Diggity Dog Cart	Corporate	Office	California	92802	(714) 535-5994
S-511	Ontario Mills #2	Corporate	Office	California	91764	(909) 581-1777
S-522	ESPN Wide World of Sports Field Lemonade Cart	Corporate	Office	Florida	34747	(407) 912-1104
S-561	Walmart North Las Vegas	Corporate	Office	Nevada	89131	(702) 395-2335
S-591	Galleria at Sunset	Corporate	Office	Nevada	89014	(702) 451-0900
S-599	Denver Premium Outlets	Corporate	Office	Colorado	80023	(303) 254-6887
S-619	Orlando International Premium Outlets	Corporate	Office	Florida	32819	(407) 352-6385
S-636	Park Meadows Kiosk	Corporate	Office	Colorado	80124	(303) 799-4996
S-637	Park Meadows RMU	Corporate	Office	Colorado	80124	(303) 799-1840
S-638	Ontario Mills # 4	Corporate	Office	California	91764	(909) 481-3657
S-642	ESPN Arena North Concession - Wetzel's	Corporate	Office	Florida	34747	(407) 560-0073
S-643	ESPN Arena North Concession - Haagen Dazs	Corporate	Office	Florida	34747	(407) 560-0073
S-656	Colorado Mills	Corporate	Office	Colorado	80401	(303) 590-1412
S-691	Miracle Mile Shops	Corporate	Office	Nevada	89109	(702) 331-6529
S-695	Victoria Gardens RMU	Corporate	Office	California	91739	(909) 689-8153
S-716	Macy's South Coast Plaza	Corporate	Office	California	92726	(657) 655-3386
S-727	San Bernardino Food Truck #1	Corporate	Office	California	92507	(909) 201-3441
S-733	Walmart Kissimmee	Corporate	Office	Florida	34746	(407) 598-0705
S-745	Orlando FL Food Truck	Corporate	Office	Florida	32801	(689) 258-7004
S-769	San Bernardino Food Truck 2	Corporate	Office	California	91103	(909) 201-3441

T-001	Twisted - La Habra	Corporate	Office	California	90631	(626) 720-7348
T-003	Twisted - Azalea Center	Corporate	Office	California	90280	(626) 432-6900

Franchised Locations, as of November 30, 2023

Store #	Center Name	Owner First Name	Owner Last Name	Phone	Street Address	City	State	Zip
S-225	Southlake Mall	Ayman	Abdulhadi	(708) 789-3223	2109 Southlake Mall #328	Merrillville	Indiana	46410
S-248	Woodfield Mall	Ayman	Abdulhadi	(708) 789-3223	5 Woodfield Mall, Space #F122	Schaumburg	Illinois	60173
S-289	Westfield Mission Valley	Ayman	Abdulhadi	(708) 789-3223	1640 Camino del Rio North, Space #1220	San Diego	California	92108
S-366	Fashion Outlets of Chicago	Ayman	Abdulhadi	(708) 789-3223	5220 Fashion Outlets Way, Space No. F-10	Rosemont	Illinois	60018
S-371	Chicago Ridge Mall	Ayman	Abdulhadi	(708) 789-3223	444 Chicago Ridge Mall, Space #K14	Chicago Ridge	Illinois	60415
S-460	Cherryvale Mall	Ayman	Abdulhadi	(708) 789-3223	7200 Harrison Ave., Space #E-07A	Rockford	Illinois	61112
S-478	Westfield Mission Valley RMU	Ayman	Abdulhadi	(708) 789-3223	1640 Camino del Rio North, Space #9012	San Diego	California	92108
S-521	Fashion Outlets of Chicago Kiosk	Ayman	Abdulhadi	(708) 789-3223	5220 Fashion Outlets Way Space #8090	Rosemont	Illinois	60018
S-549	Southlake Mall RMU	Ayman	Abdulhadi	(708) 789-3223	2109 Southlake Mall Space #9204	Merrillville	Indiana	46410
S-015	Hillsdale Shopping Center 1	Varuzh	Abgaryan	818-239-2808	Sixty 31st Avenue,#1040	San Mateo	California	94403
S-098	Sunvalley Shopping Center	Varuzh	Abgaryan	818-239-2808	292 Sun Valley Mall, F-106	Concord	California	94520
S-099	Stoneridge Shopping Center	Varuzh	Abgaryan	818-239-2808	2469 Stoneridge Mall E-206	Pleasanton	California	94588
S-325	Union Station	Varuzh	Abgaryan	818-239-2808	800 N. Alameda Street, Space #K1	Los Angeles	California	90012
S-405	Stoneridge Shopping Center RMU	Varuzh	Abgaryan	818-239-2808	2469 Stoneridge Mall KI16	Pleasanton	California	94588
S-485	Sunvalley Shopping Center RMU	Varuzh	Abgaryan	818-239-2808	292 Sun Valley Mall, #K205	Concord	California	94520

S-530	Broadway Plaza Kiosk	Varuzh	Abgaryan	818-239-2808	1275 Broadway Plaza, Space #K01	Walnut Creek	California	94596
S-598	Hillsdale Shopping Center 2	Varuzh	Abgaryan	818-239-2808	60 31st Avenue Space #2370	San Mateo	California	94403
S-680	Union Station RMU	Varuzh	Abgaryan	818-239-2808	800 N. Alameda Street, Space #3	Los Angeles	California	90012
S-331	South Shore Plaza Kiosk	Raed	Abuyousef	(312) 866-6663	250 Granite Street, #4838	Quincy	Massachusetts	02184
S-435	Northshore Mall	Raed	Abuyousef	(312) 866-6663	210 Andover Street, #W131	Cambridge	Massachusetts	01960
S-441	Emerald Square	Raed	Abuyousef	(312) 866-6663	999 S. Washington Street, #W313	North Attleborough	Massachusetts	02760
S-793	Walmart - Orlando Hills	Raed	Abuyousef	312-866-8664	9265 159th Street	Orland Hills	Illinois	60487
S-338	Hillside Village Kiosk	Ben	Adams	(617) 850-5628	305 W FM 1382,Suite K2	Cedar Hill	Texas	75104
S-765	Macy's Dallas Galleria	Ben	Adams	(617) 850-562	13375 Noel Rd	Dallas	Texas	75240
S-714	Stonestown Galleria	Ranjit/Nirmal	Ahluwalia	(209) 918-9602	3251 20th Ave., Space #102	San Francisco	California	94132
S-782	Walmart - Ceres	Ranjit/Nirmal	Ahluwalia	(209) 918-9602	3515 Pomegranate Ave	Ceres	California	95307
S-035	Valley River Center	Manjurul	Alam	(559) 341-8394	513 Valley River Ctr.	Eugene	Oregon	97401
S-284	Fashion Fair Mall Fresno Kiosk 1	Manjurul	Alam	(559) 341-8394	645 East Shaw Avenue, #K12	Fresno	California	93710
S-359	Weberstown Mall Kiosk 1	Manjurul	Alam	(559) 341-8394	4950 Pacific Avenue, Space #K-11	Stockton	California	95207
S-367	Rogue Valley Mall	Manjurul	Alam	(559) 341-8394	1600 N. Riverside Ave.,Space No. 2061	Medford	Oregon	97501
S-385	Vancouver Mall	Manjurul	Alam	(559) 341-8394	8700 Northeast Vancouver Mall Drive, Suite 179	Vancouver	Washington	98662
S-439	Fashion Fair Mall Fresno Kiosk 2	Manjurul	Alam	(559) 341-8394	645 East Shaw Avenue, #KK23	Fresno	California	93710
S-456	Capitola Mall	Manjurul	Alam	(559) 341-8394	1855 41st Avenue,#R11	Capitola	California	95010
S-457	Visalia Mall Kiosk	Manjurul	Alam	(559) 341-8394	2031 South Mooney Blvd. #5521	Visalia	California	93277
S-497	River Park Shopping Center	Manjurul	Alam	(559) 341-8394	244 Paseo Del Centro	Fresno	California	93720

S-577	Valley River Center Kiosk	Manjurul	Alam	(559) 341-8394	293 Valley River Center Space #K0013	Eugene	Oregon	97401
S-649	Fashion Fair Mall Fresno Kiosk 3	Manjurul	Alam	(559) 341-8394	645 East Shaw Ave, Space KK28	Fresno	California	93710
S-780	Weberstown Mall Kiosk 2	Manjurul	Alam	(559) 341-8394	4950 Pacific Avenue, Space #114	Stockton	California	95207
S-787	Walmart - Hanford	Manjurul	Alam	(559) 341-8394	250 S 12th Ave	Hanford	California	93230
S-742	Walden Galleria	Nawshad	Alam	(347) 445-6521	1 Walden Galleria, Space #A213	Buffalo	New York	14225
S-195	Westfield Fashion Square Kiosk 1	Ricky	Alam	323-240-0441	14006 Riverside Drive, #9240	Sherman Oaks	California	91423
S-200	Mall of Victor Valley	Ricky	Alam	323-240-0441	14440 Bear Valley Road, #657	Victorville	California	92392
S-257	Inland Center	Ricky	Alam	323-240-0441	500 Inland Center Drive, Space 314	San Bernardino	California	92408
S-463	Walmart - Beaumont	Ricky	Alam	323-240-0441	1540 E. 2nd Street	Beaumont	California	92223
S-484	Westfield Fashion Square Kiosk 2	Ricky	Alam	323-240-0441	14006 Riverside Drive, #9090	Sherman Oaks	California	91423
S-487	Mall of Victor Valley RMU	Ricky	Alam	323-240-0441	14440 Bear Valley Road,#K19	Victorville	California	92392
S-518	Walmart - Moreno Valley	Ricky	Alam	323-240-0441	12721 Moreno Beach Dr.	Moreno Valley	California	92555
S-531	Walmart - Santa Clarita	Ricky	Alam	323-240-0441	27931 Kelly Johnson Parkway	Santa Clarita	California	91355
S-540	Mall of Victor Valley Kiosk	Ricky	Alam	323-240-0441	14440 Bear Valley Road Space #K06	Victorville	California	92392
S-546	Atlantic Terminal	Ricky	Alam	323-240-0441	139 Flatbush Ave., Space #160	Brooklyn	New York	11217
S-651	The Mills at Jersey Gardens	Ricky	Alam	323-240-0441	651 Kapkowski Road, Space 2056	Elizabeth	New Jersey	07201
S-264	Orland Square Mall	Mohannad	Alkaki	708-833-1994	288 Orland Square #B-23A	Orland Park	Illinois	60462
S-575	Orland Square Mall RMU	Mohannad	Alkaki	708-833-1994	288 Orland Square,#92	Orland Park	Illinois	60462

S-144	Freehold Raceway Mall Kiosk	Dilip	Amin	(908) 227 - 2745	3710 Route 9	Freehold Township	New Jersey	07728

S-279	Woodbridge Center	Dilip	Amin	(908) 227 - 2745	308 Woodbridge Center Drive	Woodbridge	New Jersey	07095
S-707	Bellevue Square	Mohammad "Ruhul"	Amin	(206) 734-2574	575 Bellevue Square	Bellevue	Washington	98004
S-709	Rivertown Crossings Kiosk	Noor	Aqel	616-821-0883	3700 Rivertown Pkwy SW, Space #5574	Grandville	Michigan	49418
S-305	RiverTown Crossings	Noor & Basel	Aqel	616-821-0883	3700 Rivertown Parkway #2084	Grandville	Michigan	49418
S-768	Birch Run Premium Outlet	Noor & Basel	Aqel	(616) 821-0883	right cl	Birch Run	Michigan	48415
S-118	Puerto Rico Premium Outlets	Clarimar & Omar	Arrufat-Berastain & Diaz	787-645-6831	1 Premium Outlets Blvd	Barceloneta	Puerto Rico	00617
S-026	Fashion Valley Mall	Frank & Sharon	Arthofer	626-695-7784	7007 Friars Road, #863	San Diego	California	92108
S-474	Fashion Valley Mall RMU	Frank & Sharon	Arthofer	626-695-7784	7007 Friars Road, Space #K3W	San Diego	California	92108
S-629	Panama Airport 1	Henry	Attie	+507-66130959	Aeropuerto Internacional de Tocumen, Avenida Domingo Diaz, #C2-54	Tocumen	Panama	
S-812	Panama City – Albrook Mall	Henry	Attie	+507-66130959	Marginal, Space #,	Panama	Panama	
S-710	Panama Airport 2	Henry	Attie	+507-66130959	Aeropuerto Internacional de Tocumen, Avenida Domingo Diaz, #C2-64	Tocumen	Panama	
S-711	Panama Airport RMU	Henry	Attie	+507-66130959	Aeropuerto Internacional de Tocumen, Avenida Domingo Diaz, #C2-18	Tocumen	Panama	
S-735	Spring Valley CA - Sweetwater Springs	Samad	Attisha	(619) 227-2933	2615-L Sweetwater Springs Blvd.	Spring Valley	California	91978
S-766	Los Angeles CA Southeast Food Truck	Brian & Reginald	Avilez & Soriano	(310) 493-0929	10 Luminosa	Lake Forest	California	92630
S-770	West Los Angeles Food Truck	Brian & Reginald	Avilez & Soriano	(310) 809-5226	10 Luminosa	Lake Forest	California	92630
S-186	Boise Towne Square 1	Raymond & Roger	Beffa & Hawkins	(208) 488-8118	350 N. Milwaukee, #2112	Boise	Idaho	83704
S-362	Boise Towne Square 2	Raymond & Roger	Beffa & Hawkins	(208) 488-8118	350 N. Milwaukee, #2183	Boise	Idaho	83704
S-596	Walmart - Nampa	Raymond & Roger	Beffa & Hawkins	(208) 488-8118	5875 E. Franklin Rd.	Nampa	Idaho	83687

S-608	Boise Towne Square 3	Raymond & Roger	Beffa & Hawkins	(208) 488-8118	350 N. Milwaukee St. Space #1147	Boise	Idaho	83704
S-717	Hemet Chevron	David	Bermudez	(951) 437-7083	710 N. Sanderson Ave.,	Hemet	California	92545
S-743	Walmart - Hemet	David	Bermudez	(951) 437-7083	1231 S Sanderson Ave	Hemet	California	92545
S-835	Loma Linda Wetzels	David	Bermudez	(951) 437-7083	10358 Mountain View Ave, Suite 101	Loma Linda	California	92354
S-168	Capital Mall	Steve	Chavarria	(253) 874-6884	625 Blacklake Blvd.,SW.#N-29	Olympia	Washington	98502
S-468	Capital Mall RMU	Steve	Chavarria	(253) 874-6884	625 Blacklake Blvd.,Space #4642	Olympia	Washington	98502
S-541	Solano Town Center	Somonea & Lisa	Cheng	(209) 298-5281	1350 Travis Blvd. Space #V13	Fairfield	California	94533
S-042	Carlsbad Premium Outlets	Bum	Cho	760-809-7605	5620 Paseo Del Norte, #C122	Carlsbad	California	92008
S-469	Carlsbad Premium Outlets RMU	Bum	Cho	(760) 809-7605	5620 Paseo Del Norte, #14	Carlsbad	California	92008
S-006	Westfield North County	Jung & Bum	Cho	760-419-1205	200 E. Via Rancho Pkwy., #B303	Escondido	California	92025
S-039	Shoppes at Carlsbad	Jung & Bum	Cho	760-419-1205	2525 El Camino Road, #234C	Carlsbad	California	92008
S-572	Westfield North County	Jung & Bum	Cho	760-419-1205	200 E. Via Rancho Pkwy. Space #353	Escondido	California	92025
S-600	Shoppes at Carlsbad 2	Jung & Bum	Cho	760-419-1205	2525 El Camino Real Space #145	Carlsbad	California	92008
S-290	Parkway Plaza 2	Junghyun	Choi	(858) 231 - 0615	823 Parkway Plaza #K22	El Cajon	California	92020
S-376	Parkway Plaza RMU 1	Junghyun	Choi	(858) 231 - 0615	823 Parkway Plaza, Space #4582	El Cajon	California	92020
S-605	Parkway Plaza RMU 2	Junghyun	Choi	(858) 231 - 0615	823 Parkway Plaza, Space #4714	El Cajon	California	92020
S-556	Burbank Town Center Kiosk	Young	Choi	(213) 321-6589	201 E. Magnolia Blvd., Space #5601	Burbank	California	91502
S-631	Fashion District Philadelphia	Mike	Chung	(215) 531-4565	1101 Market Street, Space #2025	Philadelphia	Pennsylvania	19107

S-771	The Parks Mall at Arlington Kiosk	Christy & Christie	Dang & Cao	(817) 891-4618	3811 S Cooper St.	Arlington	Texas	76015

S-720	Maryland Food Truck 1	Bruce	Dash	443-974-4431	1106 Old Westminster Road	Westminster	Maryland	21157
S-222	Shoppes at Buckland Hills	Dolly	Desai	(860) 819 - 5004	194 Buckland Hills Drive, #1176	Manchester	Connecticut	06042
S-236	Shoppes at Buckland Hills RMU	Dolly	Desai	(860) 819 - 5004	194 Buckland Hills Drive, #5531	Manchester	Connecticut	06042
S-080	Shops at Mission Viejo	Anthony & Kim	Dinh	714-260-1746	594 The Shops at Mission Viejo	Mission Viejo	California	92691
S-621	Shops at Mission Viejo RMU	Anthony & Kim	Dinh	714-260-1746	555 The Shops at Mission Viejo,#KI16	Mission Viejo	California	92691
S-560	Indian Wells Tennis Garden	Jeff	Dunn	760-200-8400 Ex: 7108	78200 Miles Avenue	Indian Wells	California	92210
S-525	Mall of America Kiosk	Tyler	Dutton	(909) 480-9090	60 East Broadway, Space #W1805	Bloomington	Minnesota	55425
S-746	Alderwood Mall Kiosk	Tyler	Dutton	(909) 480-9090	3000 184th St. SW, Space #5544	Lynnwood	Washington	98037
S-008	Westfield Garden State Plaza	Susan & Steve	Edelstein	(201) 401 - 3556	1 Garden State Plaza, Space #T-1	Paramus	New Jersey	07652
S-548	Westfield Garden State Plaza Kiosk 3	Susan & Steve	Edelstein	(201) 401 - 3556	1 Garden State Plaza Space #9158	Paramus	New Jersey	07652
S-786	Westfield Garden State Plaza Kiosk 4	Susan & Steve	Edelstein	(201) 401 - 3556	1 Garden State Plaza, Space #9133	Paramus	New Jersey	07652
S-791	Northern New Jersey Food Truck	Hesham & Kaled	El-Dewak & Refaat	908-392-3209	42 East 41st Street	Bayonne	New Jersey	07002
S-738	Macy's Union Square Kiosk	Benjamin	Elias	(510) 366-6888	170 O'Farrell St, Space #B1	San Francisco	California	94102
S-754	Macy's Union Square RMU 1	Benjamin	Elias	(510) 366-6888	170 O'Farrell St, Space #S1	San Francisco	California	94102
S-764	Macy's Sacramento	Benjamin	Elias	(510) 366-6888	414 K Street	Sacramento	California	95814
S-449	Centro Gran Caribe Mall	Edsyl	Espinosa	787-501-6941	State Road #2 KM 29.7	Vega Alta	Puerto Rico	00692
S-249	Viejas Outlet Center	Kara	Felberg	619-788-2423	5005 Willows Road	Alpine	California	91901
S-679	Otay Ranch Town Center	Kara	Felberg	619-788-2423	2015 Birch Road,#909	Chula Vista	California	91915

S-585	Londonderry Mall	Paige	Fitzsimmons	(306) 715-5164	1-Londonderry Mall NW, Space #208	Edmonton	Alberta	T5C 3C8

S-613	Centre Mall Kiosk	Paige	Fitzsimmons	(306) 715-5164	3510 8th St. East, Space #K08	Saskatoon	Saskatchewan	S7H 0W6
S-344	Beverly Center	Julie	Friedman	626-393-5857	8500 Beverly Blvd., Space #7752	Los Angeles	California	90048
S-041	Los Cerritos Center Kiosk	Ichiro	Fujita	(310) 792-7089	239 Los Cerritos Center, Space 9030	Cerritos	California	90703
S-606	Los Cerritos Center RMU	Ichiro	Fujita	(310) 792-7089	239 Los Cerritos Center, Space 9013	Cerritos	California	90703
S-415	West Edmonton Mall Kiosk 1	Jason	Gardiner	403-860-7360	8882 170 Street, #K-041	Edmonton	Alberta	T5T 4J2
S-509	West Edmonton Mall Kiosk 2	Jason	Gardiner	403-860-7360	8882 170th Street, #K-015	Edmonton	Alberta	T5T 4J2
S-757	Cardel Rec South	Jason	Gardiner	(403) 860-7360	333 Shawville Blvd. SE #100,	Calgary	Canada	T2Y 4H3
S-526	Pacific Park Santa Monica Pier RMU 1	Paul	Garnica	(323) 691-8697	380 Santa Monica Pier	Santa Monica	California	90401
S-569	Pacific Park Santa Monica Pier RMU 2	Paul	Garnica	(323) 691-8697	380 Santa Monica Pier	Santa Monica	California	90401
S-756	South Orange County Food Truck	Peyton, Paige, Deborah, & Bradley	Geyser	(909) 908-0360	7110 Terni Place	Rancho Cucamonga	California	91701
S-790	Walmart - Foothill Ranch	Peyton, Paige, Deborah, & Bradley	Geyser	(909) 908-0360	26502 Towne Center Dr.	Foothill Ranch	California	92610
S-067	Willowbrook Mall	Thomas	Graziano	(908) 420 - 7177	3117 Willowbrook Mall,#1230	Wayne	New Jersey	07470
S-093	Willowbrook Mall RMU 1	Thomas	Graziano	(908) 420 - 7177	3117 Willowbrook Mall #5560	Wayne	New Jersey	07470
S-420	Willowbrook Mall RMU 2	Thomas	Graziano	(908) 420 - 7177	3117 Willowbrook Mall#5503	Wayne	New Jersey	07470
S-741	Cielo Vista Mall	Gustavo	Gutierrez	(915) 253-8481	8401 Gateway Blvd	El Paso	Texas	79925
S-412	Mesa Mall	Todd	Hendricks	(208) 390-1002	2424 Highway 6 & 50,#156	Grand Junction	Colorado	81505
S-635	Temecula CA 76 - S Temecula Parkway	Andy	Hirmez	619-402-6100	30535 S. Temecula Parkway	Temecula	California	92592
S-218	Antelope Valley Mall	Phil & Staci	Holliday	(562) 773-3955	1233 Rancho Vista Blvd. Space #757	Palmdale	California	93551

S-238	Westfield Culver City Kiosk	Sonny & Susie	Hong	323-246-2797	6000 Sepulveda Blvd., #9014	Culver City	California	90230

S-373	Westfield Culver City RMU	Sonny & Susie	Hong	323-246-2797	6000 Sepulveda Blvd., #9000	Culver City	California	90230
S-047	Montclair Plaza 1	Saihum	Hossain	(310) 702 - 3700	2190 Montclair Plaza Lane #5131	Montclair	California	91763
S-053	Great Mall of the Bay Area	Saihum	Hossain	(310) 702 - 3700	567 Great Mall Drive #108A	Milpitas	California	95035
S-059	Westfield Topanga Kiosk	Saihum	Hossain	(310) 702 - 3700	6600 Topanga Canyon, #9004	Canoga Park	California	91303
S-127	Westfield Valley Fair	Saihum	Hossain	(310) 702 - 3700	2855 Stevens Creek Blvd.#A329/1331	Santa Clara	California	95050
S-130	Westminster Mall	Saihum	Hossain	(310) 702 - 3700	1025 Westminster Mall, Space #1102	Westminster	California	92683
S-145	Westfield Valencia Town Center Kiosk	Saihum	Hossain	(310) 702 - 3700	24201 W. Valencia Blvd., #156	Valencia	California	91355
S-163	Westfield Oakridge Kiosk 1	Saihum	Hossain	(310) 702 - 3700	925 Blossom Hill Road, #9118	San Jose	California	95123
S-176	Montclair Plaza 2	Saihum	Hossain	(310) 702 - 3700	5023 East Montclair Plaza Lane#5131	Montclair	California	91763
S-202	Stonewood Center	Saihum	Hossain	(310) 702 - 3700	132 Stonewood Street, #P13	Downey	California	90241
S-204	Plaza West Covina Kiosk 1	Saihum	Hossain	(310) 702 - 3700	9002 Plaza Drive	West Covina	California	91790
S-226	Valley Plaza Mall	Saihum	Hossain	(310) 702 - 3700	2701 Ming Avenue, #137	Bakersfield	California	93304
S-281	Camarillo Premium Outlets 1	Saihum	Hossain	(310) 702 - 3700	950 Camarillo Center Drive	Camarillo	California	93010
S-285	Pacific View	Saihum	Hossain	(310) 702 - 3700	3301 E. Main Street, Space #1078	Ventura	California	93003
S-291	Plaza West Covina Kiosk 2	Saihum	Hossain	(310) 702 - 3700	112 Plaza Drive, Space #9026	West Covina	California	91790
S-302	Camarillo Premium Outlets 2	Saihum	Hossain	(310) 702 - 3700	740 E. Ventura Boulevard, #1220	Camarillo	California	93010
S-329	Northridge Fashion Center Kiosk	Saihum	Hossain	(310) 702 - 3700	9301 Tampa Avenue, Space #6506	Northridge	California	91324
S-347	Camarillo Premium Outlets 3	Saihum	Hossain	(310) 702 - 3700	740 E. Ventura Boulevard, #148	Camarillo	California	93010

S-350	Panorama Mall	Saihum	Hossain	(310) 702 - 3700	8401 Van Nuys Blvd., #43	Panorama City	California	91402

S-365	San Francisco Premium Outlets	Saihum	Hossain	(310) 702 - 3700	3298 Paragon Outlets Dr., #605	Livermore	California	94551
S-394	Arden Fair Mall	Saihum	Hossain	(310) 702 - 3700	1689 Arden Way,Space #1102	Sacramento	California	95815
S-395	Westfield San Francisco Centre	Saihum	Hossain	(310) 702 - 3700	865 Market Street,#9008	San Francisco	California	94103
S-396	Arden Fair Mall RMU	Saihum	Hossain	(310) 702 - 3700	1689 Arden Way,Space #L52	Sacramento	California	95815
S-409	Eagle Rock Plaza Kiosk	Saihum	Hossain	(310) 702 - 3700	2700 Colorado Blvd., Space #9002	Los Angeles	California	90041
S-428	San Francisco Premium Outlets RMU	Saihum	Hossain	(310) 702 - 3700	2774 Livermore Outlets Dr., Space #K104	Livermore	California	94551
S-431	Desert Hills Premium Outlets	Saihum	Hossain	(310) 702 - 3700	48400 Seminole Drive, Space #1110	Cabazon	California	92230
S-438	Walmart - Baldwin Park	Saihum	Hossain	(310) 702 - 3700	3250 Big Dalton Avene	Baldwin Park	California	91706
S-491	Valley Plaza Mall RMU	Saihum	Hossain	(310) 702 - 3700	2701 Ming Avenue, #137	Bakersfield	California	93304
S-493	Barstow Station	Saihum	Hossain	(310) 702 - 3700	1611 E. Main Street	Barstow	California	92311
S-510	Pacific View RMU	Saihum	Hossain	(310) 702 - 3700	3301 E. Main Street, Space #K206	Ventura	California	93003
S-513	Northridge Fashion Center RMU	Saihum	Hossain	(310) 702 - 3700	9301 Tampa Avenue Space #5542	Northridge	California	91324
S-517	Great Mall of the Bay Area RMU	Saihum	Hossain	(310) 702 - 3700	447 Great Mall Dr. #K113	Milpitas	California	95035
S-532	Walmart - West Sacramento	Saihum	Hossain	(310) 702 - 3700	755 Riverpoint Court Space #400	West Sacramento	California	95605
S-534	Walmart - Rialto	Saihum	Hossain	(310) 702 - 3700	1366 S. Riverside Avenue	Rialto	California	92376
S-535	Walmart - Palm Desert	Saihum	Hossain	(310) 702 - 3700	34500 Monterey Ave. Space #100	Palm Desert	California	92211
S-538	Walmart - Barstow	Saihum	Hossain	(310) 702 - 3700	621 Montero Road,#801A	Barstow	California	92311
S-576	Westfield Topanga 1	Saihum	Hossain	(310) 702 - 3700	6600 Topanga Canyon, #2096C	Canoga Park	California	91303

S-588	Desert Hills Premium Outlets RMU	Saihum	Hossain	(310) 702 - 3700	48400 Seminole Drive, Space #23	Cabazon	California	92230

S-607	Westminster Mall RMU	Saihum	Hossain	(310) 702 - 3700	1025 Westminster Mall, Space #76	Westminster	California	92683
S-647	Stanford Shopping Center	Saihum	Hossain	(310) 702 - 3700	660 Stanford Shopping Center, #228A	Palo Alto	California	94304
S-697	Walmart - Bakersfield	Saihum	Hossain	(310) 702 - 3700	5075 Gosford Rd.	Bakersfield	California	93313
S-527	Santa Maria Town Center	Stephen & Lisa	Hurson	(213) 392-1657	237 Town Center West, RMB 269	Santa Maria	California	93458
S-184	River Hills Mall	Laurie	Jungwirth	(952) 465-7336	1850 Adams Street, Suite 111	Mankato	Minnesota	56001
S-652	American Dream 1	Sid	Kapur	516-754-2004	1 American Dream Way #A184	East Rutherford	New Jersey	07073
S-653	American Dream 2	Sid	Kapur	516-754-2004	1 American Dream Way #G147	East Rutherford	New Jersey	07073
S-696	Turnstyle Columbus Circle	Sid & Maninder	Kapur & Prahar	516-754-2004	1000 S 8th Ave,#31	New York	New York	10019
S-068	Houston Galleria Kiosk	Mike	Karowalia	713-894-0439	5015 Westheimer #1395	Houston	Texas	77056
S-079	Katy Mills 1	Mike	Karowalia	713-894-0439	5000 Katy Mills Circle, #500	Katy	Texas	77494
S-242	First Colony Mall	Mike	Karowalia	713-894-0439	16535 SW Fwy, Space #80	Sugar Land	Texas	77479
S-320	Katy Mills 2	Mike	Karowalia	713-894-0439	5000 Katy Mills Circle, #742	Katy	Texas	77494
S-426	Deerbrook Mall Kiosk	Mike	Karowalia	713-894-0439	20131 Highway 59 North,#6500	Humble	Texas	77338
S-432	Shops at Willow Bend	Mike	Karowalia	713-894-0439	6121 W. Park Blvd., #A119A	Sanborn	Texas	75093
S-504	Baybrook Mall	Mike	Karowalia	713-894-0439	500 Baybrook Mall Space #1176	Friendswood	Texas	77546
S-550	NorthPark Center	Mike	Karowalia	713-894-0439	8687 N. Central Expressway #2368	Dallas	Texas	75225
S-602	Woodlands Kiosk	Mike	Karowalia	713-894-0439	1201 Lake Woodlands Dr. #5512	The Woodlands	Texas	77380
S-051	Promenade in Temecula	Jim & Katie	Keen	720-234-5535	40820 Winchester Road, #1440	Temecula	California	92591
S-298	Promenade in Temecula Kiosk	Jim & Katie	Keen	720-234-5535	40820 Winchester Road, #K-2	Temecula	California	92591

S-354	Seaport Village Kiosk	Jim & Katie	Keen	720-234-5535	839 West Harbor Dr., Suite F	San Diego	California	92101

S-361	Westfield UTC Kiosk	Jim & Katie	Keen	720-234-5535	4545 La Jolla Village Drive, Space #9050	San Diego	California	92122
S-113	Arundel Mills 1	Mike	Kelly	(443) 613-3635	7000 Arundel Mills Circle, #552	Hanover	Maryland	21076
S-612	Arundel Mills 2	Mike	Kelly	(443) 613-3635	7000 Arundel Mills Circle Space #409	Hanover	Maryland	21076
S-767	Walmart - Chino	Hyun AE "Christina"	Kim	(818) 317-2681	3943 Grand Ave	Chino Hills	California	91710
S-322	Westfield Southcenter Kiosk	Alex & Esther	Kim	425-931-9555	100 Southcenter Blvd., #9240	Tukwila	Washington	98188
S-239	Shoppes at Chino Hills	Andy	Kim	714-747-7490	13925 City Center Drive, Suite 2055	Chino Hills	California	91709
S-315	Del Amo Fashion Center 1	Andy	Kim	714-747-7490	3525 Carson Street, Space #335A	Torrance	California	90503
S-316	Del Amo Fashion Center 2	Andy	Kim	714-747-7490	3525 Carson Street, Space #174	Torrance	California	90503
S-440	Del Amo Fashion Center 3	Andy	Kim	714-747-7490	3525 Carson Street Space #229B	Torrance	California	90503
S-043	Outlets at Orange	Daniel	Kim	(310) 325-4974	20 City Blvd. West, #E-705	Orange	California	92868
S-217	Las Americas Premium Outlets	Diane	Kim	310-387-0186	4211 Camino de la Plaza, #151	San Ysidro	California	92173
S-434	Las Americas Premium Outlets Kiosk	Diane	Kim	310-387-0186	4211 Camino de la Plaza, #K101	San Ysidro	California	92173
S-304	Grossmont Center	Johnny	Kim	310-387-0186	5500 Grossmont Center Drive	La Mesa	California	91942
S-292	Mall at Northgate	Ken	Kim	310-387-0186	5800 Northgate Mall,Space #102	San Rafael	California	94903
S-562	Woodbury Common Premium Outlets Kiosk	Marc	Koenigsberger	516-647-4090	498 Red Apple Ct. Space #K114	Central Valley	New York	10917
S-083	Glendale Galleria	Abhi	Kommareddy	(818) 730-0440	2179 Glendale Galleria Way	Glendale	California	91210
S-212	Universal CityWalk	Abhi	Kommareddy	(818) 730-0440	1000 Universal Court Drive, #H-103	Universal City	California	91608
S-260	Americana at Brand Kiosk	Abhi	Kommareddy	(818) 730-0440	689 Americana Way	Glendale	California	91210

S-414	Glendale Galleria RMU 1	Abhi	Kommareddy	(818) 730-0440	2180 Glendale Galleria Way, Space #5524	Glendale	California	91210

S-581	Glendale Galleria RMU 2	Abhi	Kommareddy	(818) 730-0440	2179 Glendale Galleria Way, Space #6511	Glendale	California	91210
S-182	Westfield Santa Anita Kiosk 1	Alex & Cindy	Lau	626-400-8756	400 S. Baldwin Avenue, #9019	Arcadia	California	91007
S-340	Westfield Santa Anita Kiosk 2	Alex & Cindy	Lau	626-400-8756	400 S. Baldwin Avenue, #9265	Arcadia	California	91007
S-046	Irvine Spectrum	Duke	Lee	714-458-5551	71 Fortune Drive, #836	Irvine	California	92618
S-252	Palisades Center Kiosk 1	Eva	Lee	714-458-5551	1333 Palisades Center Drive, #Z-116	West Nyack	New York	10994
S-372	Palisades Center RMU	Eva	Lee	714-458-5551	1333 Palisades Center Drive, #Z124	West Nyack	New York	10994
S-377	Palisades Center Kiosk 2	Eva	Lee	714-458-5551	3402 Palisades Center Drive, #Z-323	West Nyack	New York	10994
S-022	South Bay Galleria	Hyun & Terrie	Lee	714-458-5551	1815 Hawthorne Blvd.,#336	Redondo Beach	California	90278
S-349	South Bay Galleria Kiosk	Hyun & Terrie	Lee	714-458-5551	1815 Hawthorne Blvd.,#K17	Redondo Beach	California	90278
S-282	Oaks Shopping Center 1	Hyungwoo (Tom)	Lee	(805) 890-8167	416 West Hillcrest Drive, Space #S002	Thousand Oaks	California	91360
S-283	Oaks Shopping Center 2	Hyungwoo (Tom)	Lee	(805) 890-8167	196 West Hillcrest Drive, Space #E129	Thousand Oaks	California	91360
S-133	Lakewood Center Kiosk 1	Kate	Lee	714-458-5551	500 Lakewood Center Mall	Lakewood	California	90712
S-462	Lakewood Center Kiosk 2	Kate	Lee	714-458-5551	500 Lakewood Center Mall, #K211	Lakewood	California	90712
S-110	Westfield MainPlace Kiosk	Sue	Lee	714-458-5551	2800 N. Main Street, #194	Santa Ana	California	92705
S-582	Westfield MainPlace RMU	Sue	Lee	714-458-5551	2800 N. Main Street, #9075	Santa Ana	California	92705
S-034	Phoenix Premium Outlets	Steve	Leibsohn	(623) 202-7114	4976 Premium Outlets Way, #702	Chandler	Arizona	85226
S-060	Scottsdale Fashion Square	Steve	Leibsohn	(623) 202-7114	7000 E. Camelback Road,#2242	Scottsdale	Arizona	85251
S-117	Park Place	Steve	Leibsohn	(623) 202-7114	5870 E. Broadway Blvd., #426	Tucson	Arizona	85711
S-124	Chandler Fashion Center	Steve	Leibsohn	(623) 202-7114	3499 W. Chandler Blvd.,#2302	Chandler	Arizona	85226
S-135	Walmart - Scottsdale	Steve	Leibsohn	(623) 202-7114	15355 North Northsight Blvd.	Scottsdale	Arizona	85260

S-180	Superstition Springs Center 2	Steve	Leibsohn	(623) 202-7114	6555 E. Southern Avenue, Space #I12	Mesa	Arizona	85206

S-190	Tucson Mall Kiosk	Steve	Leibsohn	(623) 202-7114	4500 N. Oracle Road, Space #K-2	Tucson	Arizona	85705
S-203	Arrowhead Towne Center 1	Steve	Leibsohn	(623) 202-7114	7700 W. Arrowhead Towne Ctr., #1150	Glendale	Arizona	85308
S-214	Arizona Mills 1	Steve	Leibsohn	(623) 202-7114	5000 Arizona Mills Circle, Space 462	Tempe	Arizona	85282
S-220	SanTan Village	Steve	Leibsohn	(623) 202-7114	2268 E. Williams Road,Space #720	Gilbert	Arizona	85296
S-341	Arizona Mills 2	Steve	Leibsohn	(623) 202-7114	5000 Arizona Mills Circle, Space 310	Tempe	Arizona	85282
S-369	Arizona Mills RMU	Steve	Leibsohn	(623) 202-7114	5000 Arizona Mills Circle, Space #5A	Tempe	Arizona	85282
S-406	Gila River Arena Kiosk	Steve	Leibsohn	(623) 202-7114	9400 W. Maryland Avenue	Glendale	Arizona	85305
S-423	Desert Sky	Steve	Leibsohn	(623) 202-7114	7611 W. Thomas Road, Space #G021	Phoenix	Arizona	85033
S-430	Tanger Outlet Center Westgate 1	Steve	Leibsohn	(623) 202-7114	6800 No. 95th Avenue, #892	Glendale	Arizona	85305
S-446	Chase Field Stadium Kiosk	Steve	Leibsohn	(623) 202-7114	401 E. Jefferson,#124	Phoenix	Arizona	85004
S-490	Tanger Outlet Center Westgate 2	Steve	Leibsohn	(623) 202-7114	6800 No. 95th Avenue, #980	Glendale	Arizona	85305
S-492	Talking Stick Arena Kiosk - Lower Level	Steve	Leibsohn	(623) 202-7114	201 East Jefferson,Space 104B	Phoenix	Arizona	85004
S-494	Talking Stick Arena Kiosk - Upper Level	Steve	Leibsohn	(623) 202-7114	201 East Jefferson,Space 416	Phoenix	Arizona	85004
S-495	Gila River Arena RMU 1	Steve	Leibsohn	(623) 202-7114	9400 W. Maryland Avenue	Glendale	Arizona	85305
S-507	Chase Field Stadium RMU	Steve	Leibsohn	(623) 202-7114	401 E. Jefferson,Space 321	Phoenix	Arizona	85004
S-514	Arrowhead Towne Center 2	Steve	Leibsohn	(623) 202-7114	7700 W. Arrowhead Towne Center #1260	Glendale	Arizona	85308
S-515	Tucson Premium Outlets	Steve	Leibsohn	(623) 202-7114	6401 W. Marana Center Blvd. Suite 802	Tucson	Arizona	85742
S-520	Scottsdale Fashion Square RMU	Steve	Leibsohn	(623) 202-7114	7000 E. Camelback Road Space #K7	Scottsdale	Arizona	85251

S-573	Walmart - Queen Creek	Steve	Leibsohn	(623) 202-7114	21055 E. Rittenhouse Road	Queen Creek	Arizona	85142

S-609	Walmart - Tucson	Steve	Leibsohn	(623) 202-7114	7635 N. La Cholla Blvd.	Tucson	Arizona	85741
S-610	Chandler Fashion Center Kiosk	Steve	Leibsohn	(623) 202-7114	3499 W. Chandler Blvd., Space #K106	Chandler	Arizona	85226
S-623	Westgate Entertainment District	Steve	Leibsohn	(623) 202-7114	6751 N. Sunset Blvd., Space #KSK4	Glendale	Arizona	85305
S-627	Christown Spectrum Kiosk	Steve	Leibsohn	(623) 202-7114	1703 W. Bethany Home Rd. Space #F35A	Phoenix	Arizona	85015
S-641	Superstition Springs Center 3	Steve	Leibsohn	(623) 202-7114	6555 E. Southern Ave.,#G14	Mesa	Arizona	85206
S-648	Gila River Arena RMU 2	Steve	Leibsohn	(623) 202-7114	9400 W. Maryland Avenue	Glendale	Arizona	85305
S-688	ASU - Tempe	Steve	Leibsohn	(623) 202-7114	827 S. Rural Road	Tempe	Arizona	85281
S-722	Phoenix Food Truck 1	Steve	Leibsohn	(623) 202-7114	5842 N 38th Place	Phoenix	Arizona	85253
S-751	Footprint Center RMU	Steve	Leibsohn	(623) 202-7114	201 East Jefferson,#104B	Phoenix	Arizona	85004
S-774	Walmart - Gilbert	Steve	Leibsohn	(623) 202-7114	2501 S Market Street	Cedar Creek	Arizona	85295
S-824	Park Place Kiosk	Steve	Leibsohn	(623) 202-7114	5870 E. Broadway Blvd., #K12	Tucson	Arizona	85711
S-825	Phoenix Food Truck 2	Steve	Leibsohn	(623) 202-7114	5842 N 38th Place	Phoenix	Arizona	85253
S-844	Mullett Arena - ASU	Steve	Leibsohn	623-202-7114	411 S Packard Drive	Tempe	Arizona	85281
T-002	Twisted - Village at Prasada	Steve	Leibsohn	(623) 202-7114	Southeast Corner of Waddell Road & Loop 303	Surprise	Arizona	85379
S-084	Westfield Galleria at Roseville	Lida	Lim	(209) 244-6594	1151 Galleria Blvd., #1027	Roseville	California	95678
S-336	Westfield Galleria at Roseville Kiosk	Lida	Lim	(209) 244-6594	1151 Galleria Blvd., #9004	Roseville	California	95678
S-594	Empire Outlets	Leonard	Linar	(917) 690-8346	55 Richmond Terrace Space #102C	Staten Island	New York	10301
S-407	Angel Stadium of Anaheim	David	Lippman	714-940-2403	2000 Gene Autry Way	Anaheim	California	92806

S-2001	Untion Station Toronto Kiosk	Bruce	Liu	(647) 205-6630	65 Front Street West, Unit 447A,	Toronto	Ontario	M5J-1E6

S-411	Lakeline Mall	Narayan/Ram	Mahato	(512) 965-6519	11200 Lakeline Mall Drive, Suite VC1	Cedar Park	Texas	78613
S-632	The Shoppes at La Cantera Kiosk	Imran	Mahesania	(832) 228-3532	15900 La Cantera Pkwy, Space #5524	San Antonio	Texas	78256
S-024	Rio Hotel & Casino	Tom	Martin	702-369-2544	3700 Flamingo#18	Las Vegas	Nevada	89103
S-253	Las Vegas Convention Center	Tom	Martin	702-369-2544	3150 So. Paradise Road	Las Vegas	Nevada	89013
S-734	Walmart - Bedford Park	Walid	Matariyeh	(708) 407-6530	7050 S Cicero Ave	Bedford Park	Illinois	60638
S-650	Paramus Park	Doaa	Mohamed	973-337-7342	700 Paramus Park	Paramus	New Jersey	07652
S-712	Bay Area South Food Truck	Stanislav	Mojaisky	(510) 355-6062	1598 Robsheal Drive	San Jose	California	95125
S-798	Walmart - Stockton	Muhammed	Molla	559-293-9743	10355 Trinity Pkwy.,	Stockton	California	95219
S-149	Brea Mall	Isaac	Muhammad	949-306-4485	1065 Brea Mall, #2157	Brea	California	92821
S-694	Brea Mall Kiosk	Isaac	Muhammad	(949) 306-4485	1065 Brea Mall, #KI34A-2	Brea	California	92821
S-739	Pacific Palisades CA 76 - Sunset Blvd	Robert	Munakash	(310) 266-8241	15400 Sunset Blvd.,	Pacific Palisades	California	90272
S-747	Riverside CA Food Truck	Jesse	Nava	(951) 250-4893	7221 Whiskey Creek Cir.	Corona	California	92881
S-664	Opry Mills	Bradley	Okeson	440-279-3888	433 Opry Mills Drive #740	Nashville	Tennessee	37214
S-708	Walmart - Henderson	Haihua/Shawn	Oleston	702 469 7691	300 E. Lake Mead Parkway	Henderson	Nevada	89015
S-803	Walmart Henderson - Marks St	Haihua/Shawn	Oleston	702 469 7691	540 Marks St	Henderson	Nevada	89014
S-309	Outlets at Bergen Town Center	Babu & Nirmala	Panachayil	(201) 281-0694	One Bergen Town Center,Space # 40-A	Paramus	New Jersey	07652
S-120	Sugarloaf Mills	Samir	Patel	(678) 770-0128	5900 Sugarloaf Pkwy., #130	Lawrenceville	Georgia	30043
S-662	Las Vegas Food Truck	Organes "Joe"	Petikyan	(818) 515-2865	7684 golden lantern ct	Las Vegas	Nevada	89139
S-721	LAX Terminal 1	Gregory	Plummer	310 717 3150	1 World Way, Terminal 1	Los Angeles	California	90045

S-702	Crypto (Staples) - Section 103	Sam	Porter	(219) 381-5395	1111 S. Figueroa St., Section 103	Los Angeles	California	90001

S-703	Crypto (Staples) - Section 113	Sam	Porter	(219) 381-5395	1111 S. Figueroa St., Section 113	Los Angeles	California	90001
S-704	Crypto (Staples) - Section 316	Sam	Porter	(219) 381-5395	1111 S. Figueroa St., Section 316	Los Angeles	California	90001
S-705	Crypto (Staples) - Bus Stop	Sam	Porter	(219) 381-5395	1111 S. Figueroa St.,	Los Angeles	California	90001
S-706	Crypto (Staples) - Cook's Corner	Sam	Porter	(219) 381-5395	1111 S. Figueroa St.,	Los Angeles	California	90001
S-827	Detroit Michigan Food Truck	Alicia	Powell	313-220-0235	19061 LaCrosse Ave.	Lathrup Village	Michigan	48076
S-353	Washington Square	Scott	Putman	323-854-2218	9585 SW Washington Square, Space #J03	Portland	Oregon	97223
S-633	Washington Square Kiosk	Scott	Putman	323-854-2218	9585 SW Washington Square Rd., Space #Y06	Portland	Oregon	97223
S-693	Higuera Street - San Luis Obispo	Wasim & Leroy	Rahman & Gonzales	(909) 263-3277	852 Higuera St.	San Luis Obispo	California	93401
S-057	UCLA	Jose	Ramirez	(310) 794-2220	308 Westwood Plaza Ackerman Union	Los Angeles	California	90024
S-744	Fresno CA Food Truck #1	Lola	Ramirez	(559) 696-5471	11719 E Ashlan	Sanger	California	93657
S-056	Connecticut Post	Kamal	Raza	631-680-3773	1201 Boston Post Road, #2108	Milford	Connecticut	06460
S-628	Norco CA 76 - Hamner Ave	Ron	Reger	(714) 231-5922	3180 Hamner Ave.	Norco	California	92860
S-676	Corona 76 - Green River	Ron	Reger	(714) 231-5922	4350 Green River Rd	Corona	California	92880
S-678	Fairway 76	Ron	Reger	(714) 231-5922	1010 Fairway Dr	City of Industry	California	91789
S-620	Fort Hood	Eyal	Reich	619-565-4151	Bldg. 4250 Clear Creek Blvd.	Fort Cavazos	Texas	76544
S-626	Cross Border Express Kiosk	Eyal	Reich	619-565-4151	2745 Otay Pacific Drive	San Diego	California	92154
S-667	Belmont Park	Eyal	Reich	619-565-4151	3146 Mission Blvd #FB38	San Diego	California	92109
S-668	Belmont Park RMU 1	Eyal	Reich	619-565-4151	3147 Mission Blvd #FB35	San Diego	California	92110
S-677	Navy Medical Center	Eyal	Reich	619-565-4151	34800 Bob Wilson Dr	San Diego	California	92134

S-755	Belmont Park RMU 2	Eyal	Reich	619-565-4151	3147 Mission Blvd #PK1	San Diego	California	92110

S-045	Meadowood Mall Kiosk	Resty	Reyes	(775) 354-9747	5665 Meadowood Mall Circle, #K104	Reno	Nevada	89502
S-614	Arizona Travel Plaza	Rod	Rezvani	(951) 990-0580	14283 Frontage Road North	Ehrenberg	Arizona	85334
S-337	Sawgrass Mills 1	Mike	Robertson	305-763-9379	12801 West Sunrise Blvd., #E1051	Sunrise	Florida	33323
S-483	Sawgrass Mills RMU	Mike	Robertson	305-763-9379	12801 West Sunrise Blvd., #170	Sunrise	Florida	33323
S-640	Sawgrass Mills 2	Mike	Robertson	305-763-9379	12801 W. Sunrise Blvd. #263	Sunrise	Florida	33323
S-737	Dolphin Mall	Claudia & Alvarito	Roca & Parra	(714) 293-9593	11401 NW 12th Street, #248	Weston	Florida	33172
S-749	San Diego CA Food Truck	John	Rodriguez	(858) 663-2446	12906 Hideaway Lane	San Diego	California	92131
S-725	Bay Area Interior Food Truck 1	Teddy	Rojas	(707) 628-0328	1250 Callen Street	Vacaville	California	95688
S-138	The Outlet Mall	Elisabet	Romero	787-463-0714	PR 3KM. 4Hm. Bldg. #3, Belz Factory Local, #53	Canóvanas	Puerto Rico	00729
S-028	Montehiedra Town Center	Wilson Manuel & Maritere (Maria)	Ronda Feliciano & Figueroa	787-691-0703	9410 Avenida Los Romeros	San Juan	Puerto Rico	00927
S-031	Las Catalinas	Wilson Manuel & Maritere (Maria)	Ronda Feliciano & Figueroa	787-691-0703	400 Calle Betances,Lote #720	Caguas	Puerto Rico	00726
S-119	Plaza Centro	Wilson Manuel & Maritere (Maria)	Ronda Feliciano & Figueroa	787-691-0703	Plaza Centro Mall, Ave. Munoz Marin, Lote 1580,	Caguas	Puerto Rico	00725
S-451	Plaza del Sol	Wilson Manuel & Maritere (Maria)	Ronda Feliciano & Figueroa	787-691-0703	725 W Main Ave	Bayamón	Puerto Rico	00961
S-559	Montehiedra Town Center RMU	Wilson Manuel & Maritere (Maria)	Ronda Feliciano & Figueroa	787-691-0703	9410 Avenida Los Romeros, Space K15	San Juan	Puerto Rico	00926
S-783	DFW Central Texas Food Truck	Alejandro & Marvin	Salas-Manzo & Cruz	818-331-9790	11124 Silver Horn Dr.	Fort Worth	Texas	76108
S-718	Lemon Grove Mobil	Somo	Salem	(619) 247-9189	8170 Broadway	Lemon Grove	California	91945

S-402	Saint Louis Premium Outlets	Tim	Schneider	314-484-0749	18511 Outlet Blvd.,#822	West Valley City	Missouri	63005

S-054	Shops at Montebello	Sapna	Shah	949-7016086	2159 Montebello Town Center Drive	Montebello	California	90640
S-245	SouthBay Pavilion	Sapna	Shah	949-7016086	20700 Avalon Blvd., #F02	Carson	California	90746
S-433	SouthBay Pavilion RMU	Sapna	Shah	949-7016086	20700 Avalon Blvd.,#K07	Carson	California	90746
S-512	Shops at Montebello RMU	Sapna	Shah	949-7016086	2134 Montebello Town Center Space #K109	Montebello	California	90640
S-209	Northridge Mall Kiosk	Franklin & Suzanne	Shao	408-910-5150	796 Northridge Dr., Space #K08	Salinas	California	93906
S-193	Outlets at Lake Elsinore	Christopher	Shin	(858) 750-5966	17600 Collier Avenue, #182A	Lake Elsinore	California	92530
S-410	Chula Vista Center	Christopher	Shin	(858) 750-5966	555 Broadway, Space #1090	Chula Vista	California	91910
S-618	Outlets at Lake Elsinore RMU	Christopher	Shin	(858) 750-5966	17600 Collier Ave.	Lake Elsinore	California	92530
S-660	Los Angeles Food Truck # 2	Reginald, Brian & Grant	Soriano, Avilez & Peterson	(310) 493-0929	3345 Winlock Road	Torrance	California	90505
S-408	Commons at Federal Way	Mariom	Sultana	(559) 608-2844	1928 S. Commons, MGP Unit #730-H01A	Federal Way	Washington	98003
S-719	Walmart - Clovis	Abu	Taher	559-205-3560	1185 Herndon Ave	Clovis	California	93612
S-237	Santa Rosa Plaza	Alex	Tan	(707) 529-2431	235 Santa Rosa Plaza, #2053A	Santa Rosa	California	95401
S-278	Puente Hills Mall	Antonius	Tan	(213) 595-8311	1600 Azusa Avenue,Space #170	City of Industry	California	91748
S-216	NorthPark Mall	Satish	Thirumalai	630-670-3651	320 W. Kimberly Road, Suite 88	Davenport	Iowa	52806
S-345	Gurnee Mills	Satish	Thirumalai	630-670-3651	6170 W. Grand Avenue, Space #335	Gurnee	Illinois	60031
S-476	Gurnee Mills RMU 1	Satish	Thirumalai	630-670-3651	6170 W. Grand Avenue, Space #KI01	Gurnee	Illinois	60031
S-579	Walmart - Moline	Satish	Thirumalai	630-670-3651	3930 44th Avenue Dr.	Moline	Illinois	61265
S-748	Austin TX Food Truck	Tara & Romell	Tran-Viray	(206) 669-0620	152 Pear Tree Lane	Austin	Texas	78737
S-571	Allen Premium Outlets	Van	UK	972-974-1997	820 W. Stacy Road, Suite #618	Allen	Texas	75013

S-590	Tanger Outlets Fort Worth	Van	UK	972-974-1997	15853 N. Fwy Service Rd. #1085	Fort Worth	Texas	76177

S-729	Eastern Tennessee Food Truck	Kenneth	Vance	(423) 956-2086	101 Redwood Road	Bristol	Tennessee	37620
S-107	Westfield Palm Desert	Mark & Jodi	Vettese	626-221-6750	72840 Highway 111, #325	Palm Desert	California	92260
S-313	Westfield Palm Desert Kiosk 2	Mark & Jodi	Vettese	626-221-6750	72840 Highway 111, #9008	Palm Desert	California	92260
S-692	St. George UT Drive-Thru	Alex	Winder	(801) 635-9619	652 E St. George Blvd.	St. George	Utah	84770
S-210	Castleton Square Kiosk	Myungjoo	Yom	(317) 865-3355	6020 E. 82nd Street, #KI25	Indianapolis	Indiana	46250
S-211	Greenwood Park Mall	Myungjoo	Yom	(317) 865-3355	1251 US 31 North, Space #L04A	Greenwood	Indiana	46142
S-095	Plaza Bonita	Kevin	Yun	619-471-7898	3030 Plaza Bonita Road, #2032	National City	California	91950
S-314	Plaza Bonita Kiosk	Kevin	Yun	619-471-7898	3030 Plaza Bonita Road, #9120	National City	California	91950
S-390	Plaza Bonita RMU	Kevin	Yun	619-471-7898	3030 Plaza Bonita Road, #9264	National City	California	91950
S-465	Merced Mall	Tony	Zaia	(209) 595-3597	721 Merced Mall	Merced	California	95348
S-644	Central California Food Truck	Tony	Zaia	(209) 595-3597	1319 E. Monte Vista Avenue	Turlock	California	95382
S-681	Monte Vista	Tony	Zaia	(209) 595-3597	3140 Countryside Dr. Unit 3140	Turlock	California	95380
S-153	Vintage Faire Kiosk 1	Tony & Jessika	Zaia	(209) 595-3597	3401 Dale Road, #Z01	Modesto	California	95356
S-351	Vintage Faire Kiosk 2	Tony & Jessika	Zaia	(209) 595-3597	3401 Dale Rd., Space No. Z07	Modesto	California	95356

EXHIBIT ~~"**Additional Development Notice**" shall have the meaning set forth in Section 4.2 of this Agreement.~~

~~"**Additional Development Obligation**" shall have the meaning set forth in Section 4.3.2 of this Agreement.~~

~~"**Affiliate**" when used herein in connection with Company or Franchisee, includes each person or Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Company or Franchisee, as applicable. Without limiting the foregoing, the term "Affiliate" when used herein in connection with Franchisee includes any Entity 10% or more of whose Equity or voting control, is held by person(s) or Entities who, jointly or severally, hold 10% or more of the Equity or voting control of Franchisee. For purposes of this definition, control of a person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise. Notwithstanding the foregoing definition, if Company or its Affiliate has any ownership interest in Franchisee, the term "Affiliate" shall not include or refer to the Company or that Affiliate (the "**Company Affiliate**"), and no obligation or restriction upon an "Affiliate" of Franchisee, shall bind Company, or said Company Affiliate or their respective direct/indirect parents or subsidiaries, or their respective officers, directors, or managers.~~

~~"**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future national, provincial, federal, state and local laws, ordinances, regulations, policies, lists, Orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.~~

~~"**Applicable Law**" means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, governing the operation of a Bakery, including all labor, immigration, disability, food and drug laws and regulations, as in effect on the Effective Date hereof, and as may be amended, supplemented or enacted from time to time.~~

Former Franchisees, as of November 30, 2023

Center Name	Owner First Name	Owner Last Name	Street Address	City	State / Province	Zip
Third Street Promenade	Young & Jenny	Kim	1403 Third Street Promenade	Santa Monica	California	90401
St. Louis Outlet Mall	Tim*	Schneider*	5555 St. Louis Mills Blvd., Space #352	Hazelwood	Missouri	63042
Westfield Garden State Plaza Kiosk 1	Susan & Steve*	Edelstein*	1 Garden State Plaza Space #9240	Paramus	New Jersey	7652
Walmart - West Covina	Atul	Desai	2753 Eastland Center Drive	West Covina	California	91791
Poughkeepsie Galleria	Mark & Jodi*	Vettese*	2001 South Road, Space #PK12	Poughkeepsie	New York	12601
Hub Mall	Paige*	Fitzsimmons*	Hub Mall 9012 112th St. NW	Edmonton	Alberta	T6G 2C5
Los Angeles Food Truck #1	Lindsie	Luna	14524 Ibex Ave	Norwalk	California	90650

Orlando International Premium Outlets RMU	Corporate*	Office*	4957 International Drive	Orlando	Florida	32819
Indio CA Extra Mile - Jackson St	Lawrence	Kourie	42250 Jackson Street	Indio	California	92203
Salt Lake City - Food Truck	Alex*	Winder*	1314 west 11400 south #102B	South Jordan	Utah	84095
Bronx - Yankee Stadium Station	Tai	Kim	E 161 St	The Bronx	New York	10451
Jamaica Center	Yaseen & Amarjit	Rowzani & Multani	159-02 Jamaica Ave	Jamaica	New York	11433

* Denotes franchise still owns other operating Wetzel's Pretzels as of November 30, 2023

Transfers, as of November 30, 2023

Store #	Center Name	Owner First Name	Owner Last Name	Street Address	City	State / Province	Zip
S-098	Sunvalley Shopping Center	Mike & Fhani	Jacobs	292 Sun Valley Mall, F-106	Concord	California	94520
S-099	Stoneridge Shopping Center	Mike & Fhani	Jacobs	2469 Stoneridge Mall E-206	Pleasanton	California	94588
S-315	Del Amo Fashion Center 1	Daniel*	Kim*	3525 Carson Street, Space #335A	Torrance	California	90503
S-316	Del Amo Fashion Center 2	Daniel*	Kim*	3525 Carson Street, Space #174	Torrance	California	90503
S-405	Stoneridge Shopping Center RMU	Mike & Fhani	Jacobs	2469 Stoneridge Mall KI16	Pleasanton	California	94588
S-408	Commons at Federal Way	Manjurul*	Alam*	1928 S. Commons, MGP Unit #730-H01A	Federal Way	Washington	98003
S-440	Del Amo Fashion Center 3	Daniel*	Kim*	3525 Carson Street Space #229B	Torrance	California	90503
S-485	Sunvalley Shopping Center RMU	Mike & Fhani	Jacobs	292 Sun Valley Mall, #K205	Concord	California	94520
S-571	Allen Premium Outlets	Ben*	Adams*	820 W. Stacy Road, Suite #618	Allen	Texas	75013
S-590	Tanger Outlets Fort Worth	Ben*	Adams*	15853 N. Fwy Service Rd. #1085	Fort Worth	Texas	76177
S-635	Temecula CA 76 - S Temecula Parkway	Lawrence	Kourie	30535 S. Temecula Parkway	Temecula	California	92592
S-660	Los Angeles Food Truck # 2	Oganes "Joe"	Antikyan	3345 Winlock Road	Torrance	California	90505
S-664	Opry Mills	Imran*	Mahesania*	433 Opry Mills Drive #740	Nashville	Tennessee	37214
S-688	ASU - Tempe	Alfred	Younan	827 S. Rural Road	Tempe	Arizona	85281

Exhibit F

Intentionally Omitted

~~**Assets**" means all of the following personal property and assets owned by Franchisee and each Subsidiary or in which Franchisee and each Subsidiary otherwise has any rights, and located at, or used in connection with Bakeries developed or in development pursuant to this Agreement: (a) all accounts, licenses, permits, and contract rights, including this Agreement, leasehold interests, all telephone and telecopier numbers, telephone and other directory listings, general intangibles, receivables, claims of Franchisee and each Subsidiary, all guaranties and security therefor and all of Franchisee's and each Subsidiary's right, title and interest in the goods purchased and represented by any of the foregoing; (b) all chattel paper including electronic chattel paper and tangible chattel paper; (c) all documents and instruments; (d) all letters of credit and letter of credit rights and all supporting obligations; (e) all deposit accounts; (f) all investment property and financial assets; (g) all inventory and products thereof and documents therefor; (h) all furniture, fixtures, equipment, leasehold improvements and machinery, wherever located and all documents and general intangibles covering or relating thereto; (i) all books and records pertaining to the foregoing, including computer programs, data, certificates, records, circulation lists, subscriber lists, advertiser lists, supplier lists, customer lists, customer and supplier contracts, sales orders, and purchasing records; (j) all software including computer programs and supporting information; (k) all commercial tort claims; (l) all other personal property of Franchisee and/or each Subsidiary of any kind; and (m) all proceeds of the foregoing, including proceeds of insurance policies.~~

~~"**Assignment**" shall mean and refer to any assignment, transfer, gift or other conveyance, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise, of any interest in this Agreement or any of Franchisee's rights or privileges hereunder or all of any substantial portion of the assets of the Licensed Bakery, including the lease; provided, further, however, that if Franchisee is an Entity, each of the following shall be deemed to be an Assignment of this Agreement: (i) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, hypothecation or other encumbrance of more than 49% in the aggregate, whether in one or more transactions, of the Equity or voting power of Franchisee, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Franchisee; (ii) the issuance of any securities by Franchisee which itself or in combination with any other transaction(s) results in the Owners, as constituted on the Effective Date, owning less than 51% of the outstanding Equity or voting power of Franchisee; (iii) if Franchisee is a Partnership, the resignation, removal,~~

withdrawal, death or legal incapacity of a general partner or of any limited partner owning more than 49% of the Partnership Rights of the Partnership, or the admission of any additional general partner, or the transfer by any general partner of any of its Partnership Rights in the Partnership, or any change in the ownership or control of any general partner; (iv) the death or legal incapacity of any Owner owning more than 49% of the Equity or voting power of Franchisee; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of the Franchisee, however effected.

"**Authorized Wetzel's Pretzels® Products**" means the specific foods products, sauces, marinades and beverages and other food items and ancillary related products, which may include books, cups, coolers, hats, t shirts and novelty items, as specified by Company from time to time in the Manuals, or as otherwise directed by Company in writing, for sale at the Bakeries , prepared, served, sold and/or manufactured in strict accordance with Company's recipes, Standards and specifications, including specifications as to ingredients, brand names, preparation and presentation.

"**Bakery**" means a business premises that exists primarily as a ""WETZEL'S PRETZELS®" Bakery operating under the Trade Name, Marks and System.

"**Competitive Activities**" means to, own, operate, lend to, advise, be employed by, or have any financial interest in (i) any Bakery or business that specializes in preparation, production or sale, at retail or wholesale, of any food product or any other featured menu item which is now or in the future an Authorized Wetzel's Pretzels ® Product, other than a Bakery operated pursuant to a validly subsisting franchise agreement with Company. Notwithstanding the foregoing, "**Competitive Activities**" shall not include the direct or indirect ownership solely as an investment, of securities of any Entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, such Entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Entity.

"**Default**" or "**default**" means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

"**Development Area**" shall have the meaning set forth in Section 1.1 of this Agreement.

"**Development Period**" means each of the time periods indicated on Exhibit B during which Franchisee shall have the right and obligation to construct, equip, open and thereafter continue to operate Bakeries in accordance with the Development Obligation.

"**Development Obligation**" shall mean the Franchisee's right and obligation to construct, equip, open and thereafter continue to operate at sites within the Development Area the cumulative number of Bakeries set forth in Exhibit B hereto within each Development Period and, if applicable, within the geographic areas specified therein.

"**Director of Operations**" shall have the meaning set forth in Section 12.2.2 of this Agreement.

"**Dispute**" shall have the meaning set forth in Section 10.15.1 of this Agreement.

"**Entity**" means any limited liability company, Partnership, trust, association, corporation or other entity which is not an individual.

"**Equity**" means capital stock, membership interests, Partnership Rights or other equity ownership interests of an Entity.

"**Franchise Agreement**" means the form of agreement prescribed by Company and used to grant to Franchisee the right to own and operate a single Bakery in the Development Area, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time.

"**Franchise Disclosure Document**" shall have the meaning set forth in Section 6.2.3.

"**Force Majeure**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non- performance or exercise of rights under any agreement with Franchisee by any lender, landlord, or other person shall be an event of Force Majeure hereunder, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. For the avoidance of doubt, Franchisee's financial inability to perform or Franchisee's insolvency shall not be an event of Force Majeure hereunder.

"**Governmental Authority**" means and include all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

"**Initial Franchise Fee**" shall have the meaning set forth in Section 5.2 of this Agreement.

"**Manuals**" means Company's operations and training manuals, and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by Company as in effect and amended from time to time.

"**Marks**" means selected trademarks, service marks, trade dress, logotypes, slogans, and other commercial symbols that we own and license to you under a Franchise Agreement.

"**Non-Traditional Venues**" means a facility operated under the Company's Marks located within another primary business or in conjunction with other businesses or at institutional settings, including toll roads, hotels and motels, ships, ports, piers, airports, railroads, train stations, other modes of mass transportation, casinos, movie theaters, them parks, stadiums, sports arenas, colleges and university campuses, healthcare facilities, regional malls, outlet malls, guest lodging facilities, day care facilities of any type, governmental facilities, as well as the premises of any third-party retailer (including grocery stores, supermarkets and convenience stores) or any other location or venue to which access to the general public is restricted such as military installations, higher security headquarters or corporations, and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider.

"**Operating Principal**" means the person identified in subsection (vii) of Exhibit C, if any, or such other individual hereafter designated by Franchisee, and accepted by Company (and until subsequently disapproved by Company), to serve as the authorized representative of Franchisee, who Franchisee acknowledges and agrees shall act as Franchisee's representative, who shall hold 10% or more of the Equity of Franchisee, and who shall have the authority to act on behalf of Franchisee during the Term.

"**Owner**" means any direct or indirect shareholder, member, general or limited partner, trustee, or other equity owner of an Entity, except, that if Company or any Affiliate of Company has any ownership interest in Franchisee, the term "Owner" shall not include or refer to the Company or that Affiliate or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon the "Franchisee", or its Owners shall bind Company, said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers.

"**Partnership**" means any general partnership, limited partnership or limited liability partnership.

"**Partnership Rights**" means voting power, property, profits or losses, or partnership interests of a Partnership.

"**Protected Area**" means the geographic area designated by Company and described in each Franchise Agreement entered into pursuant to this Agreement, within which Company agrees to not open or operate or license or

franchise others to open or operate a Bakery.

"**Restricted Persons**" means the Franchisee, and each of its Owners owning more than a 10% Equity interest in Franchisee] and Affiliates, Designated Managers (as defined in the Franchise Agreements), the respective officers, directors, managers, and Affiliates of each of them, and the spouse and family members who live in the same household of each of the foregoing who are individuals, as well as any employees of the Franchisee to whom Confidential Information is disclosed.

"**ROFR**" shall have the meaning set forth in Section 7.3.4 of this Agreement.

"**ROFR Period**" shall have the meaning set forth in Section 7.3.4 of this Agreement.

"**Site Review Request**" shall have the meaning set forth in Section 6.1 of this Agreement.

"**Standards**" mean Company's then-current specifications, standards, policies, procedures and rules prescribed for the development, ownership and operation of Bakeries.

"**System**" means the business methods, technical knowledge, and marketing concepts licensed by us to you under this Agreement, including the right to use our processes, recipes, trade secrets, purchasing arrangements, commercial ideas, advertising materials, marketing strategies, information on sources of supply, administrative procedures, business forms, distinctive signs, trade dress, architectural design and uniforms, and employee training techniques, all as Company may modify the same from time to time.

"**Term**" shall have the meaning set forth in Section 4.1 of this Agreement.

"**Terrorist Lists**" means all lists of known or suspected terrorists or terrorist organizations published by any U.S. Government Authority, including U.S. Treasury Department's Office of Foreign Asset Control ("**OFAC**"), that administers and enforces economic and trade sanctions, including against targeted non-U.S. countries, terrorism sponsoring organizations and international narcotics traffickers.

"**Then-current**" as used in this Agreement and applied to the Franchise Disclosure Document, an multi-unit development agreement and a Franchise Agreement shall mean the form then currently provided by Company to similarly situated prospective franchisees, or if not then being so provided, then such form selected by the Company in its discretion which previously has been delivered to and executed by a licensee or franchisee of Company.

"**Trade Name**" means the commercial name WETZEL'S PRETZELS®.

"**Wages**" means all salaries and hourly wages, and all related direct and indirect payroll expenses of employees, including employment related taxes, overtime compensation, vacation benefits, pension and profit sharing plan contributions, medical insurance premiums, medical benefits, and the like, and all direct and indirect fees, costs and expenses payable to independent contractors, agents, representatives and outside consultants.

~~**Exhibit F**~~

~~**Equipment Rental Agreement**~~

EQUIPMENT RENTAL AGREEMENT

THIS EQUIPMENT RENTAL AGREEMENT (the "Agreement") dated this ----th day of ----------, 20--

BETWEEN

Wetzel's Pretzels LLC of 35 Hugus Alley #300, Pasadena, California, 91103

(the "Lessor")

OF THE FIRST PART

-and-

(the "Lessee")

OF THE SECOND PART

(the Lessor and Lessee are collectively the "Parties")

IN CONSIDERATION of the mutual covenants and promises in this Agreement, the sufficiency of which the Parties acknowledge, the Lessor leases the Equipment to the Lessee, and the Lessee leases the Equipment from the Lessor on the following terms:

Definitions

1. The following definitions are used but not otherwise defined in this Agreement:

   a. "Casualty Value" means the market value of the Equipment at the end of the Term or when in relation to a Total Loss, the market value the Equipment would have had at the end of the Term but for the Total Loss. The Casualty Value may be less than but will not be more than the original purchase price of the Equipment.

   b. "Equipment" means one (1) Wetzel's Pretzels non-baking kiosk including all equipment needed to operate the kiosk. See Schedule 1 attached hereto for equipment listing. Lease includes delivery to site but does not include cost of hooking up electric or telephone to the unit.

   c. "Total Loss" means any loss or damage that is not repairable or that would cost more to repair than the market value of the Equipment.

Lease

2. The Lessor agrees to lease the Equipment to the Lessee, and the Lessee agrees to lease the Equipment from the Lessor in accordance with the terms set out in this Agreement.

Term

3. The Lease commences on the Day of store opening and will be for a term of 36 months (the "Term").

Rent and Deposit

4. The total rent for the Equipment will be $---------- (the "Rent"). All rental payments will be made by ACH transfer from Lessee account by Wetzel's Pretzels LLC. The Rent will be paid in installments of $---------- each month, in advance, beginning on the 1st day of the month after the RMU opens for business and will be paid on the 1st day of each succeeding month throughout the Term.

5. The Lessee will pay a deposit of $---------- (the "Deposit") before taking possession of the Equipment. The Lessor will refund the Deposit to the Lessee at the end of the Term provided that the Lessee has performed all of the Lessee's obligations under this Agreement.

Delivery of Equipment

6. The Lessor will, at the Lessor's own expense and risk, deliver the Equipment to ---------- ----------.

Use of Equipment

7. The Lessee will use the Equipment in a good and careful manner and will comply with all of the manufacturer's requirements and recommendations respecting the Equipment and with any applicable law, whether local, state or federal respecting the use of the Equipment, including, but not limited to, environmental and copyright law.

8. The Lessee will use the Equipment for the purpose for which it was designed and not for any other purpose.

9. Unless the Lessee obtains the prior written consent of the Lessor, the Lessee will not alter, modify or attach anything to the Equipment unless the alteration, modification or attachment is easily removable without damaging the functional capabilities or economic value of the Equipment.

Repair of Equipment

10. The Lessee will, at the Lessee's own expense, keep the Equipment in good repair, appearance and condition, normal and reasonable wear and tear excepted. The Lessee will supply all parts that are necessary to keep the Equipment in such a state.

11. If the Equipment is not in good repair, appearance and condition when it is returned to the Lessor, the Lessor may make such repairs or may cause such repairs to be made as are necessary to put the Equipment in a state of good repair, appearance and condition, normal and reasonable wear and tear excepted. The Lessor will make the said repairs within a reasonable time of taking possession of the Equipment and will give the Lessee written notice of and invoices for the said repairs. Then the Lessee will reimburse the Lessor for the actual expense of said repairs.

12. The Lessee may, but is not obligated to, enforce any warranty that the Lessor has against the supplier or manufacturer of the Equipment. The Lessee will enforce such warranty or indemnity in its own name and at its own expense.

Warranties

13. The Equipment will be in working order and good condition upon delivery. The Equipment is of merchantable quality and is fit for the following purpose: non-baking sale of pretzels inside mall location.

Loss and Damage

14. To the extent permitted by law, the Lessee will be responsible for risk of loss, theft, damage or destruction to the Equipment from any and every cause.

15. If the Equipment is lost or damaged, the Lessee will continue paying Rent, will provide the Lessor with prompt written notice of such loss or damage and will, if the Equipment is repairable, put or cause the Equipment to be put in a state of good repair, appearance and condition.

16. In the event of Total Loss of the Equipment, the Lessee will provide the Lessor with prompt written notice of such loss and will pay to the Lessor all unpaid Rent for the Term plus the Casualty Value of the Equipment, at which point ownership of the Equipment passes to the Lessee.

Ownership, Right to Lease and Quiet Enjoyment

17. The Equipment is the property of the Lessor and will remain the property of the Lessor.

18. The Lessee will not encumber the Equipment or allow the Equipment to be encumbered or pledge the Equipment as security in any manner.

19. The Lessor warrants that the Lessor has the right to lease the Equipment according to the terms in this Agreement.

20. The Lessor warrants that as long as no Event of Default has occurred, the Lessor will not disturb the Lessee's quiet and peaceful possession of the Equipment or the Lessee's unrestricted use of the Equipment for the purpose for which the Equipment was designed.

Insurance

21. The Lessee will, during the whole of the Term and for as long as the Lessee has possession of the Equipment, take out, maintain and pay for insurance against loss of and damage to the Equipment for the full replacement value of the Equipment and will name the Lessor as the loss payee.

22. The Lessee will, during the whole of the Term and for as long as the Lessee has possession of the Equipment, take out, maintain and pay for comprehensive general liability insurance against claims for bodily injury, including death, and property damage or loss arising out of the use of the Equipment. The insurance policy will have limits of at least $2,000,000.00.

23. The insurance will be in the joint name of the Lessor and the Lessee so that both the Lessor and the Lessee will be protected from liability and will provide primary and non-contributing coverage for the Lessor. The insurance policy will have a provision that it will not be modified or cancelled unless the insurer provides the Lessor with thirty (30) days written notice stating when such modification or cancellation will be effective.

24. Upon written demand by the Lessor, the Lessee will provide the Lessor with an original policy or certificate evidencing such insurance.

25. The Lessee appoints the Lessor as the Lessee's attorney-in-fact ("Attorney") with the power to maintain the above insurance and to secure payments arising out of any insurance policy required by this Agreement. The Attorney has the power to do all acts that are necessary or desirable to secure such payments.

26. If the Lessee fails to maintain and pay for such insurance, the Lessor may, but is not obligated to, obtain such insurance, but if the Lessor does obtain such insurance, the Lessee will pay to the Lessor the cost of such insurance upon notification from the Lessor of the amount.

Taxes

27. The Lessee will report and pay all taxes, fees and charges associated with the Equipment, with the use of the Equipment, and with revenues and profits arising out of the use of the Equipment, including, but not limited to, sales taxes, property taxes, and license and registration fees. The Lessee will pay any and all penalties and interest for failure to pay any tax, fee or charge on or before the date on which the payment is due. The Lessee will pay any and all penalties and interest for failure to report required information to any taxing authority with jurisdiction over the Lessee or the Equipment. If the Lessee fails to do any of the foregoing, the Lessor may, but is not obligated to, do so at the Lessee's expense.

28. Notwithstanding any other provision of this Agreement, the Lessee will not be required to pay any tax, fee or charge if the Lessee is contesting the validity of same in the manner prescribed by the legislation governing the imposition of same, or in the absence of a prescribed form, in a reasonable manner. However, the Lessee will indemnify and reimburse the Lessor for damages and expenses incurred by the Lessor arising from or related to the Lessee's failure to pay any tax, fee or charge, regardless of whether the Lessee is contesting the validity of the same or not.

29. If the Lessee fails to pay any and all taxes, fees, and charges mentioned in this Agreement and the Lessor, on behalf of the Lessee, pays the same, the Lessee will reimburse the Lessor for the cost upon notification from the Lessor of the amount.

Indemnity

30. The Lessee will indemnify and hold harmless the Lessor against any and all claims, actions, suits, proceedings, costs, expenses, damages and liabilities, including attorney's fees and costs, arising out of or related to the Lessee's use of the Equipment.

Default

31. The occurrence of any one or more of the following events will constitute an event of default ("Event of Default") under this Agreement:

a. The Lessee fails to pay any amount provided for in this Agreement within 10 days after same is due or otherwise breaches the Lessee's obligations under this Agreement.

b. The Lessee becomes insolvent or makes an assignment of rights or property for the benefit of creditors or files for or has bankruptcy proceedings instituted against it under the Federal bankruptcy law of the United States or other competent jurisdiction.

c. A writ of attachment or execution is levied on the Equipment and is not released or satisfied within 10 days.

Remedies

32. On the occurrence of an Event of Default, the Lessor will be entitled to pursue any one or more of the following remedies (the "Remedies"):

a. Declare the entire amount of the Rent for the Term immediately due and payable without notice or demand to the Lessee.

b. Apply the Deposit toward any amount owing to the Lessor.

c. Commence legal proceedings to recover the Rent and other obligations accrued before and after the Event of Default.

d. Take possession of the Equipment, without demand or notice, wherever same may be located, without any court order or other process of law. The Lessee waives any and all damage occasioned by such taking of possession.

e. Terminate this Agreement immediately upon written notice to the Lessee.

f. Pursue any other remedy available in law or equity.

Assignment

33. THE LESSEE WILL NOT ASSIGN THIS AGREEMENT, THE LESSEE'S INTEREST IN THIS AGREEMENT OR THE LESSEE'S INTEREST IN THE EQUIPMENT WITHOUT THE PRIOR WRITTEN CONSENT OF THE LESSOR.

34. If the Lessee assigns this Agreement, the Lessee's interest in this Agreement or the Lessee's interest in the Equipment without the prior written consent of the Lessor, the Lessor will have recourse to the Remedies and will be entitled to all damages caused by the transfer to the extent that the damages could not reasonably be prevented by the Lessor.

Additional Documents

35. Upon written demand by the Lessor, the Lessee will execute and deliver to the Lessor documents required by the Lessor to protect the Lessor's interest in the Equipment including, but not limited to, the documents necessary to file a UCC financing statement.

Additional Clauses

36. Lessee may buyout the lease at any time by paying the residual value according to Schedule 2 attached hereto.

Entire Agreement

37. This Agreement will constitute the entire agreement between the Parties. Any prior understanding or representation of any kind preceding the date of this Agreement will not be binding on either Party except to the extent incorporated in this Agreement.

Address for Notice

38. Service of all notices under this Agreement will be delivered personally or sent by registered mail or courier to the following addresses:

Lessor:
Wetzel's Pretzels LLC
35 Hugus Alley #300
Pasadena, California 91103

Lessee:

Payment

39. All dollar amounts in this agreement refer to U.S. dollars, and all payments required to be paid under this Agreement will be paid in U.S. dollars unless the Parties agree otherwise.

Interpretation

40. Headings are inserted for the convenience of the Parties only and are not to be considered when interpreting this Agreement. Words in the singular mean and include the plural and vice versa. Words in the masculine mean and include the feminine and vice versa.

Governing Law

41. It is the intention of the Parties to this Agreement that this Agreement and the performance under this Agreement, and all suits and special proceedings under this Agreement, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the State of California (the "State"), without regard to the jurisdiction in which any action or special proceeding may be instituted.

Severability

42. If there is a conflict between any provision of this Agreement and the applicable legislation of the State (the "Act"), the Act will prevail and such provisions of the Agreement will be amended or deleted as necessary in order to comply with the Act. Further, any provisions that are required by the Act are incorporated into this Agreement.

43. If there is a conflict between any provision of this Agreement and any form of Agreement prescribed by the Act, that prescribed form will prevail and such provisions of the Agreement will be amended or deleted as necessary in order to comply with that prescribed form. Further, any provisions that are required by that prescribed form are incorporated into this Agreement.

44. In the event that any of the provisions of this Agreement are held to be invalid or unenforceable in whole or in part, those provisions to the extent enforceable and all other provisions will nevertheless continue to be valid and enforceable as though the invalid or unenforceable parts had not been included in this Agreement and the remaining provisions had been executed by both Parties subsequent to the expungement of the invalid provision.

General Terms

45. This Agreement may be executed in counterparts. Facsimile signatures are binding and are considered to be original signatures.

46. Time is of the essence in this Agreement.

47. This Agreement will extend to and be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and assigns, as the case may be, of each Party to this Agreement.

48. Neither Party will be liable in damages or have the right to terminate this Agreement for any delay or default in performance if such delay or default is caused by conditions beyond its control including, but not limited to acts of God, government restrictions, wars, insurrections, natural disasters, such as earthquakes, hurricanes or floods and/or any other cause beyond the reasonable control of the Party whose performance is affected.

Notice to Lessee

49. **NOTICE TO THE LESSEE:** This is a lease. You are not buying the Equipment. Do not sign this Lease before you read it. You are entitled to a completed copy of this Agreement when you sign it.

[Remainder of page intentionally left blank; signature page to follow]

IN WITNESS WHEREOF the Parties have executed this Lease Agreement on this ------ day of ---------- , 201-

Wetzel's Pretzels LLC

Per: _____

Signature: _____

~~Schedule 1~~

~~Equipment Listing~~

~~See attached.~~

~~Schedule 2~~

~~Amortization Chart~~

~~See attached.~~

Exhibit G

Sublease Agreement

SUBLEASE AGREEMENT

This SUBLEASE AGREEMENT ("Sublease") is entered into as of _____, _____ ("Effective Date") by and between WETZEL'S PRETZELS, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ("Sublandlord"), and _____, _____, ("Sublessee"), with their principal address at _____. Sublandlord and Sublessee are collectively referred to hereinafter as the "Parties" to this Sublease.

RECITALS

A. On or about _____, _____, Sublandlord and _____ ("Master Landlord") entered into that certain lease agreement dated _____, ___ ("Master Lease"), pursuant to which Master Landlord agreed to lease to Sublandlord the leased premises consisting of approximately ___ square feet of floor space in the store commonly referred to by Master Landlord as _____, in the City of _____, State of _____ (the "Leased Premises").

B. The Parties have entered into a franchise agreement (the "Franchise Agreement") for the ownership and operation of a Wetzel's Pretzels bakery at the Leased Premises.

C. Sublandlord agrees to sublease to Sublessee, and Sublessee agrees to sublease from Sublandlord, the entire Leased Premises upon the terms and conditions set forth in this Sublease.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth above and below, the receipt and sufficiency of which the parties hereby acknowledge, the parties hereby agree as follows:

1. SUBLEASE OF LEASED PREMISES. Subject to the terms and conditions of this Sublease, Sublandlord hereby subleases to Sublessee and Sublessee hereby subleases from Sublandlord the Leased Premises.

2. MASTER LEASE AND OTHER AGREEMENTS.

2.1 Subordinate to Master Lease. Except as specifically set forth herein, this Sublease is subject and subordinate to all of the terms and conditions of the Master Lease. Sublessee hereby assumes and agrees to perform the obligations of "Tenant" under the Master Lease as more particularly set forth hereafter. Unless otherwise defined, all capitalized terms used herein shall have the same meanings as given them in the Master Lease. A copy of the Master Lease is attached hereto as **Exhibit A** and incorporated herein by this reference. Sublessee shall not commit or permit to be committed any act or omission which would violate any term, covenant, or condition set forth in the Master Lease. Sublessee shall neither do nor permit anything to be done which would cause the Master Lease to be terminated or forfeited by reason of any right of termination or forfeiture reserved or vested in Sublandlord under the Master Lease, and Sublessee shall indemnify, defend (with counsel reasonably acceptable to Sublandlord) and hold Sublandlord harmless from and against any and all claims, liabilities, judgments, costs, demands, penalties, liquidated damages, penalties, expenses, and damages of any kind whatsoever, including, without limitation, attorneys' fees, consultants' fees, expert witness fees, and costs and court costs, ("Losses") by reason of any failure on the part of Sublessee to perform any of the obligations of "Tenant" under the Master Lease which Sublessee has become obligated hereunder to perform, and such indemnity, defense, and hold harmless shall survive the expiration or sooner termination of this Sublease. In the event of the termination of the Master Lease for any reason, then this Sublease shall terminate automatically upon such termination without any liability owed to Sublessee by Master Landlord, or by Sublandlord unless the termination is

due to Sublandlord's breach of the Master Lease and not due to Sublessee's breach of the Sublease. Sublessee represents and warrants to Sublandlord and Master Landlord that it has thoroughly read and is familiar with and understands the terms, conditions, and covenants set forth in the Master Lease.

2.2 Applicable Provisions. All of the terms and conditions contained in the Master Lease as they may apply to the Leased Premises are incorporated herein and shall be terms and conditions of this Sublease, *except those directly contradicted by the terms and conditions contained in this Sublease*. Each reference therein to "Landlord", "Tenant", and "Lease" to be deemed to refer to Sublandlord, Sublessee, and Sublease, respectively, as appropriate.

2.3 Modifications. For the purposes of incorporation herein, the terms of the Master Lease are subject to the following additional modifications:

(a) In all provisions of the Master Lease (under the terms thereof and without regard to modifications thereof for purposes of incorporation into this Sublease) requiring the approval or consent of Master Landlord, Sublessee shall be required to obtain the approval or consent of both Sublandlord and Master Landlord, under the same standards of consent as set forth in the Master Lease and the approval of Sublandlord may be withheld if Master Landlord's consent is not obtained.

(b) In all provisions of the Master Lease requiring "Tenant" to submit, exhibit to, supply or provide Master Landlord with evidence, certificates, or any other matter or thing, Sublessee shall be required to submit, exhibit to, supply or provide, as the case may be, the same to both Master Landlord and Sublandlord.

(c) Sublandlord shall have no obligation to restore, relocate, or rebuild any portion of the Leased Premises after any destruction, casualty, or taking by eminent domain or condemnation or to maintain, repair, restore or control any portion of the Leased Premises or the building or shopping center in which the Leased Premises is located or any common areas of the building or shopping center in which the Leased Premises is located.

(d) Sublandlord shall not be obligated to perform those obligations of Master Landlord which Sublandlord cannot immediately and unilaterally perform as "Landlord", nor shall Sublandlord be deemed to have adopted as its own any representations or warranties made by Master Landlord in the Master Lease.

(e) Sublandlord shall not be obligated to maintain any building systems (unless such maintenance is the obligation of "Tenant" under the Master Lease and not the obligation of Sublessee herein), any common area or any other repair or maintenance obligations which are Master Landlord's obligations under the Master Lease.

(f) Sublandlord shall have no obligation to construct or pay for any improvements, alterations, additions, or fixtures.

(g) In all provisions of the Master Lease requiring "Tenant" to designate Master Landlord as an additional or named insured on its insurance policy, Sublessee shall be required to so designate Master Landlord, Sublandlord and any individual, party or entity as required by Master Landlord or Sublandlord on its insurance policy.

(h) If and to the extent that Sublandlord's rental obligation is abated or reduced pursuant to the Master Lease due to a casualty, condemnation or other interference with the use and/or enjoyment of the Leased Premises, the Rent hereunder shall be abated or reduced in the same proportion

and period as the abatement or reduction under the Master Lease. Sublessee shall not be entitled to any further abatement or reduction in Rent, or any other remedies afforded by law.

(i) Whenever in the Master Lease a time is specified for the giving of any notice or the making of any demand by the "Tenant" thereunder, such time is hereby changed, for the purpose of this Sublease only, by adding two (2) business days thereto and whenever in the Master Lease a time is specified for the giving of any notice or the making of any demand by the "Landlord", such time is hereby changed, for the purpose of this Sublease only, by subtracting two (2) business days therefrom. It is the purpose and intent of the foregoing provisions to provide Sublandlord with time within which to transmit to Master Landlord any notices or demands received from Sublessee and to transmit to Sublessee any notices or demands received from Master Landlord.

2.4 Exclusions. Sublessee shall have no rights under any of the following provisions of the Master Lease: (i) any rights or options to expand, extend, renew or terminate the Master Lease, this Sublease or the Premises, and (ii) any rights of first offer, rights of first negotiation, or similar rights, or any rights to any tenant improvement allowance (except for the tenant improvement allowance as expressly provided herein). All of the incorporated terms of the Master Lease as referenced and qualified above along with all of the following terms and conditions set forth in this document shall constitute the complete terms and conditions of this Sublease.

2.5 Obligations of Sublandlord. Notwithstanding anything herein contained, the only services or rights to which Sublessee is entitled hereunder are those to which Sublandlord is entitled under the Master Lease, and for all such services and rights Sublessee shall look solely to the Master Landlord under the Master Lease, and the obligations of Sublandlord hereunder shall be limited to using its reasonable good faith efforts to obtain the performance by Master Landlord of its obligations, provided Sublessee shall reimburse Sublandlord for all reasonable costs incurred by Sublandlord in such efforts, including, but not limited to reasonable attorneys' fees. Sublandlord shall have no liability to Sublessee or any other person for damage of any nature whatsoever as a result of the failure of Master Landlord to perform said obligations except for Master Landlord's termination of the Sublandlord's interest as "Tenant" under the Master Lease in the event of Sublandlord's breach of the Master Lease (without cause of Sublessee).

3. LEASE TERM.

3.1 Lease Term. The term of this Sublease ("Lease Term") shall commence within _____ days of full execution of this Sublease, but in no event earlier than Sublandlord's receipt of Master Landlord's consent of this Sublease ("Commencement Date"), and shall end upon the expiration of the Master Lease ("Expiration Date"), unless sooner terminated pursuant to any provision of the Master Lease applicable to the Leased Premises or the terms of this Sublease.

3.2 Extension Option. Sublessee shall have no right or option to extend or renew this Sublease.

3.3 Sublandlord's Inability to Deliver the Leased Premises. In the event Sublandlord is unable to deliver possession of the Leased Premises on or before the Commencement Date, Sublandlord shall not be liable for any damage, loss, or expense caused thereby, nor shall this Sublease be void or voidable, and the term hereof shall not be extended by such delay.

3.4 Early Access. If Sublessee, with Sublandlord's and Master Landlord's consent, takes possession of the Leased Premises prior to the Commencement Date, Sublessee shall do so subject to all the covenants and conditions of this Sublease and the Master Lease.

4. RENT.

4.1 Generally. Sublessee shall pay or upon the order of Sublandlord each month during the Lease Term of this Sublease, as rent for the Leased Premises, at the places that Sublandlord designates in writing from time-to-time, without notice or any prior demand and without any deduction or set-off, all rental required to be paid by Sublandlord under the Master Lease from and after the Effective Date, including (without limitation) all fixed minimum rent, percentage rent, plus any additional or other rent, interest, tax, charge, or other sum the Master Lease obligates Sublandlord to pay Master Landlord, including, without limitation any common area maintenance fees, operating expenses, taxes, insurance, utilities, construction related fees and chargebacks (collectively, "Rent"), payable within five (5) days before the date specified in the Master Lease for the payment of such Rent. Rent for partial months at the commencement or termination of this Sublease shall be prorated. Rent shall be paid to the Sublandlord at its notice address noted herein, or at any other place Sublandlord may from time to time designate by written notice mailed or delivered to Sublessee.

4.2 Utilities and Services. *To the extent that utility charges or other services provided to the Leased Premises are not included in Rent,* Sublessee shall pay all utilities and services supplied to the Leased Premises.

4.3 Additional Services. If Sublessee shall procure any additional services from Master Landlord, including, but not limited to, after-hours HVAC or security, or if additional rent or other sums are incurred under the Master Lease, Sublessee shall make such payment to Sublandlord or Master Landlord, as Sublandlord shall direct.

4.4 Interest on Late Payments. All Rent payments and other amounts which Sublessee is required to pay Sublandlord under this Sublease will bear interest from and after their respective due dates until paid in full at a rate equal to twelve percent (12%) per annum, calculated and payable weekly, or the highest amount permitted by applicable law, whichever is less. Sublessee acknowledges that this provision is not Sublandlord's agreement to accept late payments or commitment by Sublandlord to extend credit or otherwise finance Sublessee's operation of the WETZEL'S PRETZELS bakery at the Leased Premises. Sublessee further acknowledges that Sublessee's failure to pay all amounts when due will constitute a material breach of this Sublease and be grounds for its termination. Further, acceptance of any interest payment will not be construed as a waiver by Sublandlord of its right in respect of the default giving rise to payment and will not diminish Sublandlord's right to terminate this Sublease on the basis of such default.

5. SECURITY DEPOSIT & ADMINISTRATIVE CHARGE.

5.1 Security Deposit. Concurrently with Sublessee's execution and delivery of this Sublease, Sublessee shall provide to Sublandlord a security deposit equal to the form and amount of the security deposit or other form of security (e.g., letter of credit) required per the terms and conditions of the Master Lease. ("Security Deposit"). The Security Deposit shall be held by Sublandlord as evidence of the full and faithful performance by Sublessee of all of the terms, covenants and conditions of this Sublease to be performed by Sublessee during the Lease Term. If Sublessee defaults with respect to any of its obligations under this Sublease, Sublandlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any Rent or any other sum in default, or for the payment of any other amount, loss or damage which Sublandlord may spend, incur or suffer by reason of Sublessee's default. If any portion of the Security Deposit is so used or applied, Sublessee shall, within ten (10) days after written demand therefor, deposit cash with Sublandlord in an amount sufficient to restore the Security Deposit to its original amount. Sublandlord shall not be required to keep the Security Deposit separate from its general funds, and Sublessee shall not be entitled to interest on the Security Deposit. If Sublessee shall fully and faithfully perform every provision of this Sublease to be performed by Sublessee, the

Security Deposit or any balance thereof shall be returned to Sublessee within thirty (30) days following the expiration of the Lease Term, provided that Sublandlord may retain the Security Deposit until such time as any amount due from Sublessee in accordance with this Sublease has been determined and paid in full. If Sublandlord sells its interest in the Leased Premises during the Lease Term and if Sublandlord deposits with or credits to the purchaser the Security Deposit (or balance thereof), then, upon such sale, Sublandlord shall be discharged from any further liability with respect to the Security Deposit. To the maximum extent permitted by law, Sublessee hereby waives the provisions of Section 1950.7 of the California Civil Code or similarly applicable state law, code, rule, or regulation of the state where the Leased Premises is situated and agrees that the provisions of this **Section 5.1** shall govern the treatment of Sublessee's Security Deposit in all respects for this Sublease.

5.2 Administrative Charge. Sublessee agrees to pay Sublandlord a monthly administrative charge in the amount of Two Hundred and No/100 Dollars ($200.00) during the Lease Term. This administrative charge is intended to reimburse Sublandlord for additional administrative costs incurred by Sublandlord to procure insurance and process and administer this Sublease. Sublandlord may increase the monthly administrative charge, from time to time, upon written notice to Subtenant, but in no event shall Sublandlord increase the monthly administrative charge by more than $100 per month in any given twelve (12) month period.

6. LEASED PREMISES.

6.1 Condition of the Leased Premises. Sublessee acknowledges that as of the Effective Date, Sublessee shall have inspected the Leased Premises, and every part thereof, and by taking possession shall have acknowledged that the Leased Premises is in good condition and without need of repair, and Sublessee accepts the Leased Premises "as is", Sublessee having made all investigations and tests it has deemed necessary or desirable in order to establish to its own complete satisfaction the condition of the Leased Premises. Sublessee accepts the Leased Premises in their condition existing as of the Effective Date, subject to all applicable zoning, municipal, county and state laws, ordinances, and regulations governing and regulating the use of the Leased Premises and any covenants, conditions, or restrictions of record. Sublessee acknowledges that neither Sublandlord nor Master Landlord have made any representations or warranties as to the condition of the Leased Premises or its present or future suitability for Sublessee's purposes. Furthermore, Sublessee represents and warrants that it has not entered into this Sublease in reliance on any representations, warranties or financial projections prepared or furnished to Sublessee by Sublandlord or Master Landlord, or their respective brokers, employees, representatives, or agents.

6.2 Maintenance and Surrender. Sublessee shall keep the Leased Premises in good order and repair and perform all maintenance, repair and replacement obligations of "Tenant" required under the Master Lease. Upon termination or expiration of this Sublease for any reason whatsoever, Sublessee will immediately surrender the Leased Premises to Sublandlord in the same condition as existed at the Effective Date, except for reasonable wear and tear, and will immediately remove from the Leased Premises all unattached personal property, inventory, furnishings, fixtures, and equipment owned by Sublessee and in which Sublandlord has no security interest. However, all such personal property, inventory, fixtures, furnishings, and equipment will be and remain subject to: (a) the Master Landlord's rights under the Master Lease; and (b) Sublandlord's rights under the Franchise Agreement, Master Lease, and/or Site Development Agreement.

7. INSURANCE.

7.1 Sublessee's Insurance. With respect to the "Tenant's" insurance under the Master Lease, the same is to be provided and maintained by Sublessee as described in the Master Lease, and such policies

of insurance shall include as additional insureds Master Landlord and Sublandlord, any individual, party or entity as required by Master Landlord or Sublandlord.

7.2 Waiver of Subrogation. With respect to the waiver of subrogation contained in the Master Lease, such waiver shall be deemed to be modified to constitute an agreement by and among Master Landlord, Sublandlord and Sublessee (and Master Landlord's consent to this Sublease shall be deemed to constitute its approval of this modification).

8. USE AND ALTERATIONS.

8.1 Use of Leased Premises. Sublessee agrees that the Leased Premises shall be used exclusively for the purpose of operating a franchised WETZEL'S PRETZELS bakery in accordance with the Franchise Agreement, Master Lease, and all applicable laws, regulations and ordinances and for no other purposes without the express written consent of the Master Landlord and Sublandlord, which consent may be withheld in Master Landlord and Sublandlord sole and absolute discretion.

8.2 Alterations. Sublessee shall not make any improvements, additions, or alterations to the Leased Premises without the express prior written consent of Sublandlord and of Master Landlord (to the extent Master Landlord's consent is required under the Master Lease), which consent by Sublandlord shall not be unreasonably withheld. Sublessee shall reimburse Sublandlord for all costs which Sublandlord may incur in connection with reviewing Sublessee's plans for such Improvements for any alterations and additions and shall pay for all costs charged by Master Landlord under the Master Lease incurred as a result of Sublessee's request for consent and construction of such improvements, additions, or alterations. On termination of this Sublease, if required by Master Landlord, Sublessee shall remove any or all of such improvements, additions, or alterations and restore the Leased Premises (or any part thereof) to the same condition as of the date Sublandlord provided Sublessee with access; provided however, if this Sublease terminates, for any reason, prior to the expiration of the Master Lease, then Sublandlord shall have the right to require Sublessee to remove such improvements, additions, or alterations. Should Sublessee fail to remove such improvements, additions, or alterations and restore the Leased Premises on termination of this Sublease unless as otherwise set forth above, Sublandlord shall have the right to do so, and charge Sublessee therefor, plus a service charge of ten percent (10%) of the costs incurred by Sublandlord in addition to any costs or expenses charged by Master Landlord under the Master Lease.

8.3 Signage. All signs shall comply with the terms of the Master Lease and Franchise Agreement.

8.4 Parking. Sublessee shall comply with all terms of the Master Lease with respect to parking at the Leased Premises.

9. ASSIGNMENT, SUBLETTING AND ENCUMBRANCES.

9.1 Consent Required. Sublessee shall not assign this Sublease or any interest therein nor shall Sublessee sublet, license, encumber or permit the Leased Premises or any part thereof to be used or occupied by others, without Sublandlord's and Master Landlord's prior written consent, which Master Landlord and/or Sublandlord may withhold in their sole and absolute discretion. Sublandlord's withholding of consent shall in all events be deemed reasonable if for any reason Master Landlord's consent is not obtained. The consent by Sublandlord and Master Landlord to any assignment or subletting shall not waive the need for Sublessee (and Sublessee's assignee or sublessee) to obtain the consent of Sublandlord and Master Landlord to any different or further assignment or subletting. All conditions and standards set forth in the Master Lease regarding assignments and subletting shall apply.

9.2 Transfer. In addition to the restrictions set forth in **Section 9.1** of this Sublease, Sublessee agrees that Sublessee may not assign this Sublease or any interest therein nor shall Sublessee sublet, license, encumber or permit the Leased Premises or any part thereof to be used or occupied by others, except in connection with a transfer of the Franchise Agreement and upon the terms and conditions contained in the Franchise Agreement and the Master Lease. This Sublease and the Sublessee's interest in it will not be assignable by operation of law.

9.3 Transfer Premium. To the extent there is any Transfer Premium (as defined below), such Transfer Premium shall first be split with Sublandlord in the same manner as set forth in the Master Lease. If Master Landlord is also entitled to any such Transfer Premium under the Master Lease, then Sublessee shall be responsible to pay such Transfer Premium to Master Landlord. The term "Transfer Premium" means: (a) the total Rent and other consideration of any kind or nature allocable to the leasehold and payable by the assignee, sublessee, or other transferee; (b) less the total amount of Rent payable by Sublessee under this Sublease from and after the effective date of the assignment or sublet; (c) after subtracting Sublessee's recapture from such consideration of Sublessee's actual out-of-pocket costs reasonably and customarily incurred in connection with the applicable assignment or sublease.

9.4 No Release of Sublessee. Regardless of Master Landlord's and Sublandlord's consent, no subletting or assignment shall release Sublessee of Sublessee's obligation or alter the primary liability of Sublessee to pay the Rent and to perform all other obligations to be performed by Sublessee hereunder. The acceptance of Rent by Sublandlord from any other person shall not be deemed to be a waiver by Sublandlord of any provision hereof. In the event of default by any assignee, sublessee or any other successor of Sublessee, in the performance of any of the terms hereof, Sublandlord may proceed directly against Sublessee without the necessity of exhausting remedies against such assignee, sublessee or successor.

9.5 Default. An involuntary assignment shall constitute a default and Sublandlord shall have the right to elect to terminate this Sublease, in which case this Sublease shall not be treated as an asset of Sublessee.

9.6 Recapture. Notwithstanding the foregoing, in the event Sublessee requests Sublandlord's consent to sublet all or any portion of the Leased Premises, or to assign this Sublease, Sublandlord may in its sole discretion, elect to terminate this Sublease within fifteen (15) days after receipt of Sublessee's request by written notification to Sublessee of such election, in which case the Sublease shall terminate effective thirty (30) days following such election.

10. DEFAULT AND TERMINATION.

10.1 Events of Default & Termination. Notwithstanding anything to the contrary contained in this Sublease, Sublandlord shall have the right to terminate this Sublease upon the happening of any of the following events:

(a) If Sublessee fails to pay Rent or any other amount, to which Sublessee is obligated by this Sublease to pay when due and payable, within three (3) days after written notice from Sublandlord that such payment is past due;

(b) If the Franchise Agreement entered into by Sublessee expires and is not renewed or is terminated for any reason whatsoever;

(c) If any other agreement between Sublessee and Sublandlord or any of its affiliates should be terminated by Sublessee or by reason of Sublessee's material default thereof;

(d) If the Master Lease should be cancelled or terminated for any reason whatsoever prior to its expiration date;

(e) If Sublessee should suffer or permit the occurrence of any act or omission which would constitute an event of default by Sublandlord under the terms of the Master Lease which remain uncured after one-half (1/2) of the cure period provided in the Master Lease;

(f) If Sublessee breaches any other provision of this Sublease, and that breach remains uncured after fifteen (15) days written notice from Sublandlord detailing the nature of the breach;

(g) If Sublessee admits in writing Sublessee's inability to pay debts generally as they become due;

(h) If Sublessee makes a general assignment for the benefit of creditors;

(i) If Sublessee institutes proceedings to be adjudicated a voluntary bankrupt, or consents to the filing of a petition of bankruptcy against it;

(j) If Sublessee is adjudicated by a court of competent jurisdiction as being bankrupt or insolvent; or

(k) If Sublessee has a decree entered against it by a court of competent jurisdiction appointing a receiver, liquidator, trustee or assignee in bankruptcy or in insolvency.

~~(k)~~

10.2 Sublandlord's Remedies. In the event of a default, Sublandlord shall have the remedies set forth in the Master Lease as if Sublandlord is Master Landlord. These remedies are not exclusive; they are cumulative and in addition to any remedies now or later allowed by law. In addition to any other remedies available to Sublandlord at law or in equity for default, Sublandlord shall have the following remedies:

(a) Sublandlord shall have the immediate option to terminate this Sublease and the rights of Sublessee by written notice to Sublessee. If Sublandlord elects to terminate, Sublandlord shall have the right to recover from Sublessee as damages:

(i) The worth at the time of the award of any unpaid rental which has been earned at the time of termination; and

(ii) The worth at the time of the award of the amount by which the unpaid rental which would have been earned after termination until the time of award exceeds the amount of rental loss Sublessee proves could have been reasonably avoided; and

(iii) The worth at the time of award of the amount by which the unpaid rental for the balance of the Lease Term after the time of award exceeds the amount of rental loss Sublessee proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Sublandlord for the detriment proximately caused by Sublessees' failure to perform Sublessees' obligations (including the costs and expenses of recovering the Leased Premises and reasonable attorneys' fees) or which would be likely to result from Sublessees' failure; and

(b) The word "rental" shall mean the rental and all other sums required to be paid by Sublessee under this Sublease. The word "award" means a judgment issued or rendered in favor of Sublandlord in a proceeding or action to recover damages from Sublessee. The phrase "at the time of the award" means the date of entry of such a judgment. All sums, other than base rent, shall be computed based on the average monthly amount accruing during the 24 month period preceding the event of default. However, if it becomes necessary to compute the rental before the 24 month period has occurred, the rental shall be computed on the basis of the average monthly amount accruing during that shorter period. As used in paragraphs (i) and (ii) above, the "worth at the time of the award" is computed by allowing interest at twelve percent (12%) per annum or the maximum rate of interest allowed by the law in the state where the Leased Premises is located. As used in paragraph (iii) above, the "worth at the time of the award" is computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco, at the time of award, plus 1%. In order to determine the amounts payable under **Section 10**, any percentage rental shall be included as additional rental and determined based on the average annual gross sales for the 36 months (or, if Sublessee has been operating in the Leased Premises less than 36 months, on the average gross sales for the 12 month period) preceding the termination of Sublessees' right to possession of the Leased Premises.

(c) **Sublessee's Right to Possession Not Terminated**. To the extent permitted by law, Sublandlord shall also have the remedy described in California Civil Code Section 1951.4 (or similarly applicable law, statute, code, rule, or regulation of the state where the Leased Premises is situated) (i.e., Sublandlord may continue the Sublease in effect after Sublessee's breach and abandonment and recover Rent as it becomes due, if Sublessee has right to sublet or assign, subject only to reasonable limitations). To this end (if elected), Sublandlord may continue this Sublease in full force and effect, and Sublandlord shall have the right to collect Rent and other sums when due. During the period Sublessee is in default, Sublandlord may enter the Leased Premises and relet them, or any part of them, to third parties for Sublessee's account and alter or install locks and other security devices at the Leased Premises. Sublessee shall be liable immediately to Sublandlord for all costs Sublandlord incurs in reletting the Leased Premises, including, without limitation, attorneys' fees, brokers' commissions, expenses of remodeling the Leased Premises required by the reletting, and like costs. Reletting may be for a period equal to, shorter or longer than the remaining Lease Term of this Sublease and rent received by Sublandlord shall be applied to (i) first, any indebtedness from Sublessee to Sublandlord other than Rent due from Sublessee; (ii) second, all costs incurred by Sublandlord in reletting, including, without limitation, brokers' fees or commissions and attorneys' fees, the cost of removing and storing the property of Sublessee or any other occupant, and the costs of repairing, altering, maintaining, remodeling or otherwise putting the Leased Premises into condition acceptable to a new sublessee or sublessees; (iii) third, Rent due and unpaid under this Sublease. After deducting the payments referred to in this **Section 10.2(c)**, any sum remaining from the Rent Sublandlord receives from reletting shall be held by Sublandlord and applied in payment of future Rent and other amounts as Rent and such amounts become due under this Sublease. In no event shall Sublessee be entitled to any excess rent received by Sublandlord.

10.3 **All Sums Due and Payable as Rent**. Sublessee shall also pay without notice, or where notice is required under this Sublease, immediately upon demand without any abatement, deduction, or setoff, as additional rent all sums, impositions, costs, expenses, and other payments which Sublessee in any of the provisions of this Sublease assumes or agrees to pay, and, in case of any nonpayment thereof, Sublandlord shall have, in addition to all other rights and remedies, all the rights and remedies provided for in this Sublease or by law in the case of nonpayment of rent.

10.4 No Waiver. Sublandlord may accept Sublessee's payments without waiving any rights under the Sublease, including rights under a previously served notice of default. No payment by Sublessee or receipt by Sublandlord of a lesser amount than any installment of rent due or other sums shall be deemed as other than a payment on account of the amount due, nor shall any endorsement or statement on any check or accompanying any check or payment be deemed an accord and satisfaction; and Sublandlord may accept such check or payment without prejudice of Sublandlord's right to recover the balance of such rent or other sum or pursue any other remedy provided in this Sublease, at law or in equity. If Sublandlord accepts payments after serving a notice of default, Sublandlord may nevertheless commence and pursue an action to enforce rights and remedies under the previously served notice of default without giving Sublessee any further notice or demand. Furthermore, Sublandlord's acceptance of Rent from Sublessee when the Sublessee is holding over without express written consent does not convert Sublessee's tenancy from a tenancy at sufferance to a month-to-month tenancy. No waiver of any provision of this Sublease shall be implied by any failure of Sublandlord to enforce any remedy for the violation of that provision, even if that violation continues or is repeated. Any waiver by Sublandlord of any provision of this Sublease must be in writing. Such waiver shall affect only the provisions specified and only for the time and in the manner stated in the writing. No delay or omission in the exercise of any right or remedy by Sublandlord shall impair such right or remedy or be construed as a waiver thereof by Sublandlord. No act or conduct of Sublandlord, including, without limitation the acceptance of keys to the Leased Premises shall constitute acceptance or the surrender of the Leased Premises by Sublessee before the Expiration Date. Only written notice from Sublandlord to Sublessee of acceptance shall constitute such acceptance or surrender of the Leased Premises. Sublandlord's consent to or approval of any act by Sublessee which requires Sublandlord's consent or approval shall not be deemed to waive or render unnecessary Sublandlord's consent to or approval of any subsequent act by Sublessee.

10.5 Sublandlord's Right to Cure Defaults. At any time during the Lease Term of this Sublease and without notice to Sublessee, Sublandlord may, but will not be obligated to, cure or otherwise discharge any default by Sublessee under this Sublease. Any and all costs or expenses (including reasonable attorneys' fees) which Sublandlord may incur for this purpose will be immediately due and payable in full without further notice or communication to Sublessee of any type, kind, or nature. Sublandlord will have the same remedies for the recovery of these costs and expenses as for the recovery of Rent under this Sublease.

10.6 Sublandlord Default. For purposes of this Sublease, Sublandlord shall not be deemed in default hereunder unless and until Sublessee shall first deliver to Sublandlord forty-five (45) days' prior written notice which specifies in reasonable detail the breach, and Sublandlord shall fail to cure said default within said forty-five (45) day period, or in the event Sublandlord shall reasonably require in excess of forty-five (45) days to cure said default, shall fail to commence said cure with said forty-five (45) day period, and thereafter diligently prosecute the same to completion.

10.7 Notice of Event of Default under Master Lease. Sublandlord shall notify Sublessee of any default under the Master Lease, or of any other event of which Sublandlord has actual knowledge which will impair Sublessee's ability to conduct its normal business at the Leased Premises, as soon as reasonably practicable following Sublandlord's receipt of notice from Master Landlord of a default or Sublandlord's actual knowledge of such impairment.

11. CONSENT OF MASTER LANDLORD. SUBLESSEE ACKNOWLEDGES THAT THE MASTER LEASE REQUIRES THAT SUBLANDLORD OBTAIN THE CONSENT OF MASTER LANDLORD TO ANY SUBLETTING BY SUBLANDLORD. THIS SUBLEASE SHALL NOT BE EFFECTIVE UNLESS AND UNTIL MASTER LANDLORD SIGNS A CONSENT TO THIS SUBLETTING SATISFACTORY TO SUBLANDLORD. SUBLESSEE WILL SIGN SUCH CONSENT IF REQUIRED BY MASTER LANDLORD AS REASONABLY PRESENTED BY MASTER LANDLORD.

12. MISCELLANEOUS.

12.1 Notices and Payments. Any notice, demand, request, consent, approval, submittal or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class certified mail or commercial overnight delivery service, and shall comply with the notice provisions of Section 11.3 of the Franchise Agreement between the Parties to the Sublease, which are hereby incorporated by reference. Such Notice shall be effective on the date of actual receipt (in the case of personal service or commercial overnight delivery service) or two days after deposit in the United States mail, to the following addresses:

To the Sublandlord: WETZEL'S PRETZELS, LLC
35 Hugus Alley, Suite 300
Pasadena, CA 91103
Attn: Cecilia Medrano

With Copy To: ~~MURPHY PEARSON BRADLEY & FEENEY, P.C.~~
~~88 Kearny Street, 10th Floor San Francisco, CA 94108~~ Attn: ~~Patrick J. Wingfield~~Legal Dept.
9311 E Via de Ventura
Scottsdale, AZ 85258

To the Sublessee: At the Leased Premises, whether or not Sublessee has abandoned or vacated the Leased Premises or notified the Sublandlord of any other address

When this Sublease requires service of a notice, that notice shall replace rather than supplement any equivalent or similar statutory notice, including any notices required by Code of Civil Procedure Section 1161 or any similar or successor statute, law, code, rule, or regulation. When a statute requires service of a notice in a particular manner, service of that notice (or a similar notice required by this Sublease) shall replace and satisfy the statutory service-of-notice procedures, including those required by Code of Civil Procedure Section 1162 or any similar or successor statute, law, code, rule, or regulation of the state where the Leased Premises is situated.

12.2 Confidentiality. To the maximum extent allowed by law, the Parties agree to maintain the confidentiality of the terms, covenants, and conditions of this Sublease and the Master Lease. No party shall make any further disclosure of these matters except: (a) to Master Landlord; (b) to their own directors, members, employees, attorneys, accountants, brokers, and insurers on an as need to know basis; (c) in state or federal tax returns or proceedings; (d) in proceedings to enforce this Sublease; (e) to prospective and actual purchasers of, investors in, and/or lenders to, the Leased Premises; or (f) as otherwise required by law. Any party who believes that he/she/it is or may be required by law to disclose any matter that is the subject of this Sublease shall provide all other parties to this Sublease with advance notice of the proceeding or circumstances in which disclosure is or may be required, and with an opportunity to object to the disclosure or otherwise seek a protective order.

12.3 Conflict with Master Lease; Interpretation. In the event of any conflict between the provisions of the Master Lease and this Sublease, the Master Lease shall govern and control except to the extent directly contradicted by the terms of this Sublease. No presumption shall apply in the interpretation or construction of this Sublease as a result of Sublandlord having drafted the whole or any part hereof.

12.4 Remedies Cumulative. Notwithstanding anything contained in this Sublease to the contrary, the rights, privileges, elections, and remedies of Sublandlord in this Sublease, at law, and in equity are cumulative and not alternative.

12.5 Waiver of Redemption. Sublessee hereby expressly waives any and all rights of redemption to which it may be entitled by or under any present or future laws in the event Sublandlord shall obtain a judgment for possession of the Leased Premises.

12.6 Damage and Destruction; Condemnation. In the event of any damage, destruction, casualty, condemnation or threat of condemnation affecting the Leased Premises, Rent payable hereunder shall be abated but only to the extent that Rent is abated under the Master Lease with respect to the Leased Premises. Sublessee shall have no right to terminate this Sublease in connection with any damage, destruction, casualty, condemnation or threat of condemnation except to the extent the Master Lease is also terminated as to the Leased Premises or any portion thereof.

12.7 Holding Over. Sublessee shall have no right to holdover. If Sublessee does not surrender and vacate the Leased Premises at the Expiration Date of this Sublease, Sublessee shall be a tenant at sufferance, or at the sole election of Sublandlord, a month-to-month tenancy, and the Parties agree in either case that the reasonable rental value, if at sufferance, or the Rent if a month-to-month tenancy shall be Rent at the greater of (1) the monthly rate of one hundred fifty percent (150%) of the monthly Rent set forth in **Section 4**, or (2) the rate of one hundred fifty percent (150%) of any and all Rent due to Master Landlord from Sublandlord under the holdover provisions of the Master Lease, including, but not limited to, operating expenses, impositions, and property taxes due and payable during such holdover period of time. In connection with the foregoing, Sublandlord and Sublessee agree that the reasonable rental value of the Leased Premises following the Expiration Date of the Sublease shall be the amounts set forth above per month. Sublandlord and Sublessee acknowledge and agree that, under the circumstances existing as of the Effective Date, it is impracticable and/or extremely difficult to ascertain the reasonable rental value of the Leased Premises on the Expiration Date and that the reasonable rental value established herein is a reasonable estimate of the damage that Sublandlord would suffer as the result of the failure of Sublessee to timely surrender possession of the Leased Premises. The parties acknowledge that the liquidated damages established herein is not intended as a forfeiture or penalty within the meaning of California Civil Code sections 3275 or 3369 (or similarly applicable law, statute, code, rule, or regulation of the state where the Leased Premises is situated), but is intended to constitute liquidated damages to Sublandlord pursuant to California Civil Code sections 1671, 1676, and 1677 (or similarly applicable law, statute, code, rule, or regulation of the state where the Leased Premises is situated). Notwithstanding the foregoing, and in addition to all other rights and remedies on the part of Sublandlord if Sublessee fails to surrender the Leased Premises upon the termination or expiration of this Sublease, in addition to any other liabilities to Sublandlord accruing therefrom, Sublessee shall indemnify, defend and hold Sublandlord harmless from all Losses resulting from such failure, including, without limitation, any Losses by any third parties based on such failure to surrender and any lost profits to Sublandlord resulting therefrom.

12.8 Effect of Conveyance. As used in this Sublease, the term "Sublandlord" means the holder of the "Tenant's" interest under the Master Lease. In the event of any assignment or transfer of the "Tenant's" interest under the Master Lease, which assignment or transfer may occur at any time during the Lease Term hereof in Sublandlord's sole and absolute discretion, Sublandlord shall be and hereby is entirely relieved of the future performance of all covenants and obligations of Sublandlord hereunder if such future performance is assumed by the transferee in a writing and a copy thereof is delivered to Sublessee. Sublandlord may transfer and deliver any security of Sublessee to the transferee of the Tenant's interest under the Master Lease, and thereupon Sublandlord shall be discharged from any further liability with respect thereto if such transferee assumes in writing Sublandlord's obligations with regard to such security in a writing delivered to Sublessee.

12.9 Governing Law. This Sublease shall be governed by and construed and interpreted in accordance with the laws of the state where the Leased Premises is situated.

12.10 Exhibits. All exhibits affixed to this Sublease are made a part of, and are incorporated into, this Sublease. In particular, the Sublease Rider, attached as **Exhibit B**, reflects certain provisions particular to the Leased Premises and the state in which the Leased Premises are located. If there are any inconsistencies between this Sublease and the provisions of **Exhibit B**, the provisions of **Exhibit B** shall prevail.

12.11 Offer. Preparation of this Sublease by either Sublandlord or Sublessee or either party's agent and submission of same to Sublandlord or Sublessee shall not be deemed an offer to Sublease. This Sublease is not intended to be binding until executed and delivered by all Parties hereto.

12.12 Indemnification. In addition to the indemnification afforded to Sublandlord via the Master Lease, Sublessee agrees Sublessee shall indemnify and hold harmless Sublandlord and its parent, subsidiaries, affiliates, and each of their respective shareholders, members, managers, directors, officers, employees, and agents from and against all Loses which arise out of or are in connection with Sublessee's use and occupancy of the Leased Premises or this Sublease in any manner not expressly authorized by this Sublease or the Franchise Agreement.

12.13 Due Authority. If Sublessee signs as a corporation, each of the persons executing this Sublease on behalf of Sublessee represent and warrant that they have the authority to bind Sublessee, Sublessee has been and is qualified to do business in the state where the Leased Premises is situated, that the corporation has full right and authority to enter into this Sublease, and that all persons signing on behalf of the corporation were authorized to do so by appropriate corporate actions. If Sublessee signs as a partnership, trust or other legal entity, each of the persons executing this Sublease on behalf of Sublessee represent and warrant that they have the authority to bind Sublessee, Sublessee has complied with all applicable laws, rules and governmental regulations relative to its right to do business in the state where the Leased Premises is Situated and that such entity on behalf of the Sublessee was authorized to do so by any and all appropriate partnership, trust or other actions. Sublessee agrees to furnish promptly upon request a corporate resolution, proof of due authorization by partners, or other appropriate documentation evidencing the authorization of Sublessee to enter into this Sublease.

12.14 Attorney Fees. In the event any action or proceeding at law or in equity, bankruptcy court or any arbitration proceeding be instituted by either party, for an alleged breach of any obligation of a party under this Sublease, to recover Rent, to terminate the tenancy of Sublessee at the Leased Premises, or to enforce, protect, or establish any right or remedy of a party to this Sublease, the prevailing party (by judgment or settlement) in such action or proceeding shall be entitled to recover as part of such action or proceeding such reasonable attorneys' fees, expert witness fees, and court costs as may be fixed by the court or jury, but this provision shall not apply to any cross-complaint filed by anyone other than Sublandlord in such action or proceeding.

12.15 Sublandlord's Costs. In any case where Sublessee requests permission from Sublandlord and/or Master Landlord to assign, sublet, make improvements, additions or alterations, or receive any other consent or obtain any waiver from or modification to the terms of this Sublease, Sublessee shall pay to Sublandlord or Master Landlord, as the case maybe, a reasonable administrative charge and reasonable attorney's fees incurred in reviewing such request or such amount as set forth in this Sublease or Master Lease as the case may be.

12.16 Waiver of Damages. IN NO EVENT SHALL SUBLANDLORD BE LIABLE FOR, AND SUBLESSEE HEREBY WAIVES ANY CLAIM FOR, ANY INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING LOSS OF PROFITS OR BUSINESS OPPORTUNITY, ARISING UNDER OR IN CONNECTION WITH THIS SUBLEASE.

12.17 Certified Access Specialist Disclosure [California Only]. A Certified Access Specialist ("CASp") can inspect the Leased Premises and determine whether it complies with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the Leased Premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the Leased Premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises. As of the Effective Date, the Leased Premises has not been inspected by a CASp, pursuant to California Civil Code §1938.

12.18 Construction. Each party acknowledges for itself/himself/herself that: (a) he/she/it has had full and fair opportunity to consult with and be represented by legal and other counsel of his/her/its choice in connection with all matters relating to this Sublease, all related agreements, and all contemplated transactions under this Sublease and such related agreements; and (b) he/she/it has sought and used all such counsel fully to the extent he/she/it thought necessary and/or desirable. This Agreement has been jointly prepared by the Parties, and any uncertainty or ambiguity existing in it shall not be interpreted against any party under the presumptions of state law, but rather shall be interpreted according to the rules generally governing the interpretation of contracts.

12.19 Exhibits and Attachments. All exhibits and attachments to this Sublease are a part hereof and incorporated herein by reference.

12.20 Multiple Counterparts. This Sublease may be executed in two counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same agreement. This Sublease may be executed by a party's signature transmitted by facsimile ("fax") or by electronic mail in pdf format ("pdf"), and copies of this Sublease executed and delivered by means of faxed or pdf signatures shall have the same force and effect as copies hereof executed and delivered with original signatures. All parties hereto may rely upon faxed or pdf signatures as if such signatures were originals. Any party executing and delivering this Sublease by fax or pdf shall promptly thereafter deliver a counterpart of this Sublease containing said party's original signature. All parties hereto agree that a faxed or pdf signature page may be introduced into evidence in any proceeding arising out of or related to this Sublease as if it were an original signature page.

[Remainder of Sublease Intentionally Left Blank]

12.21 Joint and Several Liability. IF SUBLESSEE IS OR BECOMES A PARTNERSHIP, CORPORATION, LIMITED LIABILITY COMPANY OR OTHER ENTITY, OR IF THIS SUBLEASE IS ASSIGNED TO A PARTNERSHIP, CORPORATION, LIMITED LIABILITY COMPANY OR OTHER ENTITY, ALL GENERAL PARTNERS, SHAREHOLDERS, OR MEMBERS MUST SIGN THIS SUBLEASE AND BE BOUND JOINTLY AND SEVERALLY BY ALL ITS PROVISIONS. THE SIGNATORIES TO THIS SUBLEASE REPRESENT AND WARRANT THAT THEY ARE THE SOLE OWNERS OF THE SUBLESSEE.

IN WITNESS WHEREOF, Sublandlord and Sublessee have executed and delivered this Sublease on the date first set forth above.

~~**SUBLANDLORD**~~
~~Wetzel's Pretzels, LLC, a California limited liability company~~

~~**By**:~~ _____
~~**Name**: Cecilia Medrano~~
~~**Title**: Vice President, Leasing~~

~~**SUBLESSEE**~~
_____, ~~a~~
_____

~~**By**:~~ _____
~~**Name**:~~
~~**Title**: Principal Equity Owner & Authorized Agent~~

~~**By**:~~ _____
~~**Name**:~~
~~**Title**: Principal Equity Owner & Authorized Agent~~

SUBLANDLORD
Wetzel's Pretzels, LLC, a California limited liability company

By: _____
Name:
Title:

SUBLESSEE
_____, a _____

By: _____
Name:
Title: Principal Equity Owner & Authorized Agent

By: _____
Name:
Title: Principal Equity Owner & Authorized Agent

PURSUANT TO SECTION 12.21 OF THIS SUBLEASE, THE SHAREHOLDERS, MEMBERS, PARTNERS, OR EQUITY OWNERS OF SUBLESSEE HEREBY AGREE TO BE BOUND BY, ADHERE TO, AND BE LIABILE FOR, JOINTLY AND SEVERALLY, THE TERMS AND CONDITIONS OF THIS SUBLEASE AND THE PERFORMANCE THEREOF AS OF THE EFFECTIVE DATE.

PRINCIPAL EQUITY OWNER OF SUBLESSEE

By: _____
Name:

PRINCIPAL EQUITY OWNER OF SUBLESSEE

By: _____
Name:

EXHIBIT A

MASTER LEASE

[Master Lease on Following Page]

EXHIBIT B

SUBLEASE RIDER

~~**1. GENERAL PROVISIONS.**~~

1. GENERAL PROVISIONS.

Purpose. This **Exhibit B** sets forth certain provisions particular to the Leased Premises and the state in which the Leased Premises are located.

Prevailing Provisions. If there are any inconsistencies between the Sublease and the provisions of this ~~**Exhibit B, the provisions of this Exhibit B shall prevail.**~~ **Exhibit B**, the provisions of this **Exhibit B** shall prevail.

Definitions. Unless otherwise expressly defined in this **Exhibit B**, all capitalized words shall have the meanings specified in the Sublease.

~~**2. AMENDMENT & SUPPLEMENTS.**~~

2. AMENDMENT & SUPPLEMENTS.

The following Articles and Sections of the Sublease are amended and supplemented as follows:

[_____]

[_____]

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I

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	March 28, 2024
Hawaii	Not Registered
Illinois	March 28, 2024
Indiana	March 28, 2024
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller- assisted marketing plans.

EXHIBIT J-1

RECEIPT FOR WETZEL'S PRETZELS DISCLOSURE DOCUMENT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the signing of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the signing of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state agency listed in Exhibit A-1.

The franchisor is Wetzel's Pretzels, LLC, located at 35 Hugus Alley, Suite 300, Pasadena, CA 91103, Telephone (626) 432-6900.

Issuance Date: March 28, 2024

We authorize the agents listed in Exhibit A-2 to this disclosure document to receive service of process for us. On _____, I received a disclosure document dated March 28, 2024 that included the following exhibits:

ADDENDUM: STATE SPECIFIC DISCLOSURES
A-1:State Administrators
A-2:Agents for Service of Process
B-1: Financial Statements
B-2: Performance Guaranty
C-1:Franchise Agreement

ATTACHMENTS:
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J-1:Receipt (Your copy)
J-2:Receipt (Our copy)

Signature of Prospective Franchisee Print Name of Prospective Franchisee

The seller(s) of this franchise is/are [Name, address and telephone number of each seller]:

❏ Jon Fischer, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900

❏ Adam Lueras, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900

❏ Ross Duggal, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900

❏ Diana Krankl, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900

®❏

EXHIBIT J-2
RECEIPT FOR WETZEL'S PRETZELS DISCLOSURE DOCUMENT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the signing of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the signing of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state agency listed in Exhibit A-1.

The franchisor is Wetzel's Pretzels, LLC, located at 35 Hugus Alley, Suite 300, Pasadena, CA 91103, Telephone (626) 432-6900.

Issuance Date: March 28, ~~2023 as amended February 9,~~ 2024

We authorize the agents listed in Exhibit A-2 to this disclosure document to receive service of process for us. ~~We authorize the agents listed in Exhibit A-2 to this disclosure document to receive service of process for us.~~ On___, I received a disclosure document dated March 28, ~~2023 as amended February 9,~~ 2024 that included the following exhibits:

ADDENDUM: STATE SPECIFIC DISCLOSURES
A-1:State Administrators
A-2:Agents for Service of Process
B-1: Financial Statements
B-2: Performance Guaranty
C-1:Franchise Agreement

ATTACHMENTS:
1:Approved Location, Bakery Type and Protected Area (or Development Territory)
2:Special Release of Claims (Sample)
3:Authorization Agreement for Prearranged Payment
4:Assignment of Telephone Numbers, Email Address and URL's and Special Power of Attorney
5:Lease Provisions
6:Nondisclosure and Noncompetition Agreement
7:Personal Guaranty and Subordination Agreement
8. Remote Mobile Unit Addendum to Franchise Agreement (for existing franchisees whose Franchise Agreements provide for Remote Mobile Units)
9. Concession Truck or Trailer Amendment
D: ~~Multi-Unit Development~~Intentionally Omitted ~~Agreement~~
E-1:Current Franchisees
E-2:Former Franchisees
F:~~Equipment Rental Agreement~~Intentionally Omitted G:Sublease Agreement
H-Manual Table of Contents
I-State Effective Dates
J-1:Receipt (Your copy)
J-2:Receipt (Our copy)

Signature of Prospective Franchisee Print Name of Prospective Franchisee

The seller(s) of this franchise is/are [Name, address and telephone number of each seller]:

❑ Jon Fischer, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900

❑ Vincent Montanelli_____

, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900

❑ Adam Lueras, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900

❑ Ross Duggal, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900

❑ Diana Krankl, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900

❑ Paul Shah, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900

❑ _____

EXHIBIT J-2

RECEIPT FOR WETZEL'S PRETZELS® DISCLOSURE DOCUMENT

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The franchisor is Wetzel's Pretzels, LLC, located at 35 Hugus Alley, Suite 300, Pasadena, CA 91103, Telephone (626) 432-6900.

Issuance Date: March 28, 2023 as amended February 9, 2024

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A-2:Agents for Service of Process
B-1: Financial Statements
B-2: Performance Guaranty
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ATTACHMENTS:
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2:Special Release of Claims (Sample)
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H Manual Table of Contents
I State Effective Dates
J-1:Receipt (Your copy)
J-2:Receipt (Our copy)

Signature of Prospective Franchisee Print Name of Prospective Franchisee

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~~❏ Paul Shah, 35 Hugus Alley, Suite 300, Pasadena, CA 91103, (626) 432-6900~~

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