

FRANCHISE DISCLOSURE DOCUMENT



HTHM Franchising, LLC
(a Delaware limited liability
company)
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HTHM Franchising, LLC offers franchises for delivery of frozen, prepared meals for in-home consumption operating under the name Heart to Home Meals. The total investment necessary to begin operation of a Heart to Home Meals delivery service franchise (a “Program Meals Business”) ranges from \$129,100 to \$319,300. This includes ~~\$40,000 that must be paid as an Initial Franchise Fee to us for your initial franchise fee and \$11,000~~ 51,000 that must be paid to us or our affiliate ~~for opening inventory.~~

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Christopher Webb at 289 Elm Street, Suite 102, Marlborough, Massachusetts 01752, via email at chris.webb@hearttohomemeals.com or by phone at 617 990-6783.

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

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

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

The Issuance Date of this Disclosure Document is February 20, 2024, as amended April 4, 2024.

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 us by mediation, arbitration and/or litigation only in the district where our home office is located, which is currently Middlesex County, Massachusetts. Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate. Arbitrate or litigate with us in Middlesex County, Massachusetts than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **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.
5. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

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Exhibits

- A. Franchise Agreement including forms of Automated Clearing House Payment Authorization; Guaranty and Restriction Agreement; Management Confidentiality and Non-Competition Agreement; Lease Rider; Guaranty; Franchise Agreement Addenda Required by Certain States; and Receipt of Operations Manual and Confidentiality Agreement
- B. State Addenda
- C. Financial Statements
- D. State Administrators and Agents for Service of Process
- E. Table of Contents of Operations Manual
- F. Names and Addresses of Franchisees
- G. Closing Acknowledgement
- H. Form of General Release
- I. [Pre-Sale Confidentiality Agreement](#)

HTHM Supply LLC, a Delaware limited liability company, (“HTHM Supply”) has its principal business address at is 289 Elm Street, Suite 102, Marlborough, Massachusetts 01752. It is the designated supplier of Products to Heart to Home Meals franchisees in the United States. It has supplied Products since 2018.

Wiltshire Farm Foods, a direct-to-consumer brand operated by a subsidiary of apetito AG in the United Kingdom, offers operates company-owned and franchised businesses in the UK similar to the Franchised Business. It began selling franchises in November 1995. Its registered business address is Canal Road, Trowbridge, Wiltshire BA14 8RJ. Wiltshire Farm Foods had more than 70 outlets in the United Kingdom and 2 outlets in Ireland on December 31, 2022. Franchised outlets comprise 25% of this network and the remaining 75% of the United Kingdom outlets are corporately owned.

We presently do business under the name HTHM Franchising, LLC. You will operate your franchised Program Meals Business under the name Heart to Home Meals (the “Brand”). The name and address of our agent for service of process in Massachusetts appears on [Exhibit D](#) to this Disclosure Document. [We began offering franchises for this Franchised Business in February 2024.](#)

We do not operate a business of the type being franchised. We engage in no other business activities. Except as described above, no parent, predecessors or affiliates have offered franchises in this or any other line of business.

The Business and Franchises Offered

We offer a franchise to establish and operate a Heart to Home Meals business (a “Program Meals Business”) that delivers Products, consisting of frozen, prepared meals for in-home consumption (the “Franchised Business”) at a single, defined location (the “Franchised Location”) within a specific territory using our trademarks, service marks, trade names, logos and commercial symbols (the “Marks”), certain printed or on-line materials (the “Materials”), the content in our “Operations Manual,” proprietary products and methods of operation (the “System”) and our standards for the performance of services, products and operations of the Franchised Business (“System Standards”), all of which we may change, update, delete, improve and further develop over time and publish in the Operations Manual, under a Franchise Agreement you sign with us. You may operate the Franchised Business from either leased commercial space, which is usually light industrial warehouse space, or a home office, provided that you must install a commercial walk-in freezer at your location (the “Franchised Location”). You must be able to receive Product deliveries from a tractor trailer at the Franchised Location and park your freezer delivery vehicle conveniently. Your delivery vehicle represents your Franchised Business and our Brand, so it must be properly maintained and cleaned regularly to present an appropriate image to the public as specified in the Operations Manual, which consists of all books, pamphlets, memoranda, other publications and other written communications prepared by or on behalf of Franchisor for use by franchisees generally or for any Franchisee in particular, setting forth information, advice, recommendations, System Standards, or policies relating to the use of the System, the Marks, and the operation of a Heart to Home Meals Franchised Business, as such may be amended from time to time;

If you have more than one equity owner, you must designate one of your equity owners as your “Owner-Operator” in the Franchise Agreement to undertake certain responsibilities on your behalf.

Each Franchised Business is assigned a primary territory usually defined by zip codes (the “Territory”) and operates the Program Meals Business from the Location approved by us where administrative functions can be performed and the trucks, equipment, supplies and inventory of the Program Meals Business can be securely stored and maintained so that the products and services of the Franchised Business can be supplied to your customers in the Territory. You are not permitted to have a

customer accessible facility at the Location or elsewhere. The Territory is defined by population density of persons aged 75 and older, and other persons whose mobility constraints, physical disabilities or time commitments may prevent or inhibit them from meal preparation and shopping for ingredients who are living in their own homes. We also consider factors affecting the ability to deliver Products to customers efficiently in freezer-equipped delivery trucks. All your marketing must target the Territory.

Market and Competition

The market for Products home delivered by a service is an emerging market that includes providers of prepared frozen meals delivered to a customer who cannot or prefers not to shop for or prepare at-home meals. You will face competition from other home meal delivery services offering planned delivery programs and ad hoc delivery services of restaurant meals. In most markets, demand is generally consistent throughout the year and not influenced by seasons. However, in cold weather markets, demand has the potential to rise during winter as travel is more difficult.

Regulation

Your Franchised Business must comply with the food safety standards and regulations of the United States Department of Agriculture and the Food and Drug Administration for the transportation of frozen food, particularly the FDA Food Safety Modernization Act rule on Sanitary Transportation of Human and Animal Food, 21 CFR Part 1, Subpart O. These mainly apply to storage and transportation temperatures of frozen Products. Since a Franchised Business is the seller of the Products, regulations applicable to third party food delivery service should not apply but need to be reviewed by you and your counsel. Some localities may require compliance with local codes and licensing as a seller of prepared food products and may require inspections of your facilities for sanitation and proper storage temperatures in your freezers and delivery vehicles.

You will have to comply with all federal, state and local laws and regulations which apply generally to all businesses, and food sales and delivery that apply to Program Meals Business generally. Additionally, you will be required to comply with all federal, state and local laws and regulations that generally apply to private businesses. These include, but are not limited to, the Americans with Disabilities Act (the “ADA”); the Fair Labor Standards Act (the “FLSA”); the rules and regulations of the Equal Employment Opportunity Commission (the “EEOC”); the Occupation Safety and Health Administration (“OSHA”); Gramm-Leach-Bliley Act; the USA PATRIOT Act; Federal Truth in Lending and other laws dealing with credit transactions and collections; Digital Millennium Copyright Act; regulations governing MMS, SMS, emails and telemarketing; the payment of license fees; general location rules and regulations; and, any advertising or content related rules and regulations.

Your Franchised Business must accept credit cards and will be obligated to comply with the Payment Card Industry Data Security Standard. The Standard includes 12 requirements for any business that stores, processes or transmits payment cardholder data. For more information see <https://www.pcicomplianceguide.org/>.

We encourage you to make additional inquiries into those laws and regulations and obtain the assistance of your own legal counsel in that regard. It is your responsibility to independently determine if there are any legal requirements with which you must comply and business issues that might impact your Franchised Business and/or your possibility of generating a profit or loss. Neither we, nor our Affiliates, will be responsible for ascertaining your initial and continuing legal responsibilities. It is your responsibility, on an on-going basis, to investigate and satisfy all local, state, and federal laws and regulations since these can vary from place to place and can change over time.

Prior Business Experience

We have no prior business experience and have not operated in any other lines of business.

ITEM 2

BUSINESS EXPERIENCE

Parent is our sole member. The members of Parent's Board of Directors who are most involved in decisions affecting us are Paul Freeston, Richard Ring and Christopher Webb

President: Christopher Webb

Mr. Webb has been our President since August 2021. He was Director of Business Operations for Parent from February 2019 until his election as our President. Mr. Webb joined apetito UK in September 2014 and had overseen Franchise Recruitment, Franchise Support and Operations for Wiltshire Farm Foods from that date until January 2019.

Chief Executive Officer and Director: Paul Freeston

Mr. Freeston has held these offices since August 2018. He has been the Chairman and Chief Executive Officer of apetito UK since October 2001. He has been the Chairman and Chief Executive Officer of HTHM Canada since June 2008. He has served on the Board of Directors of apetito AG since 2007.

Secretary-Treasurer, Chief Financial Officer and Director: Richard Ring

Mr. Ring has held this position with us since August 2018. He joined apetito UK in July 2002 as Finance Director where he is also responsible for IT and Business Analytics. Richard also serves as Vice President, Finance at apetito HFS. He joined HTHM Canada as Secretary-Treasurer in June 2008.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

~~We charge a \$10,000 "Deposit" that you pay when you sign our Confidentiality and Deposit Agreement, after the expiration of applicable waiting periods required by law. The Deposit is applied toward payment of the Initial Franchise Fee payable under the Franchise Agreement. If a Franchise Agreement is not entered into within 30 days after execution of the Confidentiality and Deposit Agreement and the expiration of all applicable waiting periods required by law, the Deposit, less the~~

~~Franchisor's reasonable out of pocket expenses, is refundable to the Franchisee upon return to the Franchisor of all confidential materials provided to the Franchisee.~~

When you sign a Franchise Agreement for a Franchised Business, you must pay a non-refundable initial franchise fee of \$40,000. ~~The amount of your Deposit will be credited to payment of the initial franchise fee when and if it becomes due.~~ The initial franchise fee is not refundable. You must also purchase \$11,000 of opening inventory of Program Meals from us or HTHM Supply before opening the Franchised Business. If your Franchised Business does not commence operation or closes before you sell all of the initial inventory, we or our affiliate will repurchase the inventory in saleable condition less the Restocking Fees & Charges described in Item 6. You must destroy and discard any unsold inventory that we do not repurchase.

ITEM 6

OTHER FEES

Type of fee	Amount	Due Date	Remarks
Wholesale Prices of Products	Depends on Volume <u>Prices currently range from \$34.06 for an order of 16 smaller Program Meals in a single case to \$87.77 for a case of 12 regular size meals. The median wholesale price is \$71.52 per case. These prices are subject to change periodically when ingredient, labor, packaging and transportation costs change</u>	Net 10 days after Invoice	You must pay us or our affiliate for the wholesale prices of Products you purchase. There is no royalty on Gross Sales of the Products to customers. <u>You determine your order quantity depending on your projected needs and storage capacity. Cases can be ordered with 10-16 meals. A 12 meal case is the most frequently ordered size.</u>
<u>Delivery Fee</u>	<u>Currently \$500.00 per month; subject to change once annually; begins with the month after the first anniversary of your opening of the Franchised Business</u>	<u>When invoiced</u>	<u>Covers costs of delivery of Products to your Franchised Location; we may change the Delivery Fee amount and frequency once a year to cover changes in transportation and freezer storage costs</u>
Local Marketing	3.00% of Gross Sales (Note 1)	Annually	You must advertise and market your Franchised Business in your market area and document your spending to us. (Note 2)
Marketing Fee (Note 2)	Between 2.00% - 5.00% of Gross Sales (Not currently)	Weekly	Payable upon at least 30 days' prior written notice from us that we

<u>Type of fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
	<u>assessed)</u>		have established an <u>Advertising and Marketing</u> Fund. Thereafter, payment must be made via electronic funds transfer weekly. (Note 2.)
Technology Fee	Not currently charged <u>Currently \$138 monthly for a software license; we may change after notice to you.</u>	Weekly with Marketing Fee	We provide certain technology support services to franchisees to assist in using our designated technology systems for operating the Franchised Business. We do not currently charge a fee for this service. We may elect to impose an <u>additional</u> fee to cover these support costs and related overhead in the future on at least 30 days prior written notice to all franchisees, and modify the fee once annually after its imposition
Manager Training Tuition	<u>Currently \$2,000, plus expenses incurred by the trainee to attend the training program</u>	Within 15 days of Invoice Date	Payable for any replacement manager you send to attend our initial training program; you pay the trainee's compensation, benefits, travel, lodging and meal expenses
Additional Training Fee (Note 3)	\$150 per hour plus trainer's expenses for additional initial training requested by you	As Incurred	We may provide additional employee training at your Franchised Business Location. We may change this rate at any time.
Renewal Fee (Note 6)	50.00% of the then-current Initial Franchise Fee at the time of renewal	When you send your renewal notice at the end of the initial term	Paid if you renew when you give notice of renewal to us
Transfer Fees (Note 4)	50.00% of the then-current Initial Franchise Fee	Upon transfer	Payable if you transfer the Franchise Agreement or Franchised Business or

<u>Type of fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
			on ownership change involving control of 50% or more of your equity interests
Audit Results and Accounting Fees (Note 5)	Cost of audit and accounting fees	Within 15 days of receipt of audit report	Payable if you understate Gross Sales by 2% or more
Interest on Late Payments	Lesser of Prime Bank Rate plus 4.00% per month or highest rate allowed by law	Within 15 days of invoice date	Accrues from due date; Prime Bank Rate is published in <i>The Wall Street Journal</i> or another publication we deem reliable adjusted weekly
Security Interest Enforcement Costs	Cost of enforcing security interest	Within 15 days of invoice date	You grant us or our affiliate a security interest in your inventory, equipment and proceeds from the sale of inventory to secure payment of amounts owed for the wholesale price of Products you purchase. If we foreclose on the collateral, you pay or reimburse us for the costs we incur including attorneys' fees and court costs to enforce our security interest, regain possession and store the collateral
Public Offering Fee	\$15,000	Upon request for approval of offering documents	Payable if you request our review of a placement memorandum or registration statement for any public or private offering your equity or debt securities
Indemnification Costs (Note 7)	As incurred <u>Actual damages or settlement amounts, costs and expenses that we incur for an indemnified claim</u>	Within 15 days of invoice	Payable to us for damages, costs and expenses incurred by us from third party claims arising from your operation of the business; includes our cost of defense and resolution
Convention Fee	Estimated to be \$700	Within 15 days after	Payable in advance of

<u>Type of fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
	per attendee, excluding plus travel, lodging and meals meal expenses for each attendee	invoice date	our annual convention if we hold one. We may change this fee at any time in the Operations Manual. Fee charged for all mandated attendees
Bank Fees	Actual Bank Fees charged for insufficient funds or denied access for EFT/ACH transfer plus an administrative fee of \$25 per event	As incurred	Payable if a bank charges us fees for a returned check or denied electronic funds transfer payment to us
Late Fee for Tardy Financial Reporting	If the financial reports are not submitted by the due date, a \$150 fee for each 30 day period that reports remain not submitted.	When invoiced	Each Franchisee is to provide accurate financials in a timely manner after the close of each accounting cycle.
Restocking Fees & Charges	Greater of 20% of repurchase price or our costs to recover, transport and restock Products at termination or expiration of the Franchise Agreement	Within 15 days after invoice date; may be deducted from repurchase price	When the franchise agreement terminates or expires, we may purchase Products in your possession that are resaleable for the current wholesale price less the Restocking Fees and Charges

All fees are imposed by and are paid to us. All fees are non-refundable. Except as noted below in Note 1, all fees are uniformly imposed and collected. There are currently no franchisee cooperatives in existence, so there are no fees imposed by cooperatives and no voting power requirements for company-owned outlets.

Notes

Note 1. Gross Sales. Gross Sales means the aggregate of all revenue from operating your Franchised Business, whether payment is received in cash or by credit card, gift cards or other generally accepted form of payment, from the sale of Products, appliances, services, merchandise or other goods and services. Without limiting the scope of the term, Gross Sales shall include without limitation: (a) revenue received from employees for Products or services furnished to employees at a discount; (b) the value of Products and services bought by customers by redeeming any Heart to Home Meals authorized gift cards; and (c) the proceeds from any business interruption insurance. Gross Sales are reduced by the amount of any discount given to customers, employees, family members or other businesses owned or controlled by you if taken at the point of sale system at the time of sale so that the purchaser pays an amount net of the discount. Gross Sales also excludes the following: (i) sales taxes and other taxes separately stated, if any, collected from customers and paid to taxing authorities; (ii) gratuities received from your Franchised Business customers and paid over to your Franchised Business employees; (iii) refunds and credits made in good faith to arms' length customers; (iv) the amount of any checks dishonored or returned; (v) proceeds from the sale of any Heart to Home Meals authorized gift cards to customers; (vi) proceeds from insurance with respect to your insured losses from property damage or

liability; (vii) proceeds from any civil forfeiture, condemnation, or seizure by a government entity; and (viii) credits, allowances, adjustments or uncollectible amounts, subject to the limitation that uncollectible amounts cannot exceed 0.5% of Gross Sales for any fiscal year of you. Subsequent collections of charged off amounts must be included in Gross Sales when they are collected.

Note 2. Marketing. Each Franchisee is required to spend at least three percent (3%) of Gross Sales in each year during the Term on advertising and promotion which includes advertisements in local newspapers serving the Territory and conducting on-site presentations and demonstrations to target customer groups, hospitals and other health care facilities and senior care homes. Upon at least thirty (30) days' prior written notice from Franchisor that it has established a Fund for national, regional, local or other advertising programs for the System (a "~~an Advertising~~Marketing Fund"), each Franchisee will be required to contribute to the Fund an amount determined by Franchisor of not less than two percent (2.00%) nor more than five percent (5.00%) of the Gross Sales, payable weekly in arrears based on the prior week's Gross Sales. We do not currently assess the Marketing Fund contribution.

Note 3. Additional Training Fee. The Additional Training Fee covers training and operational support provided at your request beyond the training and opening assistance that we provide as part of your initial franchise fee as described in Item 11. We currently charge \$150 per hour plus the trainer's travel and living expenses for additional training. We may charge ~~reasonable~~ tuition, currently set at \$2,000 per trainee, if additional training is provided, or for additional people you send to attend initial training. See Item 11. We also reserve the right to change this fee at any time or to charge a reasonable amount for any optional additional training we make available after you open the Franchised Business.

Note 4. Transfer Fee. You must pay a non-refundable fee of 50.00% of the then-current initial franchise fee if you transfer the Franchise Agreement or Franchised Business or in the event of an ownership change involving control of 50% or more of your equity interests. We will not charge a fee for any transfer of your equity interests among any of your existing owners, any member of your immediate family or an initial transfer from an individual to an entity. Transfers include sales, gifts, donations, and exchanges for value or without value. See Item 17.

Note 5. Audit Fee. We may audit your accounts, books and records at our expense. However, if we find an understatement of 2% or more of your Gross Sales for any month, you must reimburse us for our out-of-pocket expenses and allocable administrative costs and overhead incurred to perform and report on the audit.

Note 6. Renewal Fee. The Franchise Agreement has an initial term of 7 years and provides for up to one additional 7-year renewal terms, all subject to certain conditions. To renew your Franchise Agreement, you must pay us a non-refundable renewal fee equal to 50.00% of the then current initial franchise fee at the time of renewal. See Item 17.

Note 7. Indemnification. You must defend, indemnify and hold us and our affiliates harmless from and against any claims asserted against us or our affiliates resulting from the operation of your Franchised Business.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – SINGLE FRANCHISE TERRITORY					
Type of expenditure	Low Range Amount	High Range Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee (Note 1)	\$40,000	\$40,000	Lump Sum	Upon Signing	Us
Permits and Licenses	\$500	\$1,000	Lump Sum	When Required	Government Agencies
Leasehold Improvements, Furniture, Fixtures, Equipment (Note 2)	\$2,000	\$10,000	As Agreed	As Incurred	Contractors
Freezer (Note 3)	\$30,000	\$130,000	As Agreed	As Incurred	Contractors
Freezer Equipped Delivery Vehicle with vehicle wrap sign (Note 4)	\$8,000	\$55,000	As Agreed	As Incurred	Supplier
Supplies (Note 5)	\$2,000	\$2,000	As Agreed	As Incurred	Suppliers
Computer Hardware for HTHM Proprietary Ordering and Inventory Management Software (Note 56)	\$1,500	\$2,000	As Agreed	As Incurred	Suppliers
Miscellaneous Opening Costs and Rent (Note 67)	\$2,000	\$5,000	As Agreed	As Incurred	Suppliers, Landlord
Opening Inventory (Note 78)	\$11,000	\$11,000	Lump Sum	Prior to Opening	Us or our Supplier Affiliate
Initial Training Travel and Living Expenses (Note 89)	\$2,000	\$2,000	Salary/Per Diem	As Agreed	Vendors
Trainee compensation cost during training (Note 89)	\$1,200	\$3,000	Weekly Payment	Payroll Due Date	Trainees
Deposits	\$1,000	\$1,500	Lump Sum	As Incurred	Suppliers
Professional fees for creating and organizing franchisee entity (Note 67)	\$2,000	\$5,000	As Agreed	As Incurred	Counsel, Accountants
Insurance	\$900	\$1,800	As Agreed	As Incurred	Suppliers
Additional Funds (3 months) (Note 910)	\$25,000	\$50,000	As Agreed	As Incurred	Suppliers; Employees
TOTAL	\$129,100	\$319,300			

~~We have relied on Parent's experience in opening company-owned locations, as well as the experience of franchisees and joint ventures in opening Program Meals Businesses, to compile the foregoing estimates.~~ All payments to us and our affiliates are non-refundable. Any payments to third parties are subject to the refund policies of those third parties. We do not offer financing directly or indirectly for any part of the initial investment.

Notes

(1) *Initial Franchise Fee.* See Item 5 for a description of the initial franchise fee. We do not provide financing for the initial franchise fee. The Initial Franchise Fee includes the initial training program tuition and installation at the Franchisee's premises of the Franchisor's designated ordering and inventory management software, an initial supply of Heart to Home Meals uniforms and the conduct by the Franchisor of an initial marketing program for the launch of the Franchised Business.

(2) *Leasehold Improvements.* You may operate the Franchised Business at either a leased light industrial facility with an installed commercial grade walk-in freezer having at least 2520 cubic feet of shelved freezer space and parking for a freezer equipped delivery vehicle or from a home office with space for installing the commercial walk-in freezer and convenient parking for the delivery vehicle. You will need to provide storage shelving and electrical power to operate the freezer, plus water, sewer and HVAC for the space, and telecommunications for telephone and Internet access. This amount includes fixtures, furnishings and exterior signage for your Franchised Business.

(3) *Commercial Freezer.* If your premises doesn't have an indoor commercial walk-in freezer, you will need to acquire and install the freezer. We recommend a freezer of at least 2520 cubic feet of shelved freezer space with 40 linear feet of shelving, and ramps for wheeled access, UL Listed and compliant with UL standard 471, self-contained refrigeration and other features meeting our standards. You may rent or lease the freezer from an unaffiliated lessor, which may reduce your costs to approximately \$1,250 per month rent for the first six months (totaling \$9250 plus applicable taxes), plus delivery charges which we estimate to be \$1,750, plus applicable taxes. The freezer is critical to operation of the Franchised Business, and you must obtain a service contract to maintain the freezer in good working order and repair the freezer within four hours of loss of cooling. You may obtain a used freezer for the \$30,000 amount in the Low Range column. You may also lease a freezer that we estimate will cost approximately \$2,500 for the first six months of the lease.

(4) *Delivery Vehicle.* You must obtain and operate a freezer-equipped ("reefer") delivery vehicle capable of storing at least 50 boxes (box dimensions 13.44 x 9.13 x 9.63 inches), equating to a minimum of 131.7 cubic feet of reefer cargo space. We suggest a light duty or medium duty van with a reefer body. We must approve the vehicle you propose to use for the Franchised Business. You may buy, lease or rent the vehicle but it must be wrapped with our standard vehicle wrap to promote the Franchised Business. If you rent or lease the vehicle, we estimate the cost to be \$8,000 for the first six months of the rental or lease period.

(5) *Supplies.* You must purchase office supplies, hand trucks, carts, thermal gloves, uniforms and other small supplies and equipment to use in the Franchised Business.

(6) ~~(5)~~ *Computer Hardware.* We grant you a license to use our proprietary ordering and inventory management applications software while you are a franchisee in good standing. There is no additional license fee but you must supply the computer hardware and telecommunications services to operate the system. A standard laptop and desktop, plus a printer, and a tablet or cell phone for the

delivery vehicle will be acceptable if already available, so these estimated costs may be reduced or eliminated.

(7) ~~(6)~~ *Miscellaneous Opening Costs & Rent.* Miscellaneous opening costs include incorporation fees; initial legal and accounting fees; merchant card processing set up fees, utility deposits; business permit fees; and excludes pre-opening compensation and benefit costs for you and your Program Meals Business employees. You must begin paying people at their agreed compensation when they begin training.

(8) ~~(7)~~ *Opening Inventory.* You must purchase in advance of opening, at least this amount inventory of Products from us or our affiliate supplier, which may be HTHM Supply. This purchase price represents approximately 5,000 units. The shelf life of the meals varies, but this supply should be sufficient for your first three weeks of operation.

(9) ~~(8)~~ *Expenses while Training.* These costs are estimated based on two weeks of compensation, lodging, meals and transportation for the general manager of each Franchised Location during initial training. These costs will vary upon your compensation and expense arrangements with the training participants and the distance from our training site.

(10) ~~(9)~~ *Additional Funds.* The Franchised Business will need working capital to sustain early-stage operations for a period of three months after the Program Meals Business opens while the business gets established. The amount needed will depend on your estimate of when revenue will be sufficient to meet cash flow needs. We recommend working capital of at least three months of rent, compensation costs, marketing expenses, vehicle operating costs, utility costs and other operating expenses. We estimated these costs based on our experience with our operations in Massachusetts and franchised operations in Canada.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

As of the Issuance Date, you must purchase all equipment, fixtures, food products, condiments, supplies, paper products, computer hardware and software, and signage from vendors we approve or to meet our specifications published in the Operations Manual. We specify these requirements in our Operations Manual or otherwise in writing. You must purchase or lease these items only from approved suppliers listed in our Operations Manual or otherwise approved by us in writing. You may not purchase or lease from any source any other goods, services, supplies, fixtures, equipment, signs, inventory, or real estate relating or any other alternative supplier to the establishment or operation of your Franchised Business without our prior written consent. In particular, the freezer unit at your facility must meet our technical specifications and be capable of maintaining interior holding temperatures of zero to -4 degrees F. We must approve the design and specifications of your freezer before you commit to its purchase or lease.

Required and Approved Suppliers

All Products must be purchased from us or an affiliate we designate as the supplier of Product, such as HTHM Supply. We may designate other required or approved suppliers of goods and services used in your Franchised Business. We, HTHM Supply or an Affiliate may be the sole approved suppliers for proprietary goods or services, or for goods and services we deem to be integral parts of the

- (7) Employment practices liability insurance with a limit of \$500,000; and
- (8) Employee Dishonesty/Fidelity insurance with a limit of \$100,000.

All of the liability insurance policies, other than Workers' Compensation, must name us, Parent, and our respective officers, directors, members, shareholders, partners and employees as additional insureds on a primary noncontributory basis for operations of the Program Meals Business. The form of additional insured endorsement will be CG 20 10 or its equivalent. If the additional insured has other insurance applicable to a loss, it will be on an excess or contingent basis. The additional insured's insurance coverage will not be reduced by the existence of such other insurance.

Approval of Alternative Suppliers; Product Specifications

If you want to use a good or service or obtain a good or service (other than Products) from a supplier we have not yet approved, you first must submit sufficient information, specifications and/or samples for our determination whether the product or service complies with our System Standards, or the supplier meets our approved supplier criteria. We may establish and revise our approved supplier criteria from time to time as we deem appropriate and will make them available to our franchisees upon written request. We may condition our approval of a supplier on the supplier's agreement to comply with product quality standards, frequency of delivery, standards of service, and concentration of purchase requirements. We also may impose limits on the number of approved suppliers, products and services. Our approval should not take more than 30 days in most instances. We reserve the right to test equipment or supplies and inspect the premises of suppliers before granting our approval. We will invoice you for the out-of-pocket costs and expenses we incur for any inspection or testing. We will not issue our approval of the supplier until you pay that invoice. We may terminate our approval of a supplier or any products or services at any time, with or without cause, upon reasonable written notice of 30 days.

We will formulate and modify our equipment, vehicle, technology, product and ingredient specifications and standards by reviewing each product on an individual basis, taking into consideration the supplier's ability to provide consistently high-quality products and services to you or our approved suppliers on a timely basis. We generally will formulate specifications and standards based on the quality of the products and other relevant factors. We periodically may review each product and respective supplier to make sure that the supplier is following the specifications and standards.

We may issue some of our technology, product and ingredient specifications and standards to our approved suppliers under appropriate confidentiality restrictions, but not to our franchisees. We may undertake other steps to maintain trade secrets and confidentiality of proprietary recipes and formulations, software and other items.

Revenue from Franchisee Purchases

As of the Issuance Date, we derive no revenue or other material consideration from franchisee purchases. We may derive revenue from suppliers from franchisee purchases in the future in our sole discretion. We or our designated supplier affiliate will derive revenue from franchisee purchases of Products. None of our officers owns any interest in any supplier.

Percentage of Total Purchases Represented by Required Purchases

Required purchases consist of items you must purchase from approved suppliers or under our established specifications. Your required purchases and leases will represent approximately 100% of

your total opening expenses (excluding the cost of real estate and improvements) and approximately 85% of your required purchases and leases while operating the Franchised Business.

Payments to Franchisor from Designated Suppliers

We intend to negotiate preferred vendor agreements with designated suppliers and approved suppliers that we expect will provide favorable pricing and delivery terms to franchisees. These agreements may pay us revenues based on the volume of franchisee purchases, which may be measured in sales dollars or units sold. These arrangements are not in effect as of the Effective Date, but we expect them to be in place in the future.

Cooperatives

We do not have any purchasing or distribution cooperatives.

Negotiated Purchases

We may negotiate purchase arrangements or discounts for your Franchised Business. Certain of our suppliers may allow you to participate in the volume discounts we receive. However, these volume discounts will extend only to pricing terms and will not include any of the credit terms we have negotiated. We do not otherwise negotiate purchase agreements on behalf of our franchisees or any distribution cooperative, and do not guarantee pricing, credit or other terms for vendors by our franchisees. ~~We do not represent and cannot guarantee that any particular supplier arrangement will be available to you as the availability of these arrangements may vary depending on whether the supplier services the area in which your Franchised Business will be located.~~

Material Benefits

We do not provide any material benefits to you if you obtain goods or services from approved suppliers. ~~We reserve the right not to grant franchises or confer other benefits to any franchisee, for any reason or no reason, which may include the failure of a Franchised Business franchisee to follow and support the System, including its recommended advertising programs and approved supplier programs.~~

ITEM 9

FRANCHISEE’S OBLIGATIONS

~~FRANCHISE AGREEMENT~~

This table lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in that agreement and in other items of this Disclosure Document.

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Disclosure Document Item</u>
a. Site selection and acquisition/lease	3.01, 3.02(b), 3.02(e)	11
b. Pre-opening purchases/leases	3.04, 3.05, 6.01(a), 9.08, 9.14	8
c. Site development and other pre-opening requirements	2.04, 3.02(d), 3.04, 5.04, 9.02, 9.03, 9.06, 9.07	6, 7 and 11

Franchised Location except for sales in the ordinary course of business and returns we authorize. The Security Agreement requires you to waive defenses and asserting any right or counterclaim arising under or relating to the Franchise Agreement as a defense under the Security Agreement.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Before you open your Franchised Business:

(1) We do not typically own the Franchised Location and lease it to you. The Franchisor must approve your proposed location before the lease or purchase agreement for the Franchised Location is signed, or you select your home as the Franchised Location. The Operations Manual will specify a form for each proposed location to be completed and submitted by you to us. (Franchise Agreement Section 3.01)

(2) We will review the information you submit for each proposed site for a Franchised Location, conduct any investigation of the proposed site we deem appropriate to evaluate the site, and accept or reject the site. For specifications regarding the factors contributing to the acceptance or rejection of a franchise site, see Site Selection below. (Franchise Agreement Section 3.01(b))

(3) We will accept or reject each proposed Franchised Location site within 30 days after your submission of all initial and supplemental information we request regarding a proposed site. If we accept the site (the "Acceptance Date"), we will give you notice of any remaining conditions to that acceptance. If we reject the site, we will give you the reasons for the rejection. If possible, you may submit the site information before you sign the Franchise Agreement so the accepted location will be listed in the Franchise Agreement when you sign it, in which case the Acceptance Date is the date of the Franchise Agreement. The Acceptance Date must occur no later than ~~90~~45 days after the date of the Franchise Agreement. (Franchise Agreement Section 3.01(b))

(4) We must approve the terms of your lease or purchase agreement for the approved site and any modifications or amendments, if applicable, before you sign the lease or purchase agreement. We will review the lease or purchase agreement and any modifications or amendments to the lease or purchase agreement and accept or reject your lease or purchase agreement for the Location within 30 days after your submission of all initial and supplemental information we request regarding the proposed lease or purchase agreement. Each Franchised Location must be owned by you or under lease to you and not to an affiliate if you do not own the real property. We do not review, provide advice on or approve any financing you obtain for your development costs. The date you sign the approved lease or purchase agreement is the "Commitment Date" and you must provide us with a copy of the signed document within 5 business days after the Commitment Date. Your lease must include our form of Lease Rider, which allows us to compel you to assign your lease to us and compels the landlord to accept the assignment of the lease, under certain conditions, if you default and fail to cure the default. (Franchise Agreement Section 3.01(b))

(5) We will have the right to terminate the Franchise Agreement if you fail to either (1) (i) gain our acceptance of your proposed Franchised Location, and (ii) sign a lease or a purchase agreement we approve for the accepted Franchised Location so that the Commitment Date occurs within 45 days after the Acceptance Date. (Franchise Agreement Section 11.01(s))

(6) We will designate the Territory for your Franchised Business as part of the acceptance process. We may modify the Territory if you don't meet the performance criteria specified in the Franchise Agreement in our sole discretion from the area described in the Franchise Agreement. (Franchise Agreement Section 2.02)

(7) We will provide you with our standards for the commercial freezer, specifications for layout of the interior, mechanical and electrical systems, equipment, décor, and signs for a prototype Franchised Business that we make available to franchisees. We will not provide these items to you directly for the Franchised Location. We do not provide assistance with the delivery and installation of these items. (Franchise Agreement Sections 3.01)

(8) We will review and comment on your site plan and final plans and specifications for conformity to System Standards. (Franchise Agreement Section 3.01(c))

(10) We will provide your Owner-Operator, and one other person you select with initial training in the System and methods of operating a Franchised Business before the opening of your Franchised Business. See details of the franchise training program below at Training. During the initial training or prior to the opening of the Franchised Business, we will provide you with two (2) uniforms, will arrange for the installation at the Premises of our designated ordering and inventory management software and will conduct an initial marketing program for the launch of the Franchised Business. (Franchise Agreement Section 8.01)

(11) Except as set forth above, we do not provide you with assistance in locating a site, negotiating a purchase or lease of the site, conforming the premises to local ordinances and building codes, obtaining any required permits, constructing, remodeling or decorating the premises, hiring and training employees, and providing for necessary equipment, signs, fixtures, opening inventory and supplies. (Franchise Agreement Section 3.02(a))

Site Selection

You will have responsibility for selecting the site for your Franchised Location and submitting information on the site review form we include in the Operations Manual. We have the right to ~~accept~~approve or reject the site you select. In determining whether to ~~accept~~approve or reject a site, we will consider demographic evaluations, traffic patterns, population density of our target population (persons over 7570 and persons unable to prepare their own meals living in residences, group and institutional settings), proximity to activity centers and employers, physical site profiles, competition in the market area, and other factors. ~~By accepting the site, we make no representation or guarantee to you that the Franchised Location you select will be successful.~~ We have no obligation to provide any assistance in locating a site, negotiating the lease, conforming the premises to local codes and ordinances, obtaining permits, constructing, remodeling or decorating, hiring and training employees (except for the training we provide described in Training below), or providing for necessary equipment, signs, fixtures, opening inventory and supplies, except for the opening inventory of Products purchased from us or our designated supplier. You must propose a location, obtain our acceptance of your proposed location within 90 days after the date of the Franchise Agreement (defined as the Acceptance Date above), and enter into a signed lease or a purchase agreement in the form we approve for the approved site within 9010 days after the Acceptance Date (described as the Commitment Date above). (Franchise Agreement Sections 3.01, 3.02, 3.04)

Typical Length of Time to Open

Based on the experience of our company-owned locations, we estimate that it will take approximately 90 days after the ~~Commitment~~Effective Date to prepare the Franchised Location, install the freezer, obtain the delivery truck and open a Franchised Business. We set the opening deadline for the Franchised Business at ~~180~~90 days after the date of the Franchise Agreement. Factors that may affect that time period for developing a Franchised Business include local permitting and approvals, availability of your selected contractors and their subcontractors, supply chain delays in obtaining required building materials, the freezer, a suitable truck and other necessary items. ~~Under the Franchise Agreement, you have up to 30 days after signing the Franchise Agreement to attain the Commitment Date and then 60 days after the Commitment Date signing in which to open your Franchised Business, which extends to one year after the Commitment Date for new build projects.~~ (Franchise Agreement Sections ~~3.05~~3.01, 11.01(~~to~~))

Post-Opening Assistance

(1) We will provide franchise training program participation opportunities for your replacement and additional managers on our one-week training course, when previously trained managers are replaced. You must reserve training program dates and pay the related fees when required under Operations Manual. You are responsible for your trainees' travel, lodging, meal, incidental, compensation and benefit costs for their attendance at training. (Franchise Agreement Sections 8.02, 9.04(b))

(3) We will publish a list of approved suppliers and their respective approved products and services in the Operations Manual and/or in other written or electronic communications to you. As new suppliers, products and services become available, we will amend that list. (Franchise Agreement Section 8.08)

(4) We will provide you with the merchandising, marketing and advertising research data and advice that we develop from time to time and deem helpful in the operation of a Franchised Business. (Franchise Agreement Section 8.07(a))

(5) We will conduct periodic field evaluations and quality assurance inspections of the Franchised Business to test and promote its compliance with System Standards and quality controls. These evaluations and inspections may offer suggestions and recommendations about your staffing but you have no obligation to follow the suggestions or recommendations. We may conduct mystery shopping and customer surveys for Franchised Businesses and share the results with franchisees. (Franchise Agreement Section 8.07)

(6) We will provide you with periodic individual or group advice, consultation and assistance by personal visit, by telephone, electronic communication, or by newsletters or bulletins that we make available to our franchisees. These consultations will cover training employees, selecting and purchasing supplies, formulation and implementation of local advertising and promotional programs, and the establishment of accounting, inventory control and general operating procedures. (Franchise Agreement Sections 8.02, 8.07)

(7) We will provide you with any other materials in any medium that we may develop to communicate new developments, techniques, and improvements in the System and our plans, policies, research, developments and activities to franchisees. (Franchise Agreement Section 8.07)

(8) We will provide you with other resources and assistance that we may develop and make generally available to all of our other franchisees. Under no circumstances will we act directly or indirectly to control, nor do we reserve the right to control, the terms and conditions of employment for

Local Marketing

We have no obligation to advertise in your Territory or your broader media market. You are obligated to spend three percent (3.00%) of Gross Sales (in addition to the Marketing Fund Fee) on local marketing, advertising and promotion annually. We may, but are not obligated to, assist you with the review of local media campaigns. These efforts may include of advertisements in local newspapers serving the Territory and on-site presentations and demonstrations to target customer groups, hospitals and other health care facilities and senior care homes. Local marketing and promotional expenses include the cost of direct mail solicitations, public relations activities, community events and sponsorships, newspaper advertisements, telephone book listings and advertisements, and other distributed promotional materials. Local marketing and promotional expenses do not include amounts spent on sign rental, paper products, or food items which may contain one or more of the Marks. We may, but are not obligated to, provide you with standard print media advertising templates to use locally. You will submit for our approval samples of all advertising and promotional materials that you wish to use at least thirty (30) days before making any financial commitment to use the materials. We will provide notice of any objections to the proposed materials within ten (10) days after its receipt. If you fail to discontinue the use of any unapproved materials within five (5) days after notice from us, we may enter the Franchised Business, remove any unapproved materials and hold the materials for proper disposition.

If any applicable local newspaper or directory serving the Territory also services the territory or territories of one or more other Heart to Home Meals franchisees, we shall have the right to require that Franchisee and such other franchisees jointly place an advertisement in such newspaper or other directory, whether by electronic means or otherwise, which advertisement shall contain information pertaining to the Heart to Home Meals Business of each such franchisee. The cost of any such advertisement shall be borne equally by you and such other franchisees.

All advertising and promotion conducted by you shall be completely factual and shall conform to the highest standards of ethical advertising. You shall submit any proposed advertisement or promotional material to us for our written approval, prior to use by you, and you will not engage in any unapproved marketing or promotion of the Franchised Business.

Within thirty (30) days of the end of each calendar year, or at such other time or times as reasonably required by us, you shall provide to us such evidence or proof of its expenditures on local advertising and promotion conducted during the immediately preceding calendar year. If we review the financial reports and determine that you are spending less than 3% of Gross Sales on local marketing activities, then we may require your to submit to us a marketing plan and budget acceptable to us demonstrating your plan to meet this local marketing spending obligation within thirty (30) days after Franchisor sends its request for the plan and budget. Your failure to submit the plan and budget as and when requested, and then spend to the approved budget, will be a material breach of the Franchise Agreement.

We may, in our sole discretion, establish special promotional campaigns applicable to the System as a whole or to specific advertising market areas. You shall, at your sole cost and expense, participate in any such promotional campaigns which may include the purchase, lease, installation and/or use of cards, posters, banners, signs, photography or give-away items. We may, in our sole discretion, provide funding to support a campaign, including funding from the Marketing Fund, based on its analysis of the relevant markets. (Franchise Agreement Section 9.19).

expense. We may suspend, terminate, and reinstate the Marketing Fund at any time. The Marketing Fund will not terminate, however, until we have spent all money in the Marketing Fund for the purposes set forth above. Upon your written request, we will provide you a copy of our annual report of expenditures of the Marketing Fund during the most recently ended fiscal year on a confidential basis. (Franchise Agreement Section 8.11).

You are not obligated to participate in any other advertising fund in addition to the Marketing Fund, the advertising cooperatives to which your franchise may be assigned as of the Effective Date. The Marketing Fund has had no contributions as ~~October 2023~~February 2024, and no Marketing Fund disbursements were made in ~~2022~~2023. We will not use the Marketing Fund to solicit new franchise sales. Consumer advertising copy for which the Marketing Fund pays may include solicitations of interest for prospective franchisees.

Computer Systems

You must purchase and install before opening your Franchised Business the hardware and software to run a computer-based management system, including our proprietary ordering and inventory management applications that we make available to you. We will advise and work with you to select these systems from our approved solutions. We require you to use the systems described below to assist you in operating your Franchised Business. These systems will generate or store data such as customer data, labor data, financial information, and transaction details. (Franchise Agreement Section 9.14)

Our current approved Computer System consists of a Windows PC and an internet connection. It includes the following hardware:

- Windows PC (Laptop or Desktop) with the following minimum requirements:
 - 8GB Ram
 - 512GB SSD
 - AMD R Series or Intel Core i5 CPU
- Internet Connection with the following minimum requirements:
 - 50 Mbps download speed
 - 5 Mbps upload speed
- Color Printer
 - Printer must at a minimum print in color and be able to print 100 sheets of paper at a time.

The Computer System may vary if or as we update and approve comparable systems. (Franchise Agreement Section 7.09)

We estimate the cost of the software subscriptions and integrations to be a minimum of \$138 per month as of the Issuance Date, based on one user license per software. This includes the following required software:

- ERP Software (Business Central)
 - \$50/user/month
- Microsoft License (Minimum of F3 license to use Microsoft Teams and Microsoft Outlook. License can be upgraded for additional cost paid by the Franchisee.)
 - F3 license: \$8/user/month billed annually
- Order Routing Software (OptimoRoute, Pro Plan)
 - \$49/vehicle/month
 - Text notifications charged at \$0.01/text
- VoIP Phone Software (Ring Central)

- \$31/line/month + applicable taxes by state
- Reporting license can be purchased for addition \$13.75/user/month

In addition, you will be required to setup a Merchant Account with Bambora for credit card processing, we estimate the charges for Bambora will be as follows:

- Payment Processing Provider Software (Bambora)
 - \$0.15 per transaction (Pre authorization, Approved Transaction, and Declined) and Credit Card effective rate 2.55%

The vendors may change these subscription fees at their discretion under their terms of service. We may provide technology support services via telephone, text and electronic mail. We do not currently charge for these support services, but we may impose a technology fee in the future to provide funding to cover the costs plus overhead for these services. (Franchise Agreement Section 5.02(k))

We estimate that that required hardware will cost between \$1,500 and ~~\$3,000~~\$2,000 to purchase. We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into any such contract with a third party, other than your monthly subscription for the required systems listed above. You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation. We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$5,000 to \$10,000. (Franchise Agreement Section 7.01)

No compatible equivalent components or programs have been approved by us to perform the same functions. We reserve the right to change our supplier of software services and electronic cash register systems. The Computer System's hardware, software and configuration may also vary if or as we update and approve comparable systems. (Franchise Agreement Sections 7.01, 7.09)

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales transactions, customer data, and reports. There is no contractual limitation on our right to access the information. (Franchise Agreement Sections 6.01(b), 7.02, 9.14)

You are obligated to install the software upgrades and patches as provided by them. We also provide support in the form of advice on using and maintaining the system on an as-needed basis. You are responsible for hardware repairs or replacement of systems that are no longer covered under warranty. There are no contractual limitations on the frequency or cost of this obligation. (Franchise Agreement Section 7.01)

The amounts for the management system include the estimated costs of purchasing an approved system, including back-office equipment, touchscreen and tablet displays, remote and receipt printers, software licenses, and all other related components and peripherals. We currently contemplate that enhancements or upgrades could be made on an annual basis. The vendors may charge you a fee for the enhancements and upgrades. (Franchise Agreement Section 7.01)

At our request, you shall participate in any intranet or extranet system developed for use as part of the System. Such intranet or extranet system may be combined with that of our Affiliates. You shall also sign such terms of use agreements concerning the use of such intranet or extranet system as we may prescribe, which agreements may contain, among other things: (a) confidentiality requirements for materials available and transmitted on such system; (b) password protocols and other security precautions; (c) grounds and procedures for our suspension or revocation of access to the system by you and others; and (d) a privacy policy governing the parties' access to and use of electronic

communications posted on electronic bulletin boards or transmitted via the system. You shall pay any fee imposed from time to time by us, or a third-party service provider in connection with hosting such system. (Franchise Agreement Section 7.05)

We may modify System Standards to require new technology at all Franchised Businesses, which may require you to upgrade and update the systems you use in the Franchised Business. We have no obligation to repair, maintain, upgrade or update any management or back-office system during the term of the franchise. There is no contractual limitation on our right to mandate upgrades and updates. The approved vendor of the hardware systems may charge you a fee for maintenance, repairs, updates and upgrades to hardware. The annual cost of such maintenance, repairs, updates or upgrades will depend upon our agreement with the hardware vendor. (Franchise Agreement Sections 2.07, 7.09, 8.07)

You will maintain your management systems on-line so that we may independently access them remotely at our discretion, copy your POS and management data, update software, and view all records, files and reports available on or from those systems. You will not purge data unless so permitted under the Operations Manual. There are no contractual limitations on our right to access this information. (Franchise Agreement Sections 6.01(b), 7.02)

You should expect to update your systems, computer, food inventory storage, business management, training, and communications technology periodically during the term of your Franchise Agreement to keep pace with the evolution of such technology and its applications in food delivery services. We may designate ourselves or an affiliate as the sole source of technology you are required to obtain, operate, and maintain for the Restaurant. (Franchise Agreement Sections 7.01, 7.09)

Operations Manual

The Table of Contents for the Operations Manual, showing the topics and number of pages dedicated to those topics, appears as Exhibit E to this Disclosure Document. The Operations Manual has a total of approximately 180 pages. ~~We implement and enforce the Operations Manual and System Standards to promote our brand, enhance consistency among our Restaurants, and protect the goodwill of the Marks. Any aspect of the Operations Manual that relates to any aspect of the terms and conditions of employment for your employees is not mandatory and is merely suggestive and provides only recommendations.~~ (Franchise Agreement Sections 9.01, 9.02)

Training

TRAINING PROGRAM

<u>SUBJECT</u>	<u>HOURS OF CLASSROOM TRAINING</u>	<u>HOURS OF ON-THE-JOB TRAINING</u>	<u>LOCATION</u>
Introduction and Business Overview	3	1	Head Office, Marlborough, MA
Product Review	1	2	Head Office, Marlborough, MA
Daily Operations and Equipment	1	6	Head Office, Marlborough, MA
Warehouse and Inventory Management	2	3	Head Office, Marlborough, MA
Service Standards	2	3	Head Office, Marlborough, MA

<u>SUBJECT</u>	<u>HOURS OF CLASSROOM TRAINING</u>	<u>HOURS OF ON-THE-JOB TRAINING</u>	<u>LOCATION</u>
Administration and Process	4	1	Head Office, Marlborough, MA
Marketing and Sales	2	4	Head Office, Marlborough, MA
Review and Franchise Supports	4	1	Head Office, Marlborough, MA
TOTAL	19	21	

Prior to the opening of the Franchised Business, the Franchisor will provide training to an Owner-Operator and to one (1) additional person designated by the Franchisee. The initial training program consists of training in all aspects of the System and the management and operation of a Heart to Home Meals business including training in food handling, customer service, driver training, marketing and promotion, office administration and reporting and employee training. The initial training program takes place over seven (7) days at the Franchisor's head office or, if required, it may be given virtually by way of a web-based classroom platform or other online resource. The cost of the initial training is included in the Initial Franchise Fee. However, the Franchisee is responsible for all travel, living expenses and wages or other compensation payable to its attendees during their attendance at training. You must complete this initial training to our satisfaction, which we determine based on our instructors' evaluation of your knowledge of the System and our method of operation. The initial training program will be offered as an needed basis, which we expect to be at least once a calendar quarter. Your Owner-Operator must attend and complete training so that your Franchised Business may open within 90 days after signing your Franchise Agreement.

The instructors for our training program and their relevant experience are:

Instructor	Years Experience in Industry	Years Experience with Us and our Affiliates
Raymond Costello	15	1.5
Sheila Ford Pedro Santos	3 7	3 4
Sebastian Beaudet	6	3

The Franchisor will furnish continuing advice and guidance to the Franchisee as ~~reasonably~~ required with respect to System and the operation by the Franchisee of its Heart to Home Meals Business, as more particularly described in the Franchise Agreement. At the Franchisee's request, the Franchisor may provide special assistance for which the Franchisee will be required to pay such fees and expenses as the Franchisor designates.

~~The Franchisee is required to operate the Franchised Business~~ Replacement managers must attend initial training at a tuition cost set in accordance with the Operations Manual, currently \$2,000, plus the table costs of contents of which is attached as Exhibit E to this Disclosure Document compensation, benefits, travel, lodging, meals and incidental expenses of each trainee, to be paid by the Franchisee. We may mandate or suggest refresher courses for Owner-Operators and managers as and when we believe refresher training is appropriate, including as a result of operational failures of performance by a franchisee.

ITEM 12

TERRITORY

Franchise Agreement

The Franchise Agreement grants you the right to operate a single Franchised Business in the Territory from the Location approved by us ~~and you may not relocate the Location without first obtaining our written consent. You may not establish or operate another Franchised Business serving another Territory unless you enter into a separate Franchise Agreement for that Franchised Business. You may only market and solicit for the services and products offered by the Franchised Business to customers that are located within the Territory. You will not receive an exclusive Territory. A Franchisee's rights to the Territory are subject to compliance by the Franchisee with any Sales Target imposed by the Franchisor. If the Franchisee fails to achieve any such Sales Target, the Franchisor has the right, without waiving its right to terminate the Franchise Agreement, to modify the size or boundaries of the Territory and in such event, the geographical description of the Territory will be deemed to be amended to describe the reduced Territory. In addition, but without waiving the Franchisor's right to modify the Territory, if the Franchisee fails to provide the Products to customers in any discrete part of the Territory or fails to provide the Products to a customer within a reasonable time following a customer's request therefor, the Franchisor may grant to others, including the Franchisor or its Affiliates, the right to provide the Products in such discrete part of the Territory or to any such customer for such period of time as the Franchisor determines, unless and until the Franchisee demonstrates to the Franchisor's satisfaction that the Franchisee will provide Products to the affected part of the Territory or to the customer consistent with System Standards.~~

We examine the boundaries, size and target population of the area in which you are interested and determine the "Territory," which is stated in Attachment A of the Franchise Agreement you sign. The target population is the number of persons over ~~75~~70 years of age living in their own homes, and any other identifiable persons who cannot prepare their own meals. The Location must be within the Territory. We expect each Territory to have a target population of at least 70,000 people over age 70 living in their own homes. Since the Territory is defined with respect to the specific Location we approve, if you have not selected and we have not approved a Location at the time you enter into a Franchise Agreement with us, we will specify a geographic area (the "Target Area") in the Franchise Agreement within which you must locate the Franchised Business. When we approve a Location, we will then specify the Territory by notice to you in the form attached to the Attachment A to the Franchise Agreement. We may define Territories that have common boundaries and adjoin one another, and there is no minimum spacing or separation between Territories. We usually define the Territory by zip code boundaries created by the U.S. Postal Service, so a delivery address will be readily identified as within or outside a particular Territory.

~~A Franchisee's rights to exclusivity of the Territory are subject to compliance by the Franchisee from time to time with any Sales Target imposed by the Franchisor. If the Franchisee fails to achieve any such Sales Target, the Franchisor has the right, without waiving its right to terminate the Franchise Agreement or to modify the size or boundaries of the Territory and in such event, the geographical description of the Territory will be deemed to be amended to describe the reduced Territory. In addition, but without waiving the Franchisor's right to modify the Territory, if the Franchisee fails to provide the Products to customers in any discrete part of the Territory or fails to provide the Products to a customer within a reasonable time following a customer's request therefor, the Franchisor may grant to others, including the Franchisor or its Affiliates, the right to provide the Products in such discrete part of the~~

~~Territory or to any such customer for such period of time as the Franchisor determines, unless and until the Franchisee demonstrates to the Franchisor's satisfaction that the Franchisee will provide Products to the affected part of the Territory or to the customer consistent with System Standards.~~

We generally will consider the relocation of a Franchised Business under the same criteria as we would consider for an application to approve any new location, such demographics, traffic patterns, physical site profiles, access, parking, competition in the market area, and other factors. You will receive ~~an exclusive Territory~~no options, rights of first refusal or any similar rights to obtain additional franchises.

We retain the right to operate and license or franchise other persons to operate a Franchised Business at any location outside of your Territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution of competitive brands that we control. We retain the right to market and sell within or outside the Territory without compensation to you, at any location, under trademarks, service marks, and commercial symbols different from the Marks. We also reserve the right, directly or through any affiliate, offer, distribute, sell and provide the Products identified by the Marks or by other names trademarks or commercial symbols to customers located in the Territory through any distribution channel including without limitation at retail stores, through the Meals on Wheels program, to non-traditional venues (including long-care homes and hospitals), online by the internet (or any other existing or future form of electronic commerce) and irrespective of the proximity to the Franchised Business. However, all orders for delivery of Products to customers for home consumption received by the Franchisor through the internet or other form of electronic commerce shall be referred to the Heart to Home Meals Business franchisee in whose Territory the customer is located. The franchisee shall be obligated to fulfil the order as if such order had been received by the franchisee directly, and will receive the full purchase price of the order. If there is no Territory of a Heart to Home Meals Business franchisee covering that customer's location, then the Franchisor shall have the right to fill the order directly or through an affiliate.

A franchisee is not permitted to solicit or accept customers from any area that is within the Territory of another franchisee. You may not use other channels of distribution, such as the Internet, to make sales outside the Territory.


We have no present intention but may in the future operate, franchise, plan to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those a System franchisee will offer. This could include any service or business that offers meals to senior citizens and infirm persons, either on a self-paid basis or as part of a publicly funded or administered support program. The meal recipients may live at home, or be patients in hospitals, acute care facilities or some other institutional or group home setting. The meals may be delivered through a local "Meals on Wheels" charitable program. Such a business could be located or have an outlet in the Territory or distribute meals to customers within the Territory.

ITEM 13

TRADEMARKS

The Franchise Agreement grants you the right to operate a Franchised Business under the Marks. FIH has registered with the United States Patent & Trademark Office ("USPTO") the following Marks:

Mark	Registration Number	Principal or Supplemental Register	Registration Date
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Heart to Home Meals	5158658	Principal	March 14, 2017
Words Plus Design 	5158662	Principal	March 14, 2017

All required affidavits have been filed. No renewals have yet been required. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition or cancellation proceedings affecting the Marks. There is no pending material federal or state court litigation involving the use or ownership rights in a Mark. We know of no superior rights or infringing uses that could materially affect your use of our Marks; ~~however, we cannot guaranty that a person in the same business as the Franchised Business or other user is not operating under Heart to Home Meals or another confusingly similar name that may have priority over our or our use.~~

Effective as of September 29, 2023, FIH licensed the Marks and the System to us under a trademark license agreement. We are granted a worldwide license of the Marks and System with the exclusive right to franchise the Marks and the System for 60 years. We are obligated to assure that all sublicensees comply with quality standards set by FIH. The trademark license agreement can be terminated by FIH only if we breach the agreement and fail to cure the breach within 30 days after receiving written notice of the breach, or if we become insolvent or are unable to pay our debts as they become due, or we commence a case for relief or reorganization, or are the subject of an involuntary case for relief or reorganization under the Federal Bankruptcy Code or under any other state or federal bankruptcy or insolvency laws, and such involuntary case continues for more than ninety (90) days after its initial filing without dismissal. At termination of the trademark license agreement, we are obligated to assign to FIH or its designee all license, franchise and sublicensing agreements which we have entered into for the use of the Marks and the System, which shall continue in full force and effect until the expiration of the terms then in effect. If such an assignment occurs, FIH will not assume any liabilities that pre-date the assignment, for which we will remain liable.

We have no affirmative duty to protect your right to use the Proprietary Marks but intend to take appropriate actions if the need arises. We have the right to control any administrative proceedings or litigation involving a Mark we license to you. If anyone institutes or threatens litigation involving any component of the System, including the Marks, against you, you must notify us promptly and cooperate fully with us in defending or settling the litigation. We will have control over the defense and settlement of any administrative proceeding or litigation regarding the System. You also should notify us immediately when you learn about any infringing use of the Marks, any challenge to your use of the Marks, and any use or claim of the right to use any trademark or service mark confusingly similar to the Marks.

Except as stated above, we do not have any obligation to take any affirmative action, participate in your defense, or indemnify you for expenses or damages if you become a party to an administrative or judicial proceeding involving a Mark we license to you or if the proceeding is resolved unfavorably to you. If we must, or we decide to, change the System and discontinue the use of any of the Marks, we reserve the right to substitute different proprietary marks for use in your identifying the Franchised Business. We have no obligation to compensate you for the discontinuance or modification of any Mark, or the cost of changing the primary mark of the Franchised System.

~~You may not use the Marks to offer or sell any services or products not a part of the System that we do not first otherwise approve. You must comply with the rules and guidelines we issue for using the Marks. You cannot use a Mark as part of a corporate name or with modifying words, designs or symbols, except for those which we license to you. You also cannot display or erect any other mark on your office, stationery, advertising, sales/promotional materials or other objects, except for those Marks licensed to you. You may not use any Mark to promote or identify the sale of an unauthorized product or service, or in a manner we do not authorize in writing.~~

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Other than our copyright in our Operations Manual, we do not own any patents or copyrights and have no pending patent applications material to the Franchised Business. We own certain proprietary information that constitutes trade secrets that you may use in the operation of a Franchised Business. You will have the right to use the proprietary information contained in the Operations Manual. Although we have not filed for copyright registration for the Operations Manual, we do claim a copyright in it and the information contained in it does constitute proprietary information. The Franchise Agreement will obligate you to protect our proprietary information from unauthorized use and disclosure, and to have your equity owners, managers, employees we designate in the Operations Manual sign a confidentiality agreement in the form we prescribe (Franchise Agreement, Schedule G). You must tell us promptly when you learn about any unauthorized use of the Operations Manual, or the information contained in it. We have no obligation to take any action in that event; however, we will respond as we deem appropriate.

There are no currently effective material determinations of the United States Copyright Office or any court, or any pending material proceeding that would affect our copyrights. We have no agreements which would limit our right to license the use of any existing or future patents, copyrights or proprietary information. Although not obligated under any express provision of the Franchise Agreement, we intend to protect our rights in our existing and future patents, copyrights and proprietary information.

If anyone institutes or threatens litigation involving any of our patents, copyrights or proprietary information against you, you must notify us promptly and cooperate fully with us in defending or settling the litigation.

We will have control over the defense and settlement of any administrative proceeding or litigation regarding any patents, copyrights or proprietary information relating to the Franchised Business system. You also should notify us immediately when you learn about any infringing use of our patents, copyrights or proprietary information or any challenge to your use of our patents, copyrights or proprietary information.

Except as stated above, we do not have any obligation to take any affirmative action, participate in your defense, or indemnify you for expenses or damages if you become a party to an administrative or

manner and must conform to the standards and requirements in the Operations Manual, the Franchise Agreement or otherwise. You must obtain our approval before you use any advertising and promotional materials and plans. You must obtain our written approval of the content and design of your website or Internet posting or marketing in advance of such use and such use must be in compliance with our policies including the use and presentation of the Marks.

You may not use the Marks to offer or sell any services or products not a part of the System that we do not first otherwise approve. You must comply with the rules and guidelines we issue for using the Marks. You cannot use a Mark as part of a corporate name or with modifying words, designs or symbols, except for those which we license to you. You also cannot display or erect any other mark on your office, stationery, advertising, sales/promotional materials or other objects, except for those Marks licensed to you. You may not use any Mark to promote or identify the sale of an unauthorized product or service, or in a manner we do not authorize in writing.

We have the right to establish a Program Customer survey feedback program, and any similar programs that we elect, in our sole discretion, to implement. We may use the scores and comments from such program to evaluate whether or not you meet System Standards, are eligible for additional franchises or area development agreements, or comply with your Franchise Agreement. As of the Issuance Date, we have not established a guest survey feedback program.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

Franchise Agreement

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in that agreement attached as Exhibit A to this Disclosure Document.

	<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
a.	Length of the franchise term	2.01	The Franchise Agreement runs for a term of 7 years from its effective date unless terminated earlier under the Franchise Agreement.
b.	Renewal or extension of the term	2.05	You may renew the franchise for a one seven-year renewal term. You may not renew without our consent if (i) you or any of your Affiliates are in default under any Franchise Agreement with us, (ii) any monetary obligations to us or our Affiliates, or trade creditors of the Franchised Business are unsatisfied, (iii) you have met your Sales Targets during the Term and your Market Index score for the Franchised Business for the fiscal year preceding the date of the renewal notice must place you in the top half of all franchisees, excluding those in their first year of operation of their Franchised Business. As of the Effective Date, we plan to use a Market Index metric of “Cash Growth,” which is the change in Gross Sales

	<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
	covenants during the term of the franchise		through any financial or beneficial interest in any other person, in any competing business, other than a Franchised Business. A competing business means any person or entity engaged in the delivery of frozen, chilled or ambient temperature prepared meals for in-home consumption.
r.	Non-competition covenants after the franchise is terminated or expires	12.03	You and your Guarantors shall not (without our prior written consent) at any time during the period of 2 years from the date of Franchise Agreement termination or expiration, either individually or in partnership or jointly or in conjunction with any person, as principal, agent, equity owner or in any other manner or capacity whatsoever, carry on, be engaged in, be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of, or permit its name or any part thereof to be used or employed by any person engaged in or concerned with or interested in the development, operation, franchising or management of any business involving the preparation or home delivery of frozen prepared meals within the Territory or within the territory of any other Heart to Home Meals Business at the termination date of the Franchise Agreement.
s.	Modification of the agreement	16.05	We may alter the System or Operations Manual as we deem necessary. We and you must agree in writing to any modifications to your Franchise Agreement.
t.	Integration/merger clause	16.05	Only the terms of the Franchise Agreement are binding (subject to applicable state law). Any representations or promises outside of this Disclosure Document and the Franchise Agreement may not be enforceable. <u>Notwithstanding the foregoing, nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.</u>
u.	Dispute resolution by arbitration or mediation	Not Applicable	Not applicable.
v.	Choice of forum	16.03	Any <u>Subject to applicable state law, any</u> legal action must be brought in the judicial district where our headquarters is located, which is currently Middlesex County, Massachusetts, and the United States District Court for the District of Massachusetts. Your local law may supersede this provision. See Disclosure Document Addenda for Certain States at <u>Exhibit B</u> .
w.	Choice of law	16.03	<u>Subject to applicable state law,</u> Delaware and applicable federal law will apply to your Franchise Agreement and all rights and duties under the Franchise Agreement (subject to applicable state law). See the Disclosure Document Addenda for Certain

	<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
			States at <u>Exhibit B.</u>

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

~~We do not make any representations about a franchisee’s future financial performance or the past financial performance of company owned or franchised Program Meals Businesses. We also have no~~ Franchised Businesses operating in the United States as of February 20, 2024. The Heart to Home franchises in Canada are substantially similar to the franchises offered in this Franchise Disclosure Document. Our Canadian Heart to Home businesses have been operating since November 2009. The market approach and franchise program of our Canadian affiliate are similar to our approach and program.

For the 52-week period ending March 10, 2024, there was one Heart to Home operation in the United States and 20 Heart to Home operations in Canada, which include 2 company operations and 18 franchises, reported Gross Sales averaging \$728,477, with a median of \$739,081. Of these 20 outlets, 10 outlets or 50% achieved Gross Sales at or above the average. The range of Gross Sales was from \$273,437 to \$1,154,029. All outlets were open for all of the 52-week period ended March 10, 2024.

The 18 franchised outlets in Canada reported Gross Sales for the 52-week period ended March 10, 2024, averaging \$737,152, with a median of \$763,830. Of these 18 outlets, 10 outlets or 55% achieved Gross Sales at or above average. The range of Gross Sales was from \$273,437 to \$1,154,029.

These outlets originally reported Gross Sales in Canadian Dollars. These results were converted to US Dollars at the average exchange rate reported for 2023 of 0.7409 USD for each \$1 CAD.

The Heart to Home operation in Massachusetts operated by an Affiliate reported Gross Sales of \$1,527,368 for the 52-week period ended March 10, 2024. This affiliate operation covers a much larger geography than a Franchised Business would cover and may not be representative of Gross Sales for a Franchised Business.

Gross Sales described above are determined according to the definition in the Franchise Agreement you will sign. The Canadian operations are mostly located in metropolitan areas with concentrations of our target demographic of persons over 70 years of age living at home. We assume that customers are located in sufficiently close geographic proximity to market and operate a delivery-oriented Franchised Business from a single Franchised Location efficiently. Larger geographic territories are less efficient for marketing and delivery expense purposes.

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

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

We do not authorize our employees or representatives to make any ~~such representations~~ other financial performance either orally or in writing. If you are purchasing an existing Program Meals Business, however, we may provide you with the actual records of that Program Meals Business. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Christopher Webb at 289 Elm Street, Suite 102, Marlborough, Massachusetts 01752, the Federal Trade Commission, and the appropriate state regulatory agencies. A written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary for Years ~~2020-2022~~ 2021-2023

Outlet Type	Year	Program Meals Businesses at the Start of the Year	Program Meals Businesses at the End of the Year	Net Change
Franchisee	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
	<u>2023</u>			
Company-Owned	2020	<u>0</u> 1	0	0
	2021	0	0	0
	2022	0	0	0
	<u>2023</u>	<u>1</u>		
Total	2020	<u>0</u> 1	0	0
	2021	0	0	0
	2022	0	0	0
	<u>2023</u>	<u>1</u>		

		<u>1</u>		
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Table No. 2
Transfers of Program Meals Businesses from Franchisees to New Owners
(other than the Franchisor)
For Years ~~2020-2022~~2021-2023

Column 1 State	Column 2 Year	Column 3 Number of Transfers
<u>None</u>	2020 2021 2022 <u>2023</u>	0 0 0
TOTAL	2020 2021 2022 <u>2023</u>	0 0 0

Table No. 3
Status of Franchises
For Years ~~2020-2022~~2021-2023

Col. 1 State	Col. 2 Year	Col. 3 Franchises at Start of Year	Col. 4 Franchises Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations- Other Reasons	Col. 9 Franchises at End of the Year
TOTAL	2020 2021 2022 <u>2023</u>	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0

Table No. 4
Status of Company-Owned Program Meals Businesses
For Years ~~2020-2022~~2021-2023

Col. 1 State	Col. 2 Year	Col. 3 Program Meals Businesses at Start of the Year	Col. 4 Program Meals Businesses Opened	Col. 5 Program Meals Businesses Reacquired from Franchisee	Col. 6 Program Meals Businesses Closed	Col. 7 Program Meals Businesses Sold to Franchisee	Col. 8 Program Meals Businesses at End of the Year
TOTAL	2020 2021 2022 <u>2023</u>	<u>0</u> 0 0 <u>1</u>	0 0 0	0 0 0	0 0 0	0 0 0	<u>0</u> 0 0 <u>1</u>

Table No. 5
Projected Openings as of December 31, 2022

Column 1 State	Column 2 Franchise Agreements Signed But Franchised Business Not Opened	Column 3 Projected New Franchised Business in the Next Fiscal Year	Column 4 Projected New Company-Owned Program Meals Business Locations in the Next Fiscal Year
Connecticut	0	0	0
Delaware	0	0	0
District of Columbia	0	0	0
Illinois	0	0	0
Indiana	0	0	0
Kentucky	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	1	0
Michigan	0	0	0
New Hampshire	0	0	0
New Jersey	0	0	0
New York	0	0	0
North Carolina	0	0	0
Ohio	0	0	0
Pennsylvania	0	0	0
Rhode Island	0	0	0
South Carolina	0	0	0
Tennessee	0	0	0
Vermont	0	0	0
Virginia	0	0	0
West Virginia	0	0	0
TOTAL	0	1	0

During the year preceding the date of this Disclosure Document, no Franchise Agreements were terminated. We did not cancel or fail to renew any Franchised Business, and no such Franchised Business ceased to do business voluntarily. No franchisee has failed to communicate with us during the 10 weeks prior to the date of this Disclosure Document.

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

Confidentiality Clauses

As a standard practice, when we enter into settlement agreements with a franchisee or former franchisee, we will require them to agree to maintain as confidential all information that the franchisee or former franchisee has about us. We have not entered into any such agreements in the last three fiscal years. In some instances, current and former franchisees may sign provisions restricting their ability to

speaking openly about their experience with the System. You may wish to speak with current and former franchisees but be aware that not all of these franchisees will be able to communicate with you.

Franchisor Sponsored and Independent Trademark Specific Franchisee Organizations

We have not created, sponsored or endorsed any trademark-specific franchisee organization, and no independent franchisee organization is incorporated or otherwise organized under state law and asks us to be included in our Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

We have included our audited financial statements ~~balance sheet~~ for the periods ended December 31, 2023, 2022, and 2021, ~~and 2020, and HTHM Supply's and our unaudited year-to-date balance sheet for the period ending on December 31, 2023~~, as Exhibit C of this Disclosure Document. Our fiscal year end is December 31.

ITEM 22

CONTRACTS

We have included copies of our Franchise Agreement, including forms of Lease Rider, Automated Clearing House Payment, Guaranty, Management Confidentiality and Non-Competition Agreement, and Franchise Agreement Addenda Required by Certain States as Exhibit A to this Disclosure Document. Our forms of Closing Acknowledgment and General Release are included as Exhibits G and H. The Closing Acknowledgment is used for all new franchisees. The General Release is used for all transfers and renewals. The Pre-Sale Confidentiality ~~and Deposit~~ Agreement is included as Exhibit I and is used if you would like to review any of our confidential materials before you sign a Franchise Agreement.

ITEM 23

RECEIPT

Duplicate copies of the receipt appear after the exhibits as the last two pages of this Disclosure Document.

Exhibit I

Pre-Sale Confidentiality Agreement

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	Registration Date
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending February 14, 2024
Minnesota	Pending
New York	Pending
Rhode Island	Pending February 20, 2024
Virginia	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.

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain English. Read this Disclosure Document and all agreements carefully.

If HTHM Franchising, LLC (“Franchisor”) offers 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 execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 days before you sign a binding contract or pay any consideration. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Franchisor does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and you should report it to the Federal Trade Commission, Washington, D.C. 20580, and the applicable state agency listed on Exhibit D to this Franchise Disclosure Document.

Franchisor is located at 289 Elm Street, Suite 102, Marlborough, MA 01752. Its telephone number is 508 658-3000. The franchise seller for this offering is Christopher Webb at 289 Elm Street, Suite 102, Marlborough, MA 01752, telephone number 617 990-6783.

Issuance Date: February 20, 2024, as amended April 4, 2024.

Franchisor has authorized the persons listed on Exhibit D to this Disclosure Document to receive service of process for us in Massachusetts and states where our franchise is registered.

I have received Franchisor’s Disclosure Document, dated February 20, 2024, as amended April 4, 2024 (or the later date set forth for each applicable state on Exhibit D to this Franchise Disclosure Document), which includes the following exhibits:

- | | |
|---|---|
| A. Franchise Agreement | |
| B. Disclosure Document and Addenda Required by Certain States | E. Table of Contents of Operations Manual |
| C. Financial Statements | F. Names and Addresses of Franchisees |
| D. State Administrators and Agents for Service of Process | G. Closing Acknowledgement |
| | H. General Release |
| | <u>I. PreSale Confidentiality Agreement</u> |

Date of Signature
(Do not leave blank)

Signature of Prospective Franchisee (for the prospective franchisee and any corporation, partnership or other business entity having or proposed to have an interest in the franchise or any proposed franchised location)

Printed Name: _____

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If Franchisor does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and you should report it to the Federal Trade Commission, Washington, D.C. 20580, and the applicable state agency listed on Exhibit D to this Franchise Disclosure Document.

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| A. Franchise Agreement | E. Table of Contents of Operations Manual |
| B. Disclosure Document and Addenda Required by Certain States | F. Names and Addresses of Franchisees |
| C. Financial Statements | G. Closing Acknowledgement |
| D. State Administrators and Agents for Service of Process | H. General Release |
| | <u>I. Pre-Sale Confidentiality Agreement</u> |

Date of Signature
(Do not leave blank)

Signature of Prospective Franchisee (for the prospective franchisee and any corporation, partnership or other business entity having or proposed to have an interest in the franchise or any proposed franchised location)
Printed Name: _____