

FRANCHISE DISCLOSURE DOCUMENT



MTY Franchising USA, Inc.
dba *Thai Express*
a Tennessee corporation
9311 East Via Dde Ventura
Scottsdale, Arizona, 85258
(888) 729-7482 or (480) 362-4800
<https://www.thaiexpressfood.com/>
<https://thaiexpressfranchise.com/>
www.kahalamgmt.com

The franchise offered is for the rights to operate a Thai Express franchised restaurant, a retail quick service restaurant selling “Thai-style” foods and drinks, and other menu items using the trademark THAI EXPRESS.

The total investment necessary to begin operation of a Thai Express food court franchise ranges between ~~\$360,532~~,400 and ~~\$876,832~~,500, including ~~\$3440~~,000 to \$42,500 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a Thai Express standard franchise ranges between ~~\$494,860~~,050 to ~~\$814,949~~,2700 including a total of ~~\$3440~~,000 to \$42,500 that must be paid to the franchisor or its affiliates.

The disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 days before you sign a binding agreement or make any payment in connection with the 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 MTY Franchising USA, Inc., Attn: ~~John Wuycheck~~Legal Department, 9311 E~~_ast~~ Via Dde Ventura, Scottsdale, Arizona, 85258, and (480) 362-4800.

The terms of your contract will govern your franchise relationship. Do not 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. Information comparing franchisors is available. Call your state agency or your public library for sources of information. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” is available from the FTC. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information.

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

Issuance Date: ~~March 27~~8, 2026~~5~~

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ITEM 1
THE FRANCHISOR AND ANY PARENT, PREDECESSORS, AND AFFILIATES

The Franchisor

MTY Franchising USA, Inc. is the franchisor. To simplify the language in this “Disclosure Document,” MTY Franchising USA, Inc. may be referred to as “MTY USA,” “we,” “us,” “our” and “Franchisor.” “You” and “your” mean the person(s), corporation, partnership, limited liability company, or other entity that buys a unit franchise. If “you” are a business entity, “you” includes shareholders, members or owners of the business to the extent each guarantees or otherwise agrees to perform or be bound by the obligations of the business entity. Any email addresses and website URLs referenced in this Disclosure Document, including its exhibits, are current as of the effective date of this Disclosure Document. We may update these email addresses and/or website URLs from time to time.

We are in the business of franchising the right to own and operate quick service and full service restaurants. As it relates to this Disclosure Document, we conduct business under the name “Thai Express”. Our principal business address is 9311 E. Via de Ventura, Scottsdale, Arizona 85258.

MTY Franchising USA Inc. (formerly known as The Extreme Pita Franchising USA, Inc.), was incorporated in Delaware on March 14, 2001, and converted to MTY Franchising USA Inc., a Tennessee corporation, as of October 9, 2019. You will see references to our former corporate names in our audited financial statements. As of November 30, ~~2024~~2025, there were ~~9-7~~ Thai Express franchised outlets (7-4 franchised outlets within the United States and 3 internationally) and 2-1 company-owned outlet. See ITEM 20 for additional information on these numbers.

Parents and Predecessors

Our direct corporate parent is MTY Franchising Inc. (formally known as MTY Tiki Ming Enterprises Inc.) (“MTY Canada”), a Canadian corporation incorporated on February 13, 1979, and having a principal business address at 8150 Route Transcanadienne, Suite 200, Ville Saint-Laurent, Quebec, H4S 1M5, Canada.

Our ultimate corporate parent is MTY Food Group, Inc. (formerly known as Matoyee Enterprises Inc.) (“MTY”), a Canadian corporation incorporated in 1979 and having a principal business address at 8150 Route Transcanadienne, Suite 200, Ville Saint-Laurent, Quebec, H4S 1M5, Canada. MTY is a public corporation listed on the Toronto Stock Exchange.

MTY USA began offering Thai Express unit franchises in the United States in February 2015.

Agent for Service of Process

Our agents for service of process are listed in Exhibit D to this Disclosure Document. Unless otherwise specified, our registered agent for service of process is C T Corporation System, 300 Montvue Road, Knoxville, Tennessee 37919.

The Franchised Business and Franchise Unit Offering

Our principal business is the development of a system of retail quick-service restaurants utilizing the Thai Express name and other intellectual property, specializing in selling “Thai-style” foods and drinks, and other menu items related to the Thai Express concept. Most of these restaurants are operated by franchised operators (individuals and business entities) who are independent contractors. We and our affiliates also may operate various Thai Express restaurants and other food facilities.

A Thai Express restaurant (“Thai Express Restaurant” or “Franchised Business”) serves its customers by operating a uniform system consisting of high standards of service, the use of consistent quality products, and in accordance with the business format created and developed by us and our affiliates (“System”). We authorize you to use the Marks (as defined below) to operate a Thai Express Restaurant.

We also offer to select qualified persons and/or companies the opportunity to acquire the right to license our Marks and confidential recipes for use in operating at a food facility that services colleges, universities and other institutions. In addition to the above, we license Thai Express franchises in certain other venues such as may be found in universities, colleges, hospitals, airports, highway rest stops, corporate office towers, etc. To the extent required by law or in cases in which an exemption to disclosure is not available to us, the franchise opportunities described in this paragraph is offered in connection with this Franchise Disclosure Document.

Other Franchises Offered by Us, Our Parents, or Our Affiliates

WE ARE ONLY OFFERING A THAI EXPRESS UNIT FRANCHISE UNDER THIS DISCLOSURE DOCUMENT. EACH OF THE FRANCHISES DETAILED BELOW ARE OFFERED BY US, OUR PARENT, OR OUR AFFILIATE UNDER SEPARATE DISCLOSURE DOCUMENTS FOR EACH BRAND.

We have the following U.S.-based affiliates through common ownership by MTY Food Group, that also offer franchises in the United States and internationally: (1) MTY USA, a Tennessee corporation having an address of 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (2) MTY Canada, a Canada corporation having an address at 8210, route Transcanadienne, Suite 200, Saint-Laurent, Québec, H4S 1M5, Canada; (3) Kahala Franchising, LLC (“Kahala Franchising”), an Arizona limited liability company with its principal address at 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (4) BF Acquisition Holdings, LLC (“BFAH”), a Delaware limited liability company with a principal address at 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (5) La Salsa Franchise, LLC, a Delaware limited liability company with a principal address at 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (6) Invescor Restaurant Group Inc. (“IRG”) a Canada corporation having an address at 8210, route Transcanadienne, Suite 200, Saint-Laurent, Québec, H4S 1M5, Canada; (7) Papa Murphy’s International, LLC (Papa Murphy’s), a Delaware limited liability company having an address at 8000 NE Parkway Drive, Suite 350, Vancouver, Washington 98662; (8) VI BrandCo, LLC (“Village Inn”), a Delaware limited liability company having a principal address at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164, (9) BQ Concepts, LLC, an Arizona limited liability company having a principal address at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164; (10) Wetzel’s Pretzels, LLC, a California limited liability company with a principal business office at 35 Hugus Alley, Suite 300, Pasadena, CA 91103; and (11) Famous Dave’s of America, Inc., a Minnesota ~~limited liability company~~ corporation having a principal address at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164. These affiliates franchise over 50 different concepts.

The following summarizes Thai Express and these other quick service restaurant brands currently offered by us or a U.S.-based affiliate as of November 30, ~~2024~~2025, including the type of restaurant business, number of franchised units in operation as of November 30, ~~2024~~2025, and the date we or our current or former affiliates started offering franchises in those brands:

BRANDS WE FRANCHISE:

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~<u>2025</u>	Dates unit franchises began being offered by us or our predecessor
Ben & Florentine	Restaurant serving a superior breakfast & lunch experience	0 franchised units	From December 2018 under MTY USA
Built Custom Burgers	Fast casual restaurant featuring build-your-own burgers, signature burgers, side dishes, sandwiches, and salads	~~7~~ <u>6</u> franchised units (~~3~~ <u>2</u> in the United States and 4 internationally)	December 2017 under Built Franchise Systems, LLC. Then from March 2019 under MTY USA
Extreme Pita	Restaurants serving wrap-style hot and cold pita and wrap sandwiches	1 franchised unit	From March 2001 to July 2014: The Extreme Pita Franchising USA, Inc.; since July 2014: MTY USA
Ginger Sushi Boutique+ Poke Shop	Restaurant serving a variety of sushi menu items and drinks	0 franchised units	From September 2015 under MTY USA
Grabbagreen	Restaurants serving healthy food, juice, smoothies and related products	~~4~~ <u>3</u> franchised units	Since February 2018 under MTY USA
La Duperie	Restaurant serving retail sale of an ice cream product and various dips and toppings	~~4~~ <u>2</u> franchised units	From April 2019 under MTY USA
Manchu WOK	Quick service restaurant serving fast and fresh Chinese cuisine	15 franchised units	March 2015: MTY USA

Mucho Burrito	Restaurants offering burritos, quesadillas, tacos, nachos, and other assorted food and drinks	~~4~~ <u>0</u> franchised units	From January 2010 under Mucho Burrito Franchising USA, Inc. From March 2019 under MTY USA
sweetFrog	Restaurant offering frozen yogurt using a self-serve delivery format	~~216-213~~ franchised units (~~206-203~~ in the United States which include ~~9-7~~ licensed franchisees plus 10 internationally)	September 2018 under MTY USA
Thai Express	Restaurant serving “Thai-style” foods and drinks	7 franchised units (~~5-4~~ in the United States and ~~2-3~~ internationally) (plus ~~2-1~~ company-owned)	From February 2015 under MTY USA
The Counter	Full service restaurant featuring build-your-own burgers, signature burgers, side dishes, sandwiches, and salads	~~9-7~~ franchised units (~~86~~ in the United States and 1 internationally) (plus ~~3-2~~ company-owned units)	December 2017 under CB Franchise Systems, LLC. Then from March 2019 under MTY USA
Famous Dave’s	Restaurants specializing in authentic, down-home, genuine smoked barbecue	~~85-80~~ franchised units (~~77-70~~ in the United States and ~~8-10~~ internationally) plus ~~32-30~~ company-owned units	From March 1994 under Famous Dave’s of America, Inc.
Village Inn	Restaurant specializing in pancakes, omelets, skilletts, eggs, and other popular breakfast items.	~~88-84~~ franchised units plus ~~26-25~~ company-owned units	From August 2020 under VI BrandCo, LLC
Barrio Queen	Restaurants specializing in authentic Southern Mexican	8 company-owned units	From March 2023 under BQ Concepts, LLC

Champps Kitchen + Bar	sports theme restaurants that provide the public with high-quality food and beverage	~~2~~ <u>1</u> franchised units plus 1 company-owned unit	From September 1999 to October 2008 under Champps Entertainment, Inc. and From August 2023 under BQ Concepts, LLC
Sauce Pizza / Wine	Restaurants serving wood-fired pizzas, a variety of pasta dishes, and salads	13 company-owned units	March 2024
Wetzel's Pretzels	Restaurant specializing in hand-rolled fresh-baked soft pretzels	~~406~~ <u>455</u> franchised units (~~389~~ <u>423</u> in the United States and ~~17~~ <u>32</u> internationally) plus ~~36~~ <u>35</u> company-owned units	From April 1996 under Wetzel's Pretzels, LLC

BRANDS OUR U.S.-BASED AFFILIATES FRANCHISE:

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~<u>2025</u>	Dates unit franchises began being offered by our U.S.-based affiliates and their predecessors
Blimpie	Restaurants serving submarine sandwiches and salads	~~400~~ <u>87</u> franchised units (~~97~~ <u>84</u> in the United States and 3 internationally) (plus 4 company-owned units in the United States)	From 2006 until 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising
Chicken Strips and Dips	Ghost kitchen concept serving primarily chicken tenders.	~~3~~ <u>1</u> franchised units	March 2022, Kahala Franchising.
Cold Stone Creamery	Restaurants serving super-premium freshly made ice cream, cakes, pies, smoothies, shakes, and other frozen dessert products	~~1,427~~ <u>501</u> franchised units (~~992~~ <u>1052</u> in the United States and ~~435~~ <u>449</u> internationally)(plus 2 company-owned units).	From May 2007 until March 2008 by Cold Stone Creamery, Inc., from March 2008 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ 2025	Dates unit franchises began being offered by our U.S.-based affiliates and their predecessors
		~~405-103~~ Cold Stone Creamery franchises also sell Rocky Mountain Chocolate Factory® products and 1 Cold Stone Creamery franchise also sells Tim Hortons® products. Additionally, ~~13-8~~ licensed units.	
Frullati Cafe & Bakery	Restaurants serving sandwiches, salads, smoothies and baked goods	~~44-10~~ franchised units	From 1999 until 2004 by Frullati Franchise Systems, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
Great Steak	Restaurants serving Philadelphia cheesesteak sandwiches, chicken sandwiches and French fries	~~34-32~~ franchised units (~~24-23~~ in the United States and ~~10-9~~ internationally)	From 2004 until March 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising
Johnnie's New York Pizzeria	Restaurants serving New York style pizza, calzones, salads, and related Italian cuisine menu items	2 franchised units	From 2006 until March 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising
Kahala Coffee Traders	Restaurants serving coffee and espresso, tea, baked goods, parfaits, sandwiches and merchandise	~~5-6~~ franchised units. And 1 licensed unit.	November 2011 under Kahala Franchising
Maui Wowi	Store fronts or portable units serving fruit smoothies, ~~Hawaiian~~ coffee and	~~88-83~~ franchised units (~~80-75~~ in the United States and 8 internationally)	Since November 2015 under Kahala Franchising

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ 2025	Dates unit franchises began being offered by our U.S.-based affiliates and their predecessors
	<u>espresso, and other beverage and food items</u>		
NrGize Lifestyle Cafe	Cafes serving smoothies, fruit drinks and nutritional supplements	57 franchised units	From 2006 until March 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising
Pinkberry	Restaurants serving frozen yogurt, yogurt drinks, smoothies and frozen desserts	~~59-62~~ franchised units. And 30 licensed units.	From July 2008 until April 2016 under Pinkberry Ventures, Inc. and since June 2016 under Kahala Franchising
Planet Smoothie	Restaurants serving smoothies, smoothie bowls, juices and, nutritional supplements, <u>baked goods, parfaits, sandwiches, and salads</u>	~~162-167~~ franchised units (~~154-160~~ in the United States and ~~8-7~~ internationally) Additionally, as of fiscal year end there were 2 Tasti D-Lite outlets.	Since June 2016 under Kahala Franchising
Ranch One	Restaurants specializing in grilled and crispy breaded chicken sandwiches	2 franchised units	From 2001 until 2004 by Ranch *1 Group, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
Samurai Sam's Teriyaki Grill	Restaurants serving Japanese rice bowls and noodle bowls	~~42-10~~ franchised units	From 2003 until 2004 by SP Franchising, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ 2025	Dates unit franchises began being offered by our U.S.-based affiliates and their predecessors
Surf City Squeeze	Juice bars serving smoothies, fruit drinks and nutritional supplements	62 franchised units (~~59~~ in the United States and ~~3~~ internationally) (plus ~~4~~ <u>2</u> company-owned units)	From 1994 until 2004 by Malibu Smoothie Franchise Corp. and Surf City Squeeze Franchise Corp., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
TacoTime	Restaurants serving ~~freshly prepared~~ Mexican food including burritos, ~~tacos~~ , quesadillas and nachos	~~222-212~~ franchised units (~~97-87~~ franchised in the United States and 125 internationally) (plus 2 company-owned units) Additionally, there are 78 licensed units.	From 2003 until 2004 by Taco Time International, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
Baja Fresh	Restaurant offering a limited menu featuring fresh high quality Mexican-style food products	~~69-70~~ franchised units (67 in the United States and ~~2~~ <u>3</u> internationally) (plus ~~6-1~~ company-owned units)	October 2016 until July 2017 under Triune, LLC and since then under BF Acquisition Holdings, LLC
La Salsa	Restaurant offering a limited menu featuring fresh high quality Mexican-style food products	~~5-4~~ franchised units	October 2016 under La Salsa Franchise, LLC.
Papa Murphy's	Retail food outlet serving primarily take and bake pizza	1,000 ~~36~~ franchised units (~~1,001~~ <u>965</u> in the United States and 35 internationally) plus ~~493~~ company-owned units	From May 2019 Papa Murphy's International LLC

We also have internationally-based parents and affiliates that offer franchises.

Our Canadian-based direct parent MTY Canada currently operates or has franchised over (55) different restaurant concepts and has over 2,500-400 units under following brands primarily in Canada and other international countries: Allo Mon Coco, Baton Rouge Steakhouse & Bar, Ben & Florentine, Big Smoke Burger, BO[W]LD, Café Depot, Casa Grecque, Country Style, Cultures, Dagwoods, Extreme Pita, Giorgio, Jugo Juice, Kim Chi, Koryo, Koya, Kuto Comptoir A Tartares, La Crémère, La Duperie (and Cakes & Shakes by La Dip), Madisons, Manchu Wok, Toujours Mikes, ~~mmm~~muffins, Mr. Souvlaki, Mr. Sub, Mucho Burrito, Muffin Plus, ~~O'Burger~~, Papa Murphy's, Pizza Delight, Poke by Sushi Shop, Scores, South St. Burger, Spice Bros, Steak & Frites St. Paul Sukiyaki, ~~Sushi Go~~, Sushiman, Sushi Shop, Thai Express, Thaizone, The Works, Tiki Ming, Timothy's World Coffee, The COOP Wicked Chicken, Tosto, Turtle Jack's, Tutti Frutti, Valentine, Vanellis, Van Houtte, Vie & Nam, Villa Madina, Spice Brothers, Steak Frites, Wasabi, Wetzel's Pretzels and YUZU.

Our Canadian-based ultimate parent MTY or one of its Canadian-based subsidiaries is the master licensee for the following brands: TCBY (Canada), and Taco Time (Canada). Effective March 1, 2018, MTY through the merger of a wholly-owned subsidiary with Imvescor Restaurant Group Inc., a Canada corporation, ("IRG"), also acquired all the outstanding shares of IRG. At closing, IRG operated 5 brands in Canada and had 261 locations in operation.

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

Affiliates That Provide Products or Services to Our Franchisees

Kahala Advertising, LLC, an Arizona limited liability company ("Kahala Advertising"), is an affiliate of ours that helps administer the national advertising fund. Neptune Equipment Services, LLC, an Arizona limited liability company ("**Neptune Equipment**"), is an affiliate of ours that is an approved retailer of equipment and other logoed merchandise that sells, distributes, and coordinates logistics of equipment, menu boards, interior and exterior signage, and smallwares to franchisees and licensees. Kahala Management, L.L.C., an Arizona limited liability company ("Kahala Management"), an affiliate of ours, manages the gift card program and provides administrative, legal, accounting, sales, POS phone support, real estate, and marketing support services to MTY USA. In December of 2019 KGC, LLC, a Colorado limited liability company ("KGC") originally created to administer gift card programs, merged into Kahala Management.

Some existing restaurants of other concepts franchised by us are leased by either us or an affiliate of ours, Cold Stone Creamery Leasing Company, Inc., an Arizona limited liability company ("CSC Leasing"), or subsidiaries of our affiliate ("Blimpie Leasing Affiliates") KRES Holdings, L.L.C., an Arizona limited liability company ("KRES")(collectively, "Leasing Affiliates"). In these situations, we or our leasing affiliate enters into a direct lease with the property owner ("Master Lease") for the location of the restaurant, and then Sublease the location to the franchisee for that particular restaurant, using our standard form of Sublease (See Franchise Agreement Schedule K: Sublease). In most other cases, you will enter into a lease for the premises of your Franchised Business directly with the property owner. CSC Real Estate

Management, LLC, an Arizona limited liability company (“CSC Real Estate”) provides real estate management services us or our affiliates. The affiliates listed herein do not operate businesses of the type being franchised nor do they offer or sell franchises. Kahala Holdings, LLC, an Arizona limited liability company, and Kahala Restaurants, LLC, an Arizona limited liability company, are affiliates of ours that may own and operate company-owned outlets.

The principal business address for each of the above-mentioned affiliates is 9311 E. Via De Ventura, Scottsdale, Arizona 85258.

Some company-owned Thai Express Restaurants may be leased by either us or our Leasing Affiliates. In these situations, our Leasing Affiliates enter into a direct lease with the property owner (“Master Lease”) for the location of the Thai Express Restaurant, and then Sublease the location to the franchisee for that particular Thai Express Restaurant. In most other cases, you will enter into a lease for the premises of your Thai Express Restaurant directly with the property owner.

Other Agreements

Effective November 30, 2016, we entered into an agreement to acquire the assets of, and in particular the rights to franchise, the Big Smoke Burger brand from BSB Franchising USA, Inc. (“BSB”). BSB operated the Big Smoke Burger brand in the United States, but the few stores it opened all closed in 2017. From February 2016 until the close of the agreement mentioned above, Big Smoke Burger unit franchises were offered in the United States. Since 2016 the brand has not been franchised in the United States and as of November 30, ~~2024~~2025, there was no Big Smoke Burger restaurant in the United States.

Kahala Franchising previously offered franchises for a take and bake pizza concept called “Pizza Fresh Take●N●Bake.” It began franchising Pizza Fresh Take●N●Bake in November 2011 and ceased offering Pizza Fresh Take●N●Bake franchises in December 2014. During that time period, there were no Pizza Fresh Take●N●Bake franchises sold. Two corporately owned Pizza Fresh Take●N●Bake restaurants were opened in 2011 but both closed in 2014 and there are no Pizza Fresh Take●N●Bake restaurants currently in operation. Kahala Franchise Corp. previously offered franchises for a kiosk-style ice cream dessert concept called “Wafflō.” It began franchising Wafflō in 2005 and ceased offering Wafflō franchises in December 2007. During that time period, there were 21 Wafflō franchises sold. No Wafflō restaurants are currently open, nor have been open during the ten year period prior to the issuance date of this FDD. Additionally, Kahala Franchise Corp. previously offered franchises for a premium soft serve frozen dessert product called “Tango.” It began offering Tango franchises in May 2007 and ceased selling Tango franchises in November 2007. During that time, there were no Tango franchises sold, and there are no Tango franchise locations currently in operation. As mentioned above, Tasti D-Lite LLC an affiliate of Kahala Franchising, previously franchised the Tasti D-Lite frozen dessert brand. Kahala Franchising is now offering Tasti D-Lite products as a menu offering in Planet Smoothie restaurants. As of November 30, ~~2024~~2025, there were 2 Tasti D-Lite franchises in the United States.

On August 8, 2022, MTY Franchising USA, Inc. and its wholly owned subsidiary Grill Merger Sub, Inc. (“Merger Sub”) entered into an agreement with BBQ Holdings, Inc. (“BBQ”), a Minnesota corporation, providing for the acquisition of BBQ by MTY Franchising USA, Inc., consisting of a tender offer (the “Offer”) for all of the outstanding shares of BBQ common stock, followed by a subsequent merger of Merger Sub with and into BBQ (the “BBQ Merger”), with BBQ surviving the BBQ Merger as a wholly-owned subsidiary of MTY Franchising USA, Inc. This

transaction included the rights to franchise and/or operate the Barrio Queen, Famous Dave's, Village Inn, Bakers Square, Granite City Food and Brewery, Real Urban BBQ, Craft Republic Bar & Grill, Champps Kitchen + Bar, Fox & Hound, and Tahoe Joe's Famous Steakhouse brands. BBQ, through its subsidiary, VI BrandCo, LLC a Delaware limited liability company, offers Village Inn restaurants. As of November 30, ~~2024~~2025, there were ~~444~~109 Village Inn restaurants (including franchised and company-owned) in the United States. BBQ, through its subsidiary, Famous Dave's of America, Inc., a Minnesota corporation, offers Famous Dave's restaurants. As of November 30, ~~2024~~2025, there were ~~409~~100 Famous Dave's restaurants (including franchised and company-owned) in the United States, and ~~8~~10 franchised restaurants internationally. With the merger closing that took place on September 27, 2022, MTY Franchising USA, Inc. is the parent company of both VI BrandCo, LLC and Famous Dave's of America, Inc.

On December 8, 2022, MTY Franchising USA, Inc. and its wholly owned subsidiary Twisted Merger Sub, Inc. ("WP Merger Sub"), a Delaware corporation, entered into an agreement with COP WP Parent, Inc. ("COP"), a Delaware corporation, providing for the acquisition of COP by MTY Franchising USA, Inc., consisting of a merger of WP Merger Sub with and into COP (the "COP Merger"), with COP surviving the COP Merger as a wholly-owned subsidiary of MTY Franchising USA, Inc., under the name Twisted Merger Sub, Inc. In November 2023, MTY Franchising USA, Inc. became the parent company of Wetzel's Pretzels, LLC ("Wetzel's Pretzels"), a California limited liability company. This transaction included the rights to franchise and/or operate the Wetzel Pretzel's brand, through Wetzel's Pretzels. As of November 30, ~~2024~~2025, there were ~~425~~458 Wetzel Pretzels restaurants (including franchised and company-owned) in the United States and ~~47~~32 franchised restaurants internationally. With the merger closing that took place on December 8, 2022, MTY Franchising USA, Inc. is the parent company of Wetzel's Pretzels, LLC.

On December 15, 2022, MTY Franchising USA, Inc. via its wholly owned subsidiary Sauce Restaurants, LLC ("Sauce Restaurants"), an Arizona limited liability company, simultaneously signed and closed an asset purchase agreement with Sauce, LLC, an Arizona limited liability company, Sauce Holdings, LLC, a Delaware limited liability company, and several other of their affiliates (collectively, "Sauce Sellers"), providing for the acquisition of the assets of Sauce Sellers by Sauce Restaurants. This transaction included the rights to operate (and ultimately franchise should Sauce Restaurants so desire) the Sauce Pizza and Wine brand. As of November 30, ~~2024~~2025, there were 13 Sauce Pizza and Wine restaurants (all of which were company-owned) in the United States. BBQ Holdings, Inc., a subsidiary of MTY Franchising USA, Inc., is the direct parent company of Sauce Restaurants.

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

Competition and Regulation

You will compete with other restaurants, fast food outlets, supermarkets and other food retailers located in or otherwise servicing or marketing to, your venue or market area. Some of your competitors may include Thai Express restaurants operated by other franchisees, licensees or our affiliates. The foodservice industry is highly competitive, and is sensitive to other factors both within and beyond the control of restaurant operators. The extent to which you may succeed at any particular location cannot be predicted. Successful operation of the Thai Express restaurant will depend in part upon the best efforts, capabilities, management, and efficient operation by the Franchisee, as well as general economic trends and other local marketing conditions. Thai

Executive Vice President, Real Estate and Development: David Worts

Mr. Worts is the Executive Vice President, Real Estate and Development, a position he has held since October 2020.

Senior Vice President of Development: John Wuycheck

Mr. Wuycheck has served as Kahala Brands' Senior Vice President of Development since September 2014. In this role, Mr. Wuycheck oversees franchise development for Kahala Brands' portfolio, including Wetzel's Pretzels.

Vice President of Franchise Development: Jay Goldstein

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

Director of Franchise Development: Doug Merenda

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

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

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

Franchise Development Manager: Traci Zandi

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

Vice President of Non-Trad Franchise Development US and International: Sam Arif

Mr. Arif has held this current role since November 1, 2025. Prior to this, he co-founded the La Duperie brand in 2014 and served as VP of La Duperie from 2016 until October 31, 2025.

Vice President of Franchise Development: Peter Tsafoulis

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

Manager of Franchise Development: Marilyn Bower

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

Senior Director of Franchise Sales: Shemar Pucel

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

Head of Development – Wetzel's Pretzels: Jon Fischer

~~Mr. Fischer serves as Head of Development – Wetzel's Pretzels as of March 2023. Previously, Mr. Fischer served as the Wetzel's Pretzels Chief Development Officer from October 2019. In his role, Mr. Fischer is responsible for Wetzel's Pretzels franchise development, including real estate development for franchised outlets. Prior to that, Mr. Fischer held a variety of Vice President positions, including in real estate and development, at Papa Murphy's International from August 2014 to October 2019.~~

Sr. Director of Franchise Sales: Adam Lueras

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

Director of Franchise Sales – Non-Traditional: Ross Duggal

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

Sr. Franchise Sales Manager: Diana Krankl

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

the claims were moot. Hannah Kim was subsequently awarded attorney's fees on June 15, 2016, in the amount of \$10,233. A bench trial commenced on June 15, 2016, and ended on June 16, 2016. Upon the conclusion of Koho's case, Kahala presented its case-in-chief and moved for judgment pursuant to Code of Civil Procedure section 631.8. The Court granted Kahala's Judgment as Koho failed to establish the requisite elements of "breach" and "damages" on the three causes of action asserted in the Complaint. On July 18, 2016, the Court awarded Kahala attorneys' fees in the amount of \$205,000. On September 22, 2016, Koho filed a Notice of Filing of Notice of Appeal and requested that Kahala participate in a mediation to resolve the outstanding award to Kahala. Koho failed to post an appeal bond. On February 13, 2017, Kahala commenced its self-help pursuant to Section 8(i) and (j) of the ARA and began withholding 100% of the Area Representative fees to which Koho would have otherwise been entitled. On June 19, 2017, the parties entered into a settlement agreement whereby Kahala repurchased Koho's Area Developer territory for the sum of \$75,000 and forgave the remaining damages owed in the amount of \$130,000.

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

On or about June 18, 2014, Texas Nrgize #1, Inc., an Nrgize franchisee ("Plaintiff"), filed a Petition and Request for Disclosure against Kahala Franchise Corp and Kahala Holdings, L.L.C. (collectively "Defendants") alleging (i) violations of the Texas Business Opportunities Act, Tex. Bus. & Comm. Code §§ 51.001 and the Texas Deceptive Trade Practices Consumer Protection Act, Tex. Bus. & Comm. Code §17.46, and (ii) Breach of Contract and Warranties. Plaintiff sought: (i) economic damages in excess of \$200,000, plus treble damages and pre and post judgment interest at the maximum rates allowed by law; (ii) attorneys' fees and costs; and (iii) such other relief to which the Plaintiff may be justly entitled. On July 16, 2014, Defendants filed a Notice of Removal to the United States District Court for the Northern District of Texas. On July 24, 2014, the judge executed the Order Granting the Unopposed Motion to Substitute Parties and Changing Case Style. Kahala Franchising, L.L.C. ("Defendant") was substituted in as a defendant instead of Kahala Franchise Corp. On July 28, 2014, Defendant filed a Motion to Transfer Pursuant to 28 U.S.C. §1404(A) and Brief in Support. This motion sought an order to transfer the litigation to the United States District Court for the District of Arizona pursuant to the parties' forum selection clause contained in the franchise agreement. On August 1, 2014, Defendant filed its Answer, Counterclaim and Third Party Claim. The Counterclaim was against Plaintiff and the Third Party Claim was filed against Duane W. Martin, Argentina Saldivar, and Margena Wood ("Third Party Defendants"). Defendant alleged: (i) Breach of Franchise Agreement against Plaintiff, and (ii) Breach of Guaranty against Third Party Defendants. Defendant sought: (i) judgment against Plaintiff and the Third Party Defendants in an amount to be proven at trial; (ii) attorneys' fees; (iii) costs pursuant to A.R.S. §§12-341 and 12-341.01 and the parties' contractual agreements; and (iv) any other relief the Court deemed fit. Plaintiff filed its Response to Defendant's Motion to Transfer Pursuant to 28 U.S.C. §1404 (A) and Brief in Support on August 18, 2014, then filed its Answer to Defendant's Counterclaim on August 22, 2014. On August 28, 2014, Defendant filed its Reply in Support of Motion to Transfer Pursuant to 28 U.S.C. § 1404(A) and Brief in Support. On September 24, 2014, the United States District Court for the Northern District of Texas Court requested that each party submit a supplemental brief to benefit the Court in resolving the Defendant's Motion to Transfer. Mediation was held on September 29, 2014, but the parties failed to come to an agreement. On October 17, 2014, Third Party Defendants filed their Answer and

Counterclaim. Third Party Defendants alleged: (i) violations of the Texas Business Opportunities Act, Tex. Bus. & Comm. Code §§ 51.001 and the Texas Deceptive Trade Practices Consumer Protection Act, Tex. Bus. & Comm. Code §17.46, and (ii) breach of contract and warranties. Third Party Defendants sought: (i) economic damages in excess of \$200,000, plus treble damages under the Code and pre- and post-judgment interest at the maximum rates allowed by law; (ii) attorney's fees; (iii) costs; and (iv) any other general or special relief that the Court deemed fit. On October 24, 2014, Defendant filed its Supplemental Briefing In Support of Its Motion to Transfer Pursuant to 28 U.S.C. §1404(A). On November 10, 2014, Defendant filed its Answer to the Third Party Counterclaims. On November 13, 2014, Defendant filed its Notice of Dismissal Without Prejudice as to Third Party Defendant Argentina Saldivar only. On November 14, 2014, Plaintiff filed its Response to Defendant's Supplemental Briefing In Support of Their Motion to Transfer Pursuant to 28 U.S.C. §1404(A). On November 26, 2014, Defendant filed its Reply to Plaintiff's Response to Defendant's Supplemental Briefing in Support of Its Motion to Transfer Pursuant to 28 U.S.C. §1404(A). On February 24, 2015, the Court granted Defendant's Motion to Transfer the case to the United States District Court of the District of Arizona; Phoenix Division; Case No.: CV15-0337 PHX DGC. In April 2015, Plaintiff moved to compel arbitration which was ultimately denied by the Court. The parties participated in a mediation in August 2015 which was unsuccessful. In December 2015, the parties executed a settlement agreement in which Defendant paid Plaintiff the sum of \$35,000. The parties filed a Stipulation to Dismiss With Prejudice on December 18, 2015.

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

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

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

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

On August 29, 2016, SFF, L.L.C. ("Plaintiff") filed a lawsuit against three sweetFrog franchisee entities, Carmel Village Yogurt Company L.L.C. ("Defendant Carmel YC"), Huntersville Yogurt Company, L.L.C. ("Defendant Huntersville YC"), and Mooresville Yogurt Co, L.L.C. ("Defendant Mooresville YC"), and their main member, Steve Anto ("Defendant Anto"); (all named Defendants collectively referred to as, "Anto Defendants"). Plaintiff alleged: (i) Defendant Carmel YC breached its franchise agreement through its unauthorized closure of its franchised shop; and (ii) as a result of the breach, Plaintiff had the contractual right to terminate Defendant Carmel YC's franchise agreement and cross terminate the franchise agreements of Defendant Huntersville YC and Defendant Mooresville YC. Plaintiff sought: (i) declaratory judgment that the three franchise agreements had terminated; (ii) specific performance of the Anto Defendants' post-termination obligations; (iii) damages for past due fees; (iv) lost future royalties in excess of \$116,000; and

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

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

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

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

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

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

On March 14, 2016, the franchisees for the Famous Dave's® Restaurants in Chandler, Peoria, Mesa and Gilbert, Arizona ("Claimants") filed a Demand for Arbitration against Famous Dave's alleging that Famous Dave's (1) violated the Minnesota Franchise Act ("MFA"), (2) breached the

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

Lawsuits Filed by Franchisor Kahala Franchising, L.L.C. Against Franchisees During Fiscal Year December 1, 2024³ through November 30, 2025⁴

Suit for Breach of Contract

~~*Kahala Franchising, L.L.C. v. Golden Enterprises, Inc.; DBH Associates, LP, Deseret Sales, Inc., Randy Herzog, Laurie Herzog, Amy Wilson, Rob Wilson, Clare Hunter, Deobrah Hunter; United States District Court in and for the Eastern District of Washington; Case No.: 2:25-cv-00426. Kahala Franchising, L.L.C. v. All About Food, Inc. and Chu Yup Lee a/k/a Michale Lee; In the Circuit Court of the Nineteenth Judicial Circuit Lake County, Illinois; Case No.: 2024LA000000001.*~~

~~*Kahala Franchising, L.L.C. v. Mid Valley Foods, Inc., Candyce Dilbeck, Steve Hopkins, Gegory M. Hopkins; United States District Court in and for the District of Arizona; Case No.: 2:25-cv-04166-KML.*~~

~~*Suit for Federal Trademark Infringement, Lanham Act, 15 U.S.C. §1124; Common Law Trademark Infringement; Federal Unfair Competition, Lanham Act, 15 U.S. C. §1125; Common Law Unfair Competition; Breach of Contract; Unjust Enrichment; Audit Demand/Accounting*~~

~~*Kahala Franchising, L.L.C. v. Byron Washington and Bram Berg; United States District Court for the Southern District of New York; Case No.: 1:25-cv-06392.*~~

Suit for Forcible Entry and Detainer

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

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

**ITEM 4
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Upon signing a Thai Express Franchise Agreement (“Franchise Agreement”), you pay a lump sum Initial Franchise Fee of \$30,000.- You must sign a separate Franchise Agreement for each Thai Express Restaurant you operate and pay the applicable Initial Franchise Fee when the Franchise Agreement is signed. The Initial Franchise Fee is deemed fully earned by us upon receipt and is not refundable under any circumstances.- If you are a current Thai Express franchisee and if you refer a prospective Franchisee to us who ultimately purchases a franchise for a Thai Express Restaurant, we currently pay you \$1,000, although we reserve the right to cease this practice or change the amount at any time.

If you are currently an active or active reserve member of the U.S. Armed Forces or have been honorably discharged from the U.S. Armed Forces (“Eligible Military”) you may receive a 20% discount on the Initial Franchise Fee.

You and your attorney are solely responsible for negotiating the terms of your lease.- If, prior to executing a Lease, Franchisee or its attorney request a full review of the Lease by Franchisor, including any and all exhibits attached thereto, and Franchisor or its designated affiliate review the entire Lease and exhibits and provides to Franchisee or its attorney its review of the entire Lease and suggested changes to the Lease (“Lease Review”), Franchisee must pay a lease review fee in the amount of Two Thousand Five Hundred Dollars (\$2,500) (“Lease Review Fee”) to compensate for time and effort in reviewing the Lease.- The Lease Review is optional and only completed by Franchisor or its designated affiliate at Franchisee’s or its attorney’s request. The Lease Review Fee is due only in the event that Franchisee or its attorney request Franchisor or its affiliate to complete a Lease Review. We may also charge you a Grand Opening Marketing fee of \$10,000 the earlier of prior to execution of a lease or prior to the construction of the premises.

The initial fees to be paid to us and/or our affiliate(s) before the franchisee’s business opens are the total of the Initial Franchise Fee, Grand Opening Marketing fee, and Lease Review Fee (if any). ~~These amounts do not include the Document Administration Fee, which is only required if an amendment to your franchise documents must be prepared.~~

We reserve the right to waive or reduce the Initial Franchise Fee for our affiliates, our subsidiaries, or for other franchise candidates.

You must pay any sales tax, use tax, gross receipt tax, or other excise tax imposed on your payments to us by the state(s) where we, you or your Thai Express Restaurant is/are located.

ITEM 6 OTHER FEES

Type of Fee ~~(1)(4)~~	Amount	Due Date	Remarks
Royalties (2) and (16)	6% of Gross Sales	Pre-authorized payments withdraw weekly, or such other method or frequency as we determine	“Gross Sales” includes all revenue you receive from your customers previous month’s Gross Sales. Gross Sales does not include any

Damages for Breach of Non-Compete Obligations under the Franchise Agreement (14)	Will vary under the circumstances.	As incurred	Payable to Franchisor
Late Payment Fee and Default Interest (1 and 9)	The Default Rate plus a late charge of greater of five percent (5%) of the unpaid amount or \$100 for each late payment	Payable upon assessment	Payable on all overdue amounts.
Late Report Fee (1)	\$100 per report, per week or part thereof	Payable upon assessment	Payable if any required financial statement or report is delinquent.
Collection Costs (1)	All collection costs including, but not limited to, reasonable attorneys' fees	Payable upon assessment	Payable only if we are required to retain an attorney or collection agency to collect delinquent payments from you. We will also collect as damages any attorneys' fees and costs incurred by us in defending claims that arise due to your actions as a Thai Express franchisee.
Non-Sufficient Funds Fee (1)	\$50 for each electronic funds transfer returned for non-sufficient funds; \$25 for each check or draft returned for non-sufficient funds	Payable upon assessment	Payable only if your electronic funds transfer from your bank account or any check you remit to us is returned for non-sufficient funds.
Draft draw charge (1)	\$100 per day for failure to provide us with any necessary information with respect to drawing drafts against your bank accounts	Payable upon assessment.	Payable to Franchisor
<u>Gift Card Redemption Fee (Note 17)</u>	<u>Currently 11% of the amount of the gift card redemption</u>	<u>Weekly as determined by data processor or our affiliate</u>	<u>Data processor or one of our affiliates will debit your Depository Account on behalf of Franchisor</u>

<u>Lease Guarantee Fee</u> (optional)	10% of the total amount guaranteed, up to a maximum payment of \$10,000 (if applicable) (Note 18)	<u>Signing of the lease guarantee agreement</u> (if applicable)	<u>See Note 18</u>
<u>Reimbursement of Taxes</u>	We may seek reimbursement from you the cost of all taxes, assessments and similar charges we incur arising from your operation of the Franchised Business or our licensing of intellectual property to you in the state where your Franchised Business is located.	Payable monthly by <u>electronic funds transfer at same time as royalty and service fee.</u>	<u>Only imposed if government authority collects these taxes or assessments</u>

NOTES:

- (1) All fees are uniformly imposed by and are payable to us unless otherwise stated. All fees are non-refundable. These fees are uniformly imposed by MTY USA; however, MTY USA, in its sole discretion may reduce or waive a one-time fee (i.e., transfer franchise fee, renewal franchise fee, etc.) or may waive or reduce an ongoing fee (i.e., Royalty Fee or Advertising Fees) for a defined period of time.
- (2) You must pay all royalties, marketing contributions, and other fees due to us by participating in a pre-authorized payment plan or any other method we may require in our sole discretion. In this plan, we will be authorized to make weekly withdrawals (or at other times specified by us) from your bank as specified below. We also reserve the right to demand payment from you of all royalties, advertising contributions, and other fees due to us by other methods that we may specify in the Confidential Manual, as modified by us periodically in our discretion (See Section 8.3 of the Franchise Agreement).
- (3) We reserve the right to increase the Marketing Fund Contributions to 4% of Gross Sales at any time provided that at least 75% of the franchisees in the system at the time vote in favor of the increase in Marketing Fund Contributions (See Section 5.7 of the Franchise Agreement). For each of our company-owned or affiliate-owned restaurants, we will make contributions to the Regional Advertising Fund on the same basis as required of the other *Thai Express* franchise owners in the same geographic market. Company-owned or affiliate-owned restaurants have the same voting power as franchisee owned outlets.
- (4) You must spend a minimum of 2% of your Gross Sales on local and regional marketing, advertising and public relations each calendar month. You must make these expenditures directly, subject to approval by us, and we may request that you prepare and submit a report to us accounting for the use of these funds within five days following the end of each month. We reserve the right, in our sole discretion, to require that up to 100% of your Local Advertising Expense go toward cooperative advertising in your area. In regional and metropolitan areas where there are two or more Thai Express franchisees,

in any calendar year under the agreement and/or mandatory provisions of the Confidential Manual, Franchisee shall pay to Franchisor the specified amounts, as liquidated and agreed upon damages not as a penalty (See Section 9.5 of the Franchise Agreement).

- (15) The Document Administration Fee in the amount of \$500 will only be charged to you if an amendment to your franchise documents must be prepared.
- (16) Franchisor has the absolute right to charge Franchisee the greater of: three (3) times the fixed Royalty fee; or if on a percentage Royalty fee the Royalties may be increased to up to eighteen percent (18%) of Gross Sales, with respect to any period during which Franchisee is in breach or default of its/his/her obligations under this Agreement without providing Franchisee advance notice or right to cure. The Royalties paid or owing to Franchisor with respect to the period during which Franchisee is in breach or default are referred to as "Breaching Royalties." Breaching Royalties will be charged for a minimum fourteen (14) day period, regardless of the length of the actual breach or default.
- (17) This fee may be increased to cover the potential of future increased costs affecting the gift card program, such as increased production and shipping costs and costs of processing. If fees are to increase, franchises will receive 30 day advanced notice.
- (18) If, in order to obtain the lease agreement for the site of your Thai Express restaurant, the landlord requires you to obtain a third party lease guarantee, and we or one of our affiliates agrees to serve as such guarantor (with such determination to be made in our sole and absolute discretion), you will pay to us a lease guarantee fee in the amount of 10% of the total amount of the rental obligations being guaranteed under the lease during its term up to a maximum payment of \$10,000.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – RESTAURANT STANDARD LOCATION

Type of expenditure	Amount – (low)	Amount – (high)	Method of payment	When due	To Whom Payment is to be made
Initial Franchise Fee (1)	\$ ~~30~~ 24,000	\$30,000	Lump sum	Upon signing Franchise Agreement	Us

Type of expenditure	Amount – (low)	Amount – (high)	Method of payment	When due	To Whom Payment is to be made
Electricity, Water, Gas, Telephone and Landlord's Deposits (2)	\$7,000	\$10,000	As incurred	As incurred during training	Utilities and Landlord
Lease Deposit plus three months' rent (2)	\$17,500	\$52,500	Lump sum	At signing of Lease	Landlord
Permits (4)	\$1,000	\$3,000	Lump sum	As incurred	State or Municipality
Landlord Capital Contribution—/_/ Construction Chargeback (5)	\$0	\$0	Lump sum as per the Lease	Lump sum as per the Lease	Landlord
Store Construction, Leaseholds and Fixtures (6)	~~\$1200~~ 53,000	\$345,000	As incurred	As agreed to.	General contractor
Exhaust (7)	~~\$345,000~~	~~\$4588,000~~	As incurred	As agreed to.	General contractor and/or exhaust supplier
<u>Exhaust Ecology Unit (7)</u>	<u>\$25,000</u>	<u>\$65,000</u>	<u>As incurred</u>	<u>As agreed to.</u>	<u>General contractor and/or exhaust supplier</u>
Equipment Package (8)	~~\$18532,000~~	~~\$100220,000~~	As incurred	After signing the Lease	Us, landlord or contractor
Furniture (9)	~~\$522,000~~	~~\$1549,000~~	As incurred	Before store opening	Suppliers, third parties and/or vendors
<u>Store Design and Architectural Fees (3)</u>	<u>\$7,500</u>	<u>\$10,000</u>	<u>Lump sum</u>	<u>At signing of the Lease.</u>	<u>Architects</u>
<u>Engineering Fees</u>	<u>\$6,500</u>	<u>\$8,500</u>	<u>Lump sum</u>	<u>As incurred</u>	<u>Engineer</u>

Type of expenditure	Amount – (low)	Amount – (high)	Method of payment	When due	To Whom Payment is to be made
(Mechanical, Electrical)					
Engineering Fees (Structural) (22)	<u>\$2,500</u>	<u>\$5,000</u>	<u>Lump sum</u>	<u>As incurred</u>	<u>Engineer</u>
Construction Management Fee	The lessor of 8% of the total cost of all leasehold improvements, furniture, fixtures, equipment and graphics, and \$15,000 in the aggregate.	The lessor of 8% of the total cost of all leasehold improvements, furniture, fixtures, equipment and graphics, and \$15,000 in the aggregate.	<u>Lump sum</u>	<u>Before store opening</u>	<u>Us</u>
Signs (10)	<u>\$7,500</u>	<u>\$1421,000</u>	As incurred	Before store opening	Us and Suppliers
Menu Box (11)	<u>\$740,500</u>	<u>\$128,0500</u>	As incurred	As agreed <u>to.</u>	General contractor and/or supplier
Opening Uniform Package (12)	\$700	\$1,200	As needed	As incurred	Us
Small Wares (13)	<u>\$640,500</u>	<u>\$943,5000</u>	As incurred	As agreed <u>to.</u>	Suppliers
Opening Promotion and Advertising (14)	\$750	\$5,000	As incurred	As agreed <u>to.</u>	Third parties
Grand Opening Marketing fee (15)	\$10,000	\$10,000	As incurred	Earlier of; prior to execution of a lease or prior to construction of premise	<u>Us</u>
Security system (does not include monitoring cost) (21)	\$0	\$3,000	As incurred	As agreed <u>to.</u>	Suppliers

Type of expenditure	Amount – (low)	Amount – (high)	Method of payment	When due	To Whom Payment is to be made
Training Attendance (16)	\$500	\$2,500	As incurred	As agreed <u>to</u> .	Third parties and/or vendors
Insurance	\$850	\$3,500	As incurred	As agreed <u>to</u> .	Third parties and/or vendors
POS System (20)	\$3,500	\$14,000	As incurred	As per supplier agreement signed	Suppliers
Additional Funds – First 3 months (17)	\$25,250	\$35,500	As incurred	Varied times	Suppliers
Total Unit (18):	\$494486,050	\$814949,2700			

**YOUR ESTIMATED INITIAL INVESTMENT – RESTAURANT
FOOD COURT LOCATION**

Type of expenditure	Amount – (low)	Amount – (high)	Method of payment	When due	To Whom Payment is to be made
Initial Franchise Fee (1)	~~\$30~~ 24,000	\$30,000	Lump sum	Upon signing Franchise Agreement	Us
Electricity, Water, Gas, Telephone and Landlord's Deposits (2)	\$5,000	\$10,000	As incurred	As incurred during training	Utilities and Landlord
Lease Deposit plus three months' rent (2)	\$17,500	\$52,500	Lump sum	At signing of Lease	Landlord
Permits (4)	\$500	\$2,500	Lump sum	As incurred	State or Municipality
Landlord Capital Contribution / Construction Chargeback (5)	\$25,000	\$50,000	Lump sum as per the Lease	Lump sum as per the Lease	Landlord

Type of expenditure	Amount – (low)	Amount – (high)	Method of payment	When due	To Whom Payment is to be made
Store Construction, Leaseholds and Fixtures (6)	~~\$22~~ 115,000	~~\$33~~ 85,000	As incurred	As agreed to.	General contractor
Exhaust (7)	~~\$3~~ 15,000	~~\$45~~ 71,000	As incurred	As agreed to.	General contractor and/or exhaust supplier
<u>Exhaust Ecology Unit (7)</u>	<u>\$25,000</u>	<u>\$65,000</u>	<u>As incurred</u>	<u>As agreed to.</u>	<u>General contractor and/or exhaust supplier</u>
Equipment Package (8)	~~\$85~~ 0,000	~~\$100~~ 31,000	As incurred	After signing the Lease	Us, landlord or contractor
Furniture (9)	\$0	\$0	As incurred	Before store opening	Suppliers, third parties and/or vendors
<u>Store Design and Architectural Fees (3)</u>	<u>\$7,500</u>	<u>\$10,000</u>	<u>Lump sum</u>	<u>At signing of the Lease.</u>	<u>Architects</u>
<u>Engineering Fees (Mechanical, Electrical)</u>	<u>\$6,500</u>	<u>\$8,500</u>	<u>Lump sum</u>	<u>As incurred</u>	<u>Engineer</u>
<u>Engineering Fees (Structural) (22)</u>	<u>\$2,500</u>	<u>\$5,000</u>	<u>Lump sum</u>	<u>As incurred</u>	<u>Engineer</u>

Type of expenditure	Amount – (low)	Amount – (high)	Method of payment	When due	To Whom Payment is to be made
Construction Management Fee	The lessor of 8% of the total cost of all leasehold improvements, furniture, fixtures, equipment and graphics, and \$15,000 in the aggregate.	The lessor of 8% of the total cost of all leasehold improvements, furniture, fixtures, equipment and graphics, and \$15,000 in the aggregate.	Lump sum	Before store opening	Us
Signs (10)	~~\$48,500~~	~~\$107,000~~	As incurred	Before store opening	Us and Suppliers
Menu Box (11)	~~\$79,500~~	~~\$126,000~~	As incurred	As agreed <u>to</u> .	General contractor and/or supplier
Opening Uniform Package (12)	\$300	\$1,000	As needed	As incurred	Us
Small Wares (13)	~~\$65,500~~	~~\$913,500~~	As incurred	As agreed <u>to</u> .	Suppliers
Opening Promotion and Advertising (14)	\$500	\$3,000	As incurred	As agreed <u>to</u> .	Third parties
Grand Opening Marketing fee (15)	\$10,000	\$10,000	As incurred	Earlier of; prior to execution of a lease or prior to construction of premise	Us
Security system (does not include monitoring cost) (21)	\$0	\$3,000	As incurred	As agreed <u>to</u> .	Suppliers
Training Attendance (16)	\$500	\$2,500	As incurred	As agreed <u>to</u> .	Third parties and/or vendors

Type of expenditure	Amount – (low)	Amount – (high)	Method of payment	When due	To Whom Payment is to be made
Insurance	\$850	\$3,500	As incurred	As agreed <u>to</u> .	Third parties and/or vendors
POS System (20)	\$3,000	\$14,000	As incurred	As per supplier agreement signed	Suppliers
Additional Funds – First 3 months (17)	\$25,250	\$35,500	As incurred	Varied times	Suppliers
Total Unit (18):	\$532,360,400	\$832,76,500			

NOTES:

- (1) Initial Franchise Fee: You must sign a separate Franchise Agreement for each Thai Express Restaurant you operate and pay the applicable Initial Franchise Fee when the Franchise Agreement is signed (See ITEM 5). The Initial Franchise Fee is not refundable. We do not offer refunds of any other fees or expenses. We do not finance any fees or expenses.
- (2) Electricity, Water, Gas, Telephone and Landlord's Deposits: A commercial lease normally requires payment of the first month's rent, a security deposit and a rent deposit equal to one month's rent. The estimated initial investment above includes the cost of a security deposit (\$2,500 to \$7,500) and three (3) months' rent (\$15,000 to \$45,000). A lease deposit may or may not be refundable and lease deposits vary widely from location to location. For example, downtown urban street front and food court locations as well as shopping centers may have higher first month's rent and a security deposit. The location of any commercial space must be approved in writing by us to ensure it meets our minimum criterion. You acknowledge and warrant that our approval of the location does not constitute a guarantee, recommendation, or endorsement of the Thai Express Restaurant and that the success of the Business to be operated at the Store depends on your abilities as an independent businessperson. You shall take all steps necessary to ascertain whether such location is acceptable to you. In addition to the lease deposit referred to above, you will be required to make monthly rental payments to your landlord or to us or one of our affiliates, as we may direct you in writing. These fees will vary based upon the square footage and the location of your Thai Express Restaurant. Rent for Thai Express Restaurants varies widely because of different locations, size of the premises, and market conditions in different areas. The landlord may impose other additional fees and expenses, depending on the terms and conditions of the lease or sublease, as the case may be. Additional fees and expenses, if any, will be as set out in the lease and sublease. For example, some additional expenses may include a capital contribution, promotion or advertising fees, or costs due to redevelopment of the shopping center or relocation of the premises.

- (3) Store Design and Architectural Fees and Plans: This includes engineering drawings and architectural design layout drawings that may be purchased from your landlord or an architect.
- (4) Permits: This amount will vary depending on the municipality in which the project is located.
- (5) Landlord Capital Contribution / Construction Chargeback: This amount will vary depending on the landlord's requirement and criteria.
- (6) Store Construction, Leaseholds and Fixtures: The Landlord may provide some leasehold improvements, but if not, they will be at your expense. The total amount of leasehold improvements for your Thai Express Restaurant will vary greatly, depending on the type of premises for your restaurant, condition of the premises, and what improvements you require. To avoid excessive construction costs, it is strongly recommended that you choose contractors carefully by obtaining several competitive bids before construction begins. These estimates are based on constructing a 1,400 square foot vanilla shell for a standard location or a 600 square foot vanilla shell for a food court location, electrical requirements of 400 amps 3-phase, and HVAC of one ton per 150 square feet per site standards of the brand. This amount is based upon a national average for labor costs and does not include extensive renovations. Construction costs also vary considerably depending on fair market values in your area; size, condition, and location of the premises; labor costs (union versus non-union); and equipment requirements. There is a wide range of probable locations that a Thai Express Restaurant could be in, and therefore, a wide range for the approximate size of the property and building. Typical locations for a standard restaurant are strip shopping centers, lifestyle centers, business centers, regional centers, or downtown areas that could range in size from 1,400 square feet for a stand-alone location to over one million square feet for a large regional shopping mall. Typical locations for a food court restaurant are airports, shopping malls, convenience stores, stadiums, entertainment pavilions, amusement parks, sports or entertainment venues, train stations, travel plazas, toll roads, cafeterias, retail stores, military bases, hospitals, hotels, casinos and high school and college campuses.
- (7) Exhaust: Exhaust system requirement of 3000 - 5000 CFM together with approximate equivalent make up air and duct capabilities. Exhaust Ecology Unit is only applicable if required by the landlord, state, or municipality.
- (8) Equipment Package: The amount will vary depending on the size of the project and whether or not extra or customised equipment is purchased. As an example, an equipment list may include printers, an Interac terminal, POS cash system, lid/cup dispenser, napkin dispenser, heat lamp, plate dispenser, soap dispenser, paper towel dispenser, box holder, lid holder, condiments box, utensil box, soda cooler, soda fountain, ice machine, coffee machine, soup unit, sneeze guard, work table, wok range, exhaust hood, hot water tank, mop sink, fryer, gas stock pot, refrigerators, sinks, cupboard, cabinet, doors, grease trap, freezer, dishwasher, shelves, hooks, digital menu board, radios, amplifiers, and speakers.
- (9) Furniture: Not required in food court locations. For standard locations, furniture may include tables, chairs, benches, counters, waste receptacles, and shelves.
- (10) Signs: This includes window graphics and design, interior and exterior signage that may be purchased from us or third-party suppliers. Approximately \$48,500 to \$142,000 paid to us. These payments are non-refundable.

- (11) Menu Box: Variable amount depending on size of the project and on landlord's criteria. We require Digital Menu Board solution that implements multiple professional grade digital displays (number dependent on space available) to present the approved menu offering using a combination of static and dynamic content. Content including layout, animation and pricing to be managed by franchisor.
- (12) Uniforms: You will be required to purchase an opening inventory of uniforms for your employees. At your discretion, you may charge your employees for their uniforms.
- (13) Small Wares. Small wares may include the following: bins, calculator, check spindle, chill pan, clear plastic shaker, clear food box, clipboards, clock, colander, gloves, cutting board, digital timer, dredger with handle, dust pan and broom, extra-large colander, file holder, first aid kit, food processor, forks, frying basket press, funnel, garbage bins, gas lighters, glove dispenser, heavy duty strainer, heavy duty can opener, holder for markers, hooks, ice scoop holder, kitchen scissor, ladle, large ice scoop kit, large ladle, magnet bar, mandolin, permanent marker, measuring cup, measuring spoon, mesh skimmer, mixing bowls, mop, mop bucket, mop handle, noodle strainer, oven mitts, p-touch, pans, pens, pitcher, rice paper tray, plastic rice spoon, pocket flashlight, pocket thermometer, retractable knife, ripple peeler, scale, scraper, slicer, soup bowls, spatulas, spice bins, sponges, spoon, squeegee, squeeze bottles, stapler, step ladder, stock pot, strainer, tape, thermometers, tongs, utility cart, vegetable peeler, whip, white board, white board marker, and woks.
- (14) Opening Promotion and Advertising: The promotional campaign will differ by region and may include printing and distribution of promotional coupons, newspaper advertisements, and charitable donations. You will use media we approve. The distribution of promotional food items is not included in this estimate, and you will incur additional costs in the preparation and distribution of sample food items at your grand opening event. These payments are non-refundable.
- (15) Grand Opening Marketing: You are required to pay a Grand Opening Marketing fee of \$10,000 for a store payable to us or our affiliates on the earlier of (i) prior to you executing a lease for the premises where the Franchised Business will be located; or (ii) prior to construction commencing at the premises where the Franchised Business will be located. We or our designated affiliate will create a marketing plan for (i) a grand opening event at your Franchised Business, and (ii) the initial advertising of your Franchised Business, and will work with you to obtain your input on the marketing plan. We or our designated affiliate will use the Grand Opening Marketing fee to pay for the grand opening and initial advertising, but may, in our sole discretion, reimburse you for some local store marketing expenses that you pay if you received our prior approval and we received your reimbursement request within six (6) months from the opening of your Franchised Business to the public. The Grand Opening Marketing fee should be used within six (6) months of the opening of your Franchised Business to the public. However, if a portion of the Grand Opening Marketing fee is not used within those six (6) months, we may, in our sole discretion, and without prior notice, spend-transfer the remaining portion of the Grand Opening Marketing fee after six (6) months from the opening of your Franchised Business to the public to the Marketing Fund.
- (16) Training Attendance: The estimated initial investment includes all travel and accommodation costs incurred by up to two (2) people attending the Training Program at

specifications we are currently using are in the Operations Manual. These payments are non-refundable.

(21) While we do not oblige you to do so, you may wish to install a security system and a safe at your Thai Express Restaurant. Our point of sale system is capable of supporting a security system and we advise to contact our point of sale system supplier should you require any additional information in this regard. We do not require or recommend any type of security system. The cost estimated in this ITEM 7 does not include any monthly monitoring fees. These payments are non-refundable.

(21)(22) Engineering Fees (Structural): Applicable only if required by landlord, state, or municipality.

In addition, you should consider the cost of labor in operating your franchise. Labor costs comprise a significant component of the costs of operating a Thai Express Restaurant. The cost of labor is influenced by factors such as the amount of time invested in a Thai Express Restaurant by you, the level of sales at the Thai Express Restaurant, the number of hours your Thai Express Restaurant is open and the average number of staff required and market rates for labor which can vary by location. Labor costs also typically include pension plan, unemployment insurance, worker's compensation, vacation and other payments which you as an employer would be required to make for employees. As well, any incentive or bonus programs for employees of yours would also form part of the labor costs of a franchised business.

These estimated ranges are based on our experience and information provided by franchisees. This is only an estimate of your initial investment and is based on our estimate of nationwide costs and market conditions prevailing as of the date of this Franchise Disclosure Document. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Neither MTY USA, nor any of our affiliates, provides or assists with financing arrangements for you. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate your Thai Express franchise, the cost of financing will depend on many factors, such as your credit worthiness, collateral, the financier's lending policies, the financial condition of the lender, and the regulatory environment. In addition, you are encouraged to visit existing franchisees that may be willing to answer any questions you might have with respect to the foregoing matters.

The amounts expended may vary from one location to another. These amounts do not include the cost to you of any financing that may be required to establish your Thai Express Restaurant. Your costs will also depend on factors such as how well you follow the Thai Express System, your management skills, your experience, your business acumen, your active involvement at the Thai Express Restaurant, general and local market conditions, the location of your Thai Express Restaurant, the presence of any competition, prevailing wage rates, and the level of sales obtained by you during the initial period of operating your franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Product Purchases

In order to maintain our standards of consistent and high quality Thai Express Products and uniformity in Thai Express Restaurants, you must purchase all products and services required for the operation of your Store from suppliers or distributors that we have identified and approved

as meeting all of our specifications and standards or from us directly. In addition to requiring purchases from approved distributors or suppliers, we may, in our sole discretion, require that you purchase certain products or services through designated purchasing channels, programs, platforms, or contractual arrangements that we specify. We will give to you and you must comply with our standards and specifications for the services and products offered at your Thai Express Restaurant regarding food and beverages, menu, food type and quality, promotional items, uniforms, smallwares, computer software and hardware, payroll services, facility services (for example, mats, mops and towels), telephone equipment, services, furnishings, fixtures, and equipment used in connection with operating your Thai Express Restaurant, leasehold improvements, food preparation and storage, supplies, recipes, materials, forms, and other Products sold or used at a Thai Express Restaurant. We reserve the right to change the standards and specifications from time to time on written notice to you or as may be specified by the Confidential Manual. We do not provide material benefits to franchisees based on their purchase of particular products or services. None of our officers owns an interest in any of our suppliers. We or our affiliates are approved suppliers of goods and services, including lease review services, leasehold improvements, equipment, furniture, freight services, signage, engineering drawings and architectural layout drawings. None of our officers own an interest in any of the approved suppliers not affiliated with us.

Neptune Equipment, an affiliate of MTY USA is currently one of the approved suppliers of certain equipment, menu boards, furniture, wall graphics, computer hardware and smallwares. MTY USA is not a supplier of any products or services. Kahala Management, an affiliate of MTY USA, is currently the only approved service provider of phone support maintenance for the software and hardware of the POS system ("POS Help Desk Phone Support Maintenance"). You are required to purchase the POS Help Desk Phone Support Maintenance from Kahala Management. Kahala Management is also an approved service provider of real estate services, including negotiating a term sheet, negotiating the lease terms, and locating a site for a franchisee upon request from a franchisee. You may, but are not required, to use Kahala Management for real estate services. You can expect that the items you will purchase in accordance with our specifications will represent over 90% of the total purchases you will make to begin operations and over 80% of your annual operating expense for raw materials, products and supplies. We do not presently participate in any purchasing or distribution cooperatives, but we reserve the right to do so in the future.

We also receive vendor allowances from certain of the approved suppliers, ranging from 1% to 5% of the amount of purchases by franchisees from those suppliers. We retain these payments to partially compensate us for our ongoing efforts in establishing and maintaining quality sources of supply, in evaluating potential new suppliers, and in monitoring and evaluating approved suppliers and upstream manufacturers to ensure that those suppliers and manufacturers meet our quality and performance standards.

For the year ending November 30, 2025⁵⁴, MTY USA and its subsidiaries, as of such date, derived revenues from the sales of products, services, and vendor allowances in the amount of \$47,054,607~~51,714,322~~, which was approximately 8.57~~8~~% of MTY USA's total consolidated recognized revenue in the amount of \$604,239,000~~597,538,000~~.

Various suppliers and vendors of MTY USA and its subsidiaries contribute marketing and other revenues to MTY USA and/or its subsidiaries based upon system-wide purchases from those suppliers and vendors. During our last fiscal year, MTY USA and its subsidiaries on a consolidated basis earned a total of \$29,352,205~~30,372,764~~ - of the \$47,054,607~~51,714,322~~ from such vendors. Additional other revenues (for example, revenue from miscellaneous fees and

expenses from franchisees) in the amount of \$5,917,821~~5,680,438~~ were also received by MTY USA and its subsidiaries during the last fiscal year.

A subsidiary of MTY USA that earned revenue from purchases of equipment, furniture, menu boards, interior and exterior signage, wall décor and smallwares made by us, our franchisees, and licensees is Neptune Equipment. Neptune Equipment provides the following services: purchases your equipment from various approved manufacturers; provides logistics services by arranging for bundled delivery to you; and assists with warranty support of the equipment purchased. Neptune Equipment charges a markup on the equipment and a handling fee for its services. During our last fiscal year, Neptune Equipment earned a total of \$1,849,497~~1,670,243~~ of the \$47,054,607~~51,714,322~~ from franchisee purchases.

During our last fiscal year, MTY USA on a consolidated basis with its subsidiaries, earned revenue from POS help desk support maintenance services and the sale of POS equipment in a total amount of \$1,813,085~~1,845,877~~ of the \$47,054,607~~51,714,322~~.

Standards and Specifications; Suppliers

We have developed and, in the future may modify, our standards and specifications based on our commitment to provide Thai Express Products of a consistent quality and to protect and enhance the value of the System and the Marks. Standards and specifications for the items that we require you to use in developing and operating your Restaurant are available to you and suppliers from time to time through the Confidential Manual.

We have approved the suppliers identified in the Confidential Manual as approved suppliers based on our evaluation of, among other things, their price terms, their national distribution abilities, and their ability to meet our quality standards. If you wish to use suppliers that are not on our list of approved suppliers, you are required to notify us in writing before using your preferred supplier and, if we request, provide us with samples of the product and any relevant data. We will, upon receiving such request, determine whether the product meets our specifications and will notify you whether that is the case within 60 days of receiving samples of the product and other relevant data. If we determine that your preferred supplier does not meet our specifications, you must continue to use our approved supplier. When making our determination, some of our considerations will include whether or not your proposed supplier:

- (a) meets our specifications, including our quality, quantity, warranty, variety, service, health and safety specifications, for the product and for the facilities used in the production and distribution of the product;
- (b) has the capacity to supply your requirements;
- (c) has a sound financial condition and business reputation;
- (d) will supply product to a sufficient number of Thai Express franchisees to enable us to economically monitor compliance by the supplier with our specifications; and
- (e) has met such other criteria as may be established by us, acting reasonably, from time to time and as set out in the Confidential Manual.

Other than making the System available to you as provided in the Franchise Agreement, we do not provide any specific benefits to you based on your use of approved sources of supply.

However, your failure to use approved sources of supply or to comply with our standards and specifications would be a breach of the Franchise Agreement, and we would have the right to exercise our remedies for your breach of the Franchise Agreement, including our rights to terminate your Franchise Agreement. We may negotiate purchase arrangements with suppliers for your benefit, although we are not obligated to do so. You should not rely on the availability of any particular purchasing arrangements in deciding whether to purchase the franchise. You will not receive a material benefit from us based on your use of any particular designated or approved sources. (See Section 5.5 of the Franchise Agreement).

Computer Hardware and Software

You must purchase or lease, use, maintain and update computer, POS, and other systems and software programs which meet our specifications as they evolve over time and which, in some cases, may only be available through us, our affiliates and/or designated suppliers.

We may change the designated suppliers from time to time on written notice to you. You acknowledge that we may receive a vendor allowance or commission in connection with the point of sale computer software and hardware purchased, leased, or obtained by you from designated suppliers and that the benefit of such vendor allowance or commission may not necessarily be passed onto you and that we and/or our subsidiaries and/or affiliates are entitled to keep such vendor allowances or commissions for our own use and benefit.

We do require that you connect your point-of-sale hardware, at your expense, with a computer facility designated by us so as to enable us to collect information concerning Gross Sales and you must sign all documents and do such further acts as may be required by us from time to time in order to effect the foregoing. Without limiting the generality of the foregoing, you must purchase such point-of-sale computer software and hardware and telephone equipment as may be required to implement the point-of-sale program and/or for any other purposes that we may designate from time to time in the Confidential Manual or by notice in writing from suppliers designated by us and you must assume and pay all costs related to the program.

You may be required, or opt to, purchase certain digital menu boards for your restaurant from our approved supplier. The cost to purchase and install digital menu boards may vary depending on various factors including the store format and offerings, the number of menu boards or screens purchased, restaurant location, and the hardware and installation of the boards or screens. We estimate the costs associated with the initial purchase of the digital menu boards to range between \$7,000 to \$20,000. Currently the digital menu board software fee is estimated at \$100 per display per year, payable to the approved supplier/vendor and subject to their applicable increases.

You are required to accept all approved debit and credit cards, along with MTY USA or its affiliate's stored value gift cards, loyalty cards, frequency cards, and any other similar MTY USA or affiliate sponsored electronic card and/or payment program (collectively, the "Gift/Loyalty Card") from consumers at your *Thai Express* restaurant. Prior to the opening of your restaurant, you will be required to acquire an approved debit, credit and Gift/Loyalty card processing system to use during the operation of your *Thai Express* restaurant and participate in any online ordering programs which Franchisor may require. The components and specifications of this system are specifically identified in the Confidential Manual. Additionally, you must utilize our approved third party payment card processor, as identified in the Confidential Manual, for processing all such debit, credit, rewards, and Gift/Loyalty card transactions. The Payment Processor will charge fees for credit card processing based on the applicable card brand and issuing bank. Network and

interchange fees vary depending on card brand, card type, and method of acceptance. For certain required credit card brands, fees are assessed on an interchange-plus basis at the then-current interchange and network rates, plus a processor markup of \$0.0175 per transaction, and are subject to future changes. Other required credit card brands may be assessed using a tiered discount rate structure, under which the applicable percentage rate varies based on card type and tier classification. All rates and fees are subject to change by the applicable network and other applicable third parties. In addition, the Payment Processor may assess additional charges for voice authorizations, chargebacks, and debit PIN transactions, as applicable.

You shall maintain your systems network and must promptly update and otherwise change your computer and point of sale hardware and software systems, as we may require from time-to-time at your expense. You shall pay all amounts charged by any supplier or licensor of the system and programs used by you, including charges for use, maintenance, support and/or update of these systems or programs.

You must utilize our approved mobile application (“App”) and online food ordering service (including any third-party delivery order integration) and may not use any other store-specific App or online ordering service. Olo is a Franchisor-approved online ordering vendor, as of this Disclosure Document’s issuance date. You may also utilize third-party delivery services, such as through DoorDash, or through another provider of your choice, unless we require you to use a specific third-party(ies) and provided that if required and/or if you choose to participate in such third-party delivery services, you may be required to utilize a point-of-sale integration directed by us.

Insurance

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

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

ITEM 10 FINANCING

~~We do not offer any direct or indirect financing or financing arrangement, nor will we guaranty your obligations under any note or other obligation, except potentially for the lease for your site or if you purchase a restaurant corporate-owned “as-is” by one of our affiliates, and only in our sole and absolute discretion to franchisees. However, in limited circumstances and in our sole discretion, we or one of our affiliates may provide financing in connection with your purchase of a corporate-owned restaurant sold on an “as-is” basis, or in other limited, one-off circumstances. In addition, we may, in our sole discretion, provide a lease guarantee for an approved restaurant site.~~

Other than as described above, we do not guarantee franchisee obligations under any note or other obligation, except as specifically described below.

Lease guarantee fees, if applicable, are disclosed in Item 6 (Other Fees) of this Disclosure Document.

If the franchisee is an individual, the individual franchisee (and his/her spouse, if married) must personally guarantee the debt. If the franchisee is a corporation, limited liability company, partnership, or other entity, each of the principals of the entity (and each of their respective spouses, if married) must personally guarantee the debt. Once paid, the lease guarantee fee is non-refundable under all circumstances. We do not offer financing for the lease guarantee fee as it is payable in full upon the execution of the guarantee. Neither we, nor any of our affiliates, are required to serve as a guarantor of your lease for the site of your restaurant. The decision of whether to serve as a guarantor of your lease shall be made at our sole and absolute discretion.

If you purchase a corporate restaurant “as-is” that is owned and operated by one of our affiliates, we may finance up to 100% of the purchase price, at our sole discretion. When you purchase a corporate-owned restaurant from one of our affiliates, you will enter into an “Asset Purchase Agreement” (See Exhibit B1: Asset Purchase Agreement). If you finance any portion of the purchase price of the corporate-owned restaurant through us or one of our affiliates you will also enter into a “Promissory Note and Security Agreement,” and a Guaranty which are exhibits to the Asset Purchase Agreement (and also the form of agreement we would use in any other limited, one-off circumstance in which we or our affiliates, in our sole discretion, provide financing). The purchase price may include the initial franchise fee, any transferrable furniture, fixtures, and equipment, the leasehold and/or any transferable leasehold improvements that are located in the restaurant at the time of purchase, along with any inventory that is in the restaurant at the time of purchase. The lender providing the financing is us or one of our affiliates, whichever entity owns the restaurant (“APA Lender”). The annual rate of interest charged will be between 0% and 12% and will depend on the creditworthiness of the franchisee, the amount being financed, and the dollar amount being paid up-front by the franchisee. There are no finance charges associated with the Promissory Note and Security Agreement. The amount being financed will be required to be re-paid in equal monthly installments and the period of repayment will be between 12 months and 60 months, depending on the amount being financed. The security interest required by us is a first position lien on all equipment. If the franchisee is an individual, the franchisee (and his/her spouse, if married) must personally guarantee the debt. If the franchisee is a corporation, limited liability company, partnership, or other entity, each of the principals of the entity (and their respective spouses, if married) must personally guarantee the debt. The Promissory Note and Security Agreement may be pre-paid in full or in part at any time and from time to time without penalty. The franchisee’s potential liabilities upon default include: (i) an accelerated obligation to pay the entire amount due, including but not limited to all accrued

and unpaid interest, if the default is not cured within seven (7) calendar days; and the interest rate will be increased to an annual rate of 18%; (ii) obligation to pay costs and attorneys' fees incurred in collecting the debt; (iii) termination of the franchise; and (iv) liabilities from cross defaults resulting from non-payment or from the loss of business property on franchisee's other restaurants name in the Promissory Note and Security Agreement and granting APA Lender the right to take back the restaurant(s). Additional waiver provisions are set forth in the Promissory Note and Security Agreement attached as Exhibit B to the Asset Purchase Agreement. The Promissory Note and Security Agreement requires franchisees to waive the following legal rights: demand, notice, diligence protest, presentment for payment, and notice of extension, dishonor, protest, demand and nonpayment of the promissory note; any release or discharge as a result in any change in security given or change in person or entity who may become liable for the note or any modification of the note; and rights to contest or appeal our exercise of the take back rights; and not receiving compensation for the restaurant after the take back rights have been exercised. The Promissory Note and Security Agreement also bars the franchisee's right to contest the take back rights.

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

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

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

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

Please note, if you intend to lease the site of your restaurant, the lease must include certain required provisions (See Addendum to Lease, Schedule C of the Franchise Agreement; Franchise Agreement, Sections 4.1 and 4.2).

You agree in the Franchise Agreement that you will not, without our prior written consent, borrow more than the maximum allowed debt we prescribe for you. Currently, the maximum amount of debt we allow you to service is seventy percent (70%) of the total project costs for establishing a Thai Express Franchise. We will establish your maximum allowed debt based upon

We have the right to increase the Marketing Fund Contributions to four percent (4%) of Gross Sales instead of the three percent provided for in the Franchise Agreement if the owners of at least 75% of the franchises in the United States agree to pay such increased percentage of sales to the Marketing Fund. Once such 75% agreement is reached, no further or continuing agreement shall be required in order to maintain the Marketing Fund Contributions at four percent of Gross Sales. The Fund is not audited, and the financial statements for the Fund and accounting of the Fund are not available to franchisees. None of the Marketing Fund Contributions will be used to solicit the sale of new franchises.

Although we intend the Marketing Fund to be of perpetual duration, we have the right to terminate the Marketing Fund. We will not terminate the Marketing Fund, however, until all monies in the Marketing Fund have been expended for advertising and promotional purposes.

We and our representatives have the right, but not the obligation, to use collection agents and to institute legal proceedings to collect Marketing Fund Contributions at the Marketing Fund's expense. We and our representatives also may forgive, waive, settle, and compromise any claims by or against the Marketing Fund. We and our representatives, reserve the right, in our sole discretion, to at any time defer or reduce Marketing Fund Contributions and operations for periods of any length.

Advertising Fund expenditures during our most recent fiscal year ending November 30, 2025~~4~~, fell into the following categories:

Production	4.76.56%
Media Placement	43.4631.92%
Administrative	37.9950.71%
Other	13.8410.81%
TOTAL	Approximately 100%

The "other" expenses included public relations, research, concept development and communications.

In addition to the Marketing Fund Contributions to be made by you, you also must agree to spend an amount equal to two percent (2%) of your Gross Sales for purposes of conducting local advertising marketing campaigns ("Local Marketing Expenses"). You must spend this amount on a quarterly basis. We may require that you prepare and submit five days after the end of every quarter a report setting out the Local Marketing Expenses actually disbursed by you for that quarter during each month of the Term and any renewal term. (See Section 5.8(a) of the Franchise Agreement).

In regional and metropolitan areas where there are two or more Thai Express franchisees, you may be required to financially contribute to Local Advertising Cooperative and, if approved by a majority of such Thai Express franchisees, pay your proportionate share of the cost of joint regional and local public relations and advertising programs. Failure to do so will be deemed a breach of the Franchise Agreement and you may also, in Franchisor's sole discretion, lose your right to vote on decisions the Local Advertising Cooperative makes. Any contributions made by you towards your Local Advertising Cooperative shall be credited towards the Local Marketing Expenses that you are required to make. In determining the level of expenditure and the type of advertising and public relations programs to be used, each Thai Express franchisee within the area participating in the Local Advertising Cooperative shall have one vote for each Thai Express

Restaurant in operation and scheduled to be in operation during the promotional period ("Total Operational Stores"). Your share of the expenses for public relations and electronic media advertising shall be the ratio of the number of the Thai Express Restaurants you have open and operating in the metropolitan area covered by the Local Advertising Cooperative to the Total Operational Stores in the relevant regional and metropolitan area. Your share of expenses for print media advertising shall be the ratio of the circulation of the publication within 250 feet from the front door of your restaurant to the circulation of that publication within 250 feet from the door of each of the franchisees' restaurants in that relevant regional and metropolitan area. The rules of the Local Advertising Cooperative shall be in writing and established by its members, but must be submitted to us for prior approval. Each Local Advertising Cooperative must provide quarterly financial reports to us as required by us in the Confidential Manual. Notwithstanding anything to the contrary, no Local Advertising Cooperative may make decisions or spend advertising contributions without our prior written approval. We reserve the right, in our sole discretion, to form, change, merge or dissolve any Local Advertising Cooperative.

Computer System

We designate point of sale equipment and systems ("POS System"), including point of sale equipment and systems, used in connection with operating your Thai Express Restaurant, which you must obtain from suppliers designated by us or from us directly. You must purchase such computer software and hardware from our designated suppliers or from us directly. We may designate additional computer software and hardware from time to time. We may change the designated suppliers from time to time on written notice to you. You acknowledge that we may receive a vendor allowance or commission in connection with the computer software and hardware purchased, leased, or obtained by you from designated suppliers and that the benefit of such vendor allowance or commission may not necessarily be passed onto you and that we and/or our subsidiaries and/or affiliates are entitled to keep such vendor allowances or commissions for our own use and benefit. (See Section 5.5 of the Franchise Agreement). The approved POS System may have in its specifications integrated "card swipe" systems that process Gift/Loyalty Cards sponsored by us or our affiliates. You may need to obtain credit card and gift card processing services from our approved vendors. The charges associated with credit card and gift card transactions are compiled per transaction and therefore will vary from Franchised Business to Franchised Business. We estimate that the costs associated with credit card transactions will be between 1% and 4% of your gross sales. Gift card transactions will cost you 11% of the gift card redemption and may increase at any time with a 30 day notice.

We may require that you connect your POS System, at your expense, with a computer facility designated by us so as to generate or store the following information concerning Gross Sales, period totals, Royalties, demographic reports, transaction specifics, discounts and periodic tax summaries as an example of some of the information the POS vendor will collect and make available to us via a website. The system will include computer(s), modem(s), cash drawer(s), receipt printer(s) and report printer as well as POS software. You must sign all documents and do such further acts as may be required by us from time to time in order to effect the foregoing. Without limiting the generality of the foregoing, you must purchase such POS System and high speed internet as may be required to implement the cash register program and/or for any other purposes that we may designate from time to time in the Confidential Manual or by notice in writing from suppliers designated by us and you must assume and pay all costs related to the program. We may require you to permit us access to your POS system, restaurant management software, and financial records (or similar tools thereto) to poll your information daily, or more frequently, by electronic or other remote means. (See Sections 8.3, 8.10 of the Franchise Agreement).

You must purchase or lease, use, maintain and update computer and other systems and software programs which meet our specifications as they evolve over time and which, in some cases, may only be available through us, our affiliates and/or designated suppliers. You must maintain your systems network and you must promptly update and otherwise change your computer and point of sale hardware and software system as we require from time-to-time, at your expense, including but not limited to your operating system. You will pay all amounts charged by any supplier or licensor of the systems and programs used by you, including charges for use, maintenance, support and/or update of these systems or programs.

We estimate the cost of purchasing the computer system and POS system will range from \$3,000 to \$14,000 (per cash register). In addition, you will need to pay up to \$90 a month for a service and maintenance contract plus the cost of your Internet connection. This monthly fee covers the cost of ongoing maintenance and POS software upgrades. You are also required to purchase the POS Help Desk Phone Support Maintenance from Kahala Management. If you are required to purchase digital menu boards, you may also be required to purchase hardware to manage the digital menu board, the cost is approximately \$5,500.

All franchisees are required to participate in online ordering and delivery programs, which may, in Franchisor's sole discretion, require you to pay for certain goods and/or services from Franchisor, Franchisor's affiliate, and/or unaffiliated third-party providers. For example, as of the Disclosure Document's Issuance Date, franchisees are required to enter into an agreement with, and pay corresponding fees to, Olo as established by Olo for such goods and/or services. Applicable fees may include, as of the Disclosure Document's Issuance Date, a monthly fee of \$60, a dispatch fee of \$0.50 per order plus a portion of the delivery fee, a Technology Transaction Fee ranging from \$0.025 to \$0.035 per transaction, an Order with Google fee equal to 5% of the order subtotal, an Olo Pay fee ranging from 2.65% to 2.80%, a one-time store activation fee of \$250 for all new locations, and chargeback fees of \$5 per dispute; additional fees may apply if applicable, including a Catering Monthly Fee, Catering Order Transaction Fee, Billing Service Admin Fee, Post-Launch Transaction Fee, and a Location Transfer Fee. This provider and/or its fees may change, in Franchisor's sole discretion, upon advance notice to you. Additionally, third-party delivery programs may charge varying fees, including commissions of 15% to 24%, order processing fees (for example, \$0.99 promo fees, 2.99% processing fees, or 3.05% plus \$0.30 per order), and pickup fees of 6% to 10%. Program terms and fees vary by provider and may change or increase under the provider's then-current terms.

We have the right to independently access your electronic information and data, and to collect and use your electronic information and data in any manner we choose to promote the development of the System and the sale of franchises. There is no contractual limitation on our right to receive or use your electronic information and data.

Training Program

We will make a Training Program available to you and your Designated Manager after you sign the Franchise Agreement. The following Table indicates the general subject matter, the number of hours of classroom training, and the number of hours of on-the-job training for each subject to be covered during the Training Program, and the location of the training. Our instructors have been adequately trained in the ownership and operation of a Thai Express franchise, including having, at a minimum, completed the entire Thai Express Training Program, and having experience in training each of the subjects listed in the table below, with some trainers having five years' experience or more in training each of the subjects. Other personnel involved with on-the-job training of franchisees are Regional Directors of Operation, all who have more than one year

Provision	Section in Franchise Agreement (unless otherwise indicated)	Summary
franchise is terminated or expires		food items as its main product line and which is located within 10 miles of your restaurant or any Thai Express franchise
s. Modification of agreement	16.1, 16.5	All modifications/waivers must be in writing, though we may adjust operating standards in accordance with the franchise agreement and/or in the Confidential Manual
t. Integration/merger clause	16.5	Only the Franchise Agreement applies (subject to state and federal law); all other agreements or promises not enforceable; nothing in the Franchise Agreement is intended to disclaim the representations made in the Franchise Disclosure Document. Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	16.14	Controversies or disputes arising from the agreement must first go through mediation. If mediation fails, disputes will be resolved through binding arbitration under the American Arbitration Association (AAA) Commercial Arbitration Rules. Arbitration takes place in the county where the franchised business is located
v. Choice of forum	16.14	Any arbitration under the agreement must take place in the county where the franchised business is located. For disputes not subject to arbitration, the franchisor may bring an action in any federal or state court having jurisdiction.
w. Choice of law	16.2	<u>Except to the extent governed by the United States trademark laws or the franchise laws of any state, the laws of the State where the Franchised Business is located govern all rights and obligations of the parties under this Agreement without regard to conflict of law, and any arbitration shall take place before a sole arbitrator in the County of the State where the Franchised Business is</u>

Provision	Section in Franchise Agreement (unless otherwise indicated)	Summary
		~~located. Arizona law applies (except as provided in a state specific Addendum)~~

Sublease

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

Provision	Section in Sublease	Summary
a. Term of the Sublease	1 and 12.a	Ends one day before expiration of the Prime Lease, including any renewals of the Prime Lease.
b. Renewal or extension of the term	12.a	If the Master Lease contains a renewal option, you must notify our Leasing Affiliate to exercise it.
c. Requirements for you to renew or extend	12	You must have been in full compliance with the Sublease, Franchise Agreement, and all other agreements with the Leasing Affiliate and/or its affiliates during your tenancy. You must notify our Leasing Affiliate of your intent to renew at least 60 days (but no earlier than 90 days) prior to the date that our Leasing Affiliate is required to notify the Landlord and our Leasing Affiliate must be able to secure a renewal of the Prime Lease.
d. Termination by you	Not Applicable	You have no right to terminate the Sublease.
e. Termination by us without cause	8.a	The Sublease will terminate if the Prime Lease is terminated for any reason.
f. Termination by us with cause	8.b	Our Leasing Affiliate may terminate the Sublease for cause. Our Leasing Affiliate can terminate if you fail to timely cure defaults of the Sublease following notice or if your Franchise Agreement is terminated.
g. "Cause" defined – curable defaults	7.a, b	If also curable under the Prime Lease, curable defaults include: (i) non-payment of rent; (ii) non-monetary default of the Sublease; or (iii) default under the Franchise Agreement.

Provision	Section in Sublease	Summary
u. Dispute resolution by arbitration or mediation	Not Applicable	None
v. Choice of forum	Not Applicable	None
w. Choice of law	21	<u>The laws of the state where the Premises are located applies.</u> ~~Arizona law applies~~

You should refer to the State Addenda attached to this Franchise Disclosure Document as Exhibit F for exceptions to this ITEM 17.

ITEM 18 PUBLIC FIGURES

We do not currently use any public figure to promote the System.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose 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 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 performance at a particular location or under particular circumstances.

We do not make any representations about a Franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to franchisor's management by contacting John Wuycheck at (480) 362-4800, 9311 East Via de Ventura, Scottsdale, Arizona, 85258, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For Years ~~2022-2024~~2023-2025

Column 1	Column 2	Column 3	Column 4	Column 5
OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised				
	~~2022~~ 2023	8	~~87~~	~~0~~ -1
	~~2024~~ 2023	~~87~~	~~75~~	~~-12~~
	~~2024~~ 2025	~~75~~	~~54~~	~~-21~~
Company - Owned	-	-	-	-
	~~2023~~ 2022	1	1	0
	~~2023~~ 2024	1	1	0
	~~2024~~ 2025	1	1	0
Total Outlets	-	-	-	-
	~~2022~~ 2023	9	~~98~~	~~0~~ -1
	~~2023~~ 2024	~~98~~	~~86~~	~~-12~~
	~~2024~~ 2025	~~86~~	~~65~~	~~-21~~

Table No. 2

Transfers of Franchised Outlets from Franchisees to New Owners (other than Franchisor)
For Years ~~2022-2024~~2023-2025

Column 1	Column 2	Column 3
STATE	YEAR	NUMBER OF TRANSFERS
All States		
	~~2022~~	~~0~~
	2023	0
	2024	0
	~~2025~~	~~0~~

Totals		
	<u>2022</u>	0
	2023	0
	2024	0
	<u>2025</u>	<u>0</u>

Table No. 3

Status of Franchised Outlets
For Years ~~2022-2024~~2023-2025

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
STATE	YEAR	OUTLE TS AT START OF YEAR	OUTLE TS ADDED	TERMIN ATIONS	NON- RENEW ALS	REACQ UIRED BY FRANC HISOR	CEASE D OPERA TIONS - OTHER REASO NS	OUTLE TS AT END OF THE YEAR
CA								
	<u>2023</u> <u>202</u> <u>2</u>	1	0	0	0	0	0 <u>1</u>	<u>40</u>
	<u>2024</u> <u>202</u> <u>3</u>	<u>40</u>	0	0	0	0	<u>40</u>	0
	<u>2024</u> <u>202</u> <u>5</u>	0	0	0	0	0	0	0
FL								
	<u>2022</u> <u>202</u> <u>3</u>	<u>20</u>	0	0	0	0	<u>20</u>	0
	<u>2024</u> <u>202</u> <u>3</u>	0	0	0	0	0	0	0
	<u>2024</u> <u>202</u> <u>5</u>	0	0	0	0	0	0	0
MN								
-	2022	4	0	0	0	0	0	4
-	2023	4	0	0	0	0	0	4
-	2024	4	0	0	0	0	0	4
=	=	=	=	=	=	=	=	=
~~NV~~	=	=	=	=	=	=	=	=
-	2022	4	0	0	0	0	0	4
	2023	1	0	0	0	0	0	1

	2024	1	0	0	0	0	0	1
-	<u>2025</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>
=	=	=	=	=	=	=	=	=
<u>NV</u>	=	=	=	=	=	=	=	=
-	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
-	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
-	<u>2025</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
OR								
	<u>2023</u> <u>202</u> <u>2</u>	<u>42</u>	<u>40</u>	0	0	0	0	2
	<u>2023</u> <u>202</u> <u>4</u>	2	0	0	0	0	0	2
	<u>2024</u> <u>202</u> <u>5</u>	2	0	0	0	0	0	2
TX								
	<u>2023</u> <u>202</u> <u>2</u>	<u>23</u>	<u>40</u>	0	0	0	0	3
	<u>2024</u> <u>202</u> <u>3</u>	3	0	0	0	0	<u>02</u>	<u>31</u>
	<u>2024</u> <u>202</u> <u>5</u>	<u>31</u>	0	0	0	0	<u>20</u>	1
Total								
	<u>2023</u> <u>202</u> <u>2</u>	8	<u>20</u>	0	0	0	<u>21</u>	<u>87</u>
	<u>2024</u> <u>202</u> <u>3</u>	<u>87</u>	0	0	0	0	<u>42</u>	<u>75</u>
	<u>2024</u> <u>202</u> <u>5</u>	<u>75</u>	0	0	0	0	<u>21</u>	<u>54</u>

Table No. 4

Status of Company-Owned Outlets
For Years 2022-20242023-2025

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUI RED FROM FRANCHI SEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHI SEE	OUTLETS AT END OF THE YEAR

AZ							
	~~2022~~ 2023	1	0	0	0	0	1
	~~2024~~ 2023	1	0	0	0	0	1
	~~2024~~ 2025	1	0	0	0	0	1
Total Outlets							
	~~2022~~ 2023	1	0	0	0	0	1
	~~2023~~ 2024	1	0	0	0	0	1
	~~2024~~ 2025	1	0	0	0	0	1

Table No. 5

Projected Openings as of
November 30, ~~2024~~2025

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	2	0	0
Florida	1	0	0
North Carolina	2	0	0
New Jersey	~~2~~ 1	0	0
Ohio	1	0	0
Texas	~~3~~ 1	0	0
~~Utah~~	4	0	0
Total	~~12~~ 8	0	0

As of the date of this Franchise Disclosure Document, we own and operate one company-owned store. See Exhibit E for a list of our franchised Thai Express Restaurants in the United States.

The name and last known address and telephone number of every Franchisee who, during the last fiscal year ended November 30, ~~2024~~2025, had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement, or who has not communicated with us within 10 weeks of this Franchise Disclosure Document, is listed on Exhibit I. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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

There are no trademark-specific franchisee organizations associated with the franchise system.

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit A are our unaudited interim financial statements for the 13 weeks ended March 1, 2026. THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM. Also attached are our audited consolidated financial statements for the years ended November 30, 2025⁴, and 2024³, and for the fiscal years ended on November 30, 2024³, and 2023².

ITEM 22 CONTRACTS

Exhibit B Franchise Agreement:

Schedule A	Licensed Location and Designated Manager
Schedule B	Acknowledgement
Schedule C	Addendum to Lease
Schedule D	Request for Pre-Authorized Payments
Schedule E	Guaranty and Indemnity
Schedule F	Shareholders/Members/Partners
Schedule G	Address for Notice
Schedule H	Collateral Assignment of Telephone Numbers, Addresses and Listings
Schedule I	Omitted
Schedule J	Security Agreement
Schedule K	Sublease
Schedule L	~~Sample Acknowledgement of Termination and Release Agreement~~ <u>Omitted</u>
Schedule M	SBA Addendum

Exhibit B1 Asset Purchase Agreement

Exhibit C Gift Card Participation Agreement

Exhibit F State Addendum

Exhibit F1 Required Lease Terms

Exhibit H In-Store Training Release and Waiver of Liability Agreement

| **Exhibit K Receipts**

We do not currently use any other contracts or agreements.

**ITEM 23
RECEIPTS**

Exhibit K contains two detachable pages acknowledging the receipt of the Franchise Disclosure Document by you. One copy is for your records, and one copy must be signed and dated by you and returned to us.



EXHIBIT A

FINANCIAL STATEMENTS

Consolidated interim financial statements of MTY Franchising USA, Inc.

For the 13 weeks ended March 1, 2026

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

For the 13 weeks ended March 1, 2026

(In thousands of US dollars)

(Unaudited)

	2026
	\$
Revenue	162,741
Costs and expenses	
Operating expenses	138,027
Depreciation – property, plant and equipment and right-of-use assets	2,982
Amortization – intangible assets	4,251
Interest expense	23,900
	169,160
Other income (expenses)	
Interest income	13,438
Loss on disposal of property, plant and equipment and intangible assets	(539)
Restructuring	711
	13,610
Income before income taxes	7,191
Income tax expense (recovery)	
Current	3,454
Deferred	(227)
	3,227
Net income and comprehensive income	3,964

MTY Franchising USA, Inc.
Consolidated interim balance sheet

As at March 1, 2026
(In thousands of US dollars)
(Unaudited)

	2026
	\$
Assets	
Current assets	
Cash	23,923
Restricted cash	9
Accounts receivable	31,094
Inventories	3,951
Current portion of loans receivable	389
Receivables from ultimate parent and parent company	243,855
Prepaid expenses and deposits	8,045
Other current assets	4,225
Income taxes receivable	2,941
	318,432
Non-current assets	
Loans receivable	35
Contract cost asset	4,653
Property, plant and equipment	40,231
Operating lease right-of-use assets	179,349
Intangible assets	555,716
Goodwill	346,490
	1,444,906
Liabilities	
Current liabilities	
Accounts payable	5,635
Accrued liabilities	29,890
Gift card liability	95,464
Promotional funds payable	6,894
Current portion of operating lease liabilities	37,017
Current portion of deferred revenue and deposits	4,968
	179,868
Non-current liabilities	
Long-term loan from parent and ultimate parent	715,585
Operating lease liabilities	146,375
Deferred revenue and deposits	32,468
Deferred income taxes	95,587
	1,169,883
Stockholder's equity	
Common stock	179,154
Retained earnings	95,869
	275,023
	1,444,906

Consolidated financial statements of MTY Franchising USA, Inc.

For the years ended November 30, 2025 and 2024

Independent auditor's report	1-2
Consolidated statements of operations and comprehensive income (loss)	3
Consolidated statements of changes in stockholder's equity	4
Consolidated balance sheets	5-6
Consolidated statements of cash flows	7-8
Notes to the consolidated financial statements	9-28



Report of Independent Auditors

To the Management and the Board of Directors of MTY Franchising USA, Inc.

Opinion

We have audited the accompanying consolidated financial statements of MTY Franchising USA, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of November 30, 2025 and 2024, and the related consolidated statements of operations and comprehensive (loss) income, of changes in stockholder's equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of November 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

PricewaterhouseCoopers LLP¹

Montréal, Canada
February 5, 2026

¹ CPA auditor, public accountancy permit No. A125677

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

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

	Notes	2025 \$	2024 \$
Revenue	16	604,239	597,538
Costs and expenses			
Operating expenses	17	481,496	490,300
Depreciation – property, plant and equipment	6	12,469	13,469
Amortization – intangible assets	7	17,523	15,765
Impairment charge – property, plant and equipment	6 & 9	3,813	6,150
Impairment charge – operating lease right-of-use assets	5	130	849
Impairment charge – intangible assets and goodwill	7, 8 & 9	1,261	37,452
Interest expense	19	54,884	53,768
Management fees charged by parent company	22	2,319	2,101
		573,895	619,854
Other income (expenses)			
Interest income		8,122	12,145
Loss on disposal of property, plant and equipment and intangible assets		(699)	(376)
Restructuring	18	—	(1,342)
Gain on extinguishment of debt		—	97
Loss on de-recognition/lease modification of operating lease liabilities	5	(387)	(41)
		7,036	10,483
Income (loss) before income taxes		37,380	(11,833)
Income tax expense (recovery)	20		
Current		11,724	9,918
Deferred		(5,021)	(9,195)
		6,703	723
Net income (loss) and comprehensive income (loss)		30,677	(12,556)

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

Years ended November 30, 2025 and 2024

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

	Common stock issued	Common stock value	Retained earnings	Total stockholder's equity
		\$	\$	\$
Balance as at November 30, 2023	15	179,154	73,782	252,936
Net loss and comprehensive loss	—	—	(12,556)	(12,556)
Balance as at November 30, 2024	15	179,154	61,226	240,380
Net income and comprehensive income	—	—	30,677	30,677
Balance as at November 30, 2025	15	179,154	91,903	271,057

MTY Franchising USA, Inc.
Consolidated balance sheets

As at November 30, 2025 and 2024

(In thousands of US dollars)

	Notes	2025 \$	2024 \$
Assets			
Current assets			
Cash		21,840	12,834
Restricted cash	2	104	250
Accounts receivable	3	28,436	28,755
Inventories		5,244	7,182
Assets held for sale	4, 6 & 7	830	3,116
Current portion of loans receivable		189	384
Receivables from ultimate parent and parent company	12 & 22	233,800	204,389
Prepaid expenses and deposits		7,790	8,039
Other current assets		4,704	4,834
Income taxes receivable	20	6,356	4,402
		309,293	274,185
Non-current assets			
Loans receivable		34	66
Contract cost asset		4,643	4,277
Other assets		2,565	2,106
Property, plant and equipment	6	42,751	53,675
Operating lease right-of-use assets	5	181,327	190,303
Intangible assets	7	559,967	577,327
Goodwill	8	346,490	346,490
		1,447,070	1,448,429
Liabilities			
Current liabilities			
Accounts payable		6,939	14,808
Accrued liabilities		30,080	26,837
Gift card liability	10	93,010	109,252
Promotional funds payable		8,152	10,523
Current portion of operating lease liabilities	5	36,983	38,340
Current portion of deferred revenue and deposits	11	7,037	8,093
Advances from parent company	12 & 22	2,540	4,417
Short-term loan from parent	13	13,793	—
		198,534	212,270

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

As at November 30, 2025

(In thousands of US dollars)

		2025	2024
	Notes	\$	\$
Liabilities (continued)			
Non-current liabilities			
Long-term loan from parent and ultimate parent	13	701,795	708,363
Liabilities held for sale	4, 6 & 7	441	2,116
Operating lease liabilities	5	149,724	156,073
Deferred revenue and deposits	11	29,483	28,170
Deferred income taxes	20	96,036	101,057
		1,176,013	1,208,049
Stockholder's equity			
Common stock; 15 (2024 - 15) shares issued and authorized at \$11,943.6 (2024 - \$11,943.6) per share		179,154	179,154
Retained earnings		91,903	61,226
		271,057	240,380
		1,447,070	1,448,429

Approved by the Board on February 5, 2026

_____, Director

MTY Franchising USA, Inc.
Consolidated statements of cash flows

Years ended November 30, 2025 and 2024
(In thousands of US dollars)

		2025	2024
	Notes	\$	\$
Operating activities			
Net income (loss) and comprehensive income (loss)		30,677	(12,556)
Items not affecting cash:			
Depreciation – property, plant and equipment	6	12,469	13,469
Amortization – intangible assets	7	17,523	15,765
Interest expense	19	54,884	53,768
Loss on disposal of property, plant and equipment and intangible assets		699	376
Impairment charge – property, plant and equipment	6 & 9	3,813	6,150
Impairment charge – operating lease right-of-use assets	5	130	849
Impairment charge – intangible assets and goodwill	7 & 9	1,261	37,452
Loss on de-recognition/lease modification of operating lease liabilities	5	387	41
Deferred income tax recovery		(5,021)	(9,195)
		116,822	106,119
Interest paid		(51,376)	(53,768)
Changes in non-cash working capital items			
Accounts receivable		319	558
Inventories		2,032	(925)
Prepaid expenses and deposits		(89)	(278)
Loans receivable		227	(27)
Other current assets		130	(1,502)
Income taxes		(2,775)	(303)
Accounts payable		(8,753)	(1,070)
Accrued liabilities		3,128	(1,817)
Promotional funds payable		(2,371)	(4,166)
Gift card liability		(16,286)	4,546
Deferred revenue and deposits		257	3,735
Other		3,752	713
Net cash provided from operating activities		45,017	51,815

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

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

	Notes	2025 \$	2024 \$
Investing activities			
Additions to property, plant and equipment	6	(7,050)	(10,963)
Additions to intangible assets	7	(27)	(318)
Proceeds on disposal of intangible assets	6	—	230
Proceeds on disposal of property, plant and equipment		1,322	692
Proceeds on disposal of assets held for sale		—	1,614
Net cash used in investing activities		(5,755)	(8,745)
Financing activities			
Receivables from ultimate parent and parent company	12	(29,411)	(53,246)
Advances from parent company	12 & 22	(991)	—
(Repayment) issuance of loans payable to companies under common control		—	2,638
Repayment of holdback payable		—	(787)
Net cash used in financing activities		(30,402)	(51,395)
Net increase (decrease) in cash and restricted cash		8,860	(8,325)
Cash and restricted cash, beginning of year		13,084	21,409
Cash and restricted cash, end of year		21,944	13,084

Supplemental cash flow information

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

1. Nature of operations

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

2. Significant accounting policies

Basis of presentation

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

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

Presented below are those policies considered particularly significant:

Basis of consolidation

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

The principal subsidiaries of the Company are as follows:

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

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

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

Functional currency

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

MTY Franchising USA, Inc.

Notes to the consolidated financial statements

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

2. Significant accounting policies (continued)

Revenue recognition

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

Revenue from franchise locations

- i) Royalties are based either on a percentage of gross sales as reported by the franchisees or on a fixed monthly fee. They are recognized on an accrual basis in accordance with the substance of the relevant agreement, as they are earned.
- ii) Promotional fund contributions are based on a percentage of gross sales as reported by the franchisees. Corresponding promotional fund transfers are presented directly on the consolidated balance sheets. The Company is not entitled to retain these promotional fund payments received and is obligated to transfer these funds to be used solely for use in promotional and marketing-related costs for specific restaurant banners. The Company sometimes charges a fee for the administration of the promotional funds.
- iii) Initial franchise fees are recognized on a straight-line basis over the term of the franchise agreement as the performance obligation relating to franchise rights is fulfilled. Amortization begins once the restaurant has opened.
- iv) Upfront fees related to master license agreements are recognized over the term of the master license agreements on a straight-line basis.
- v) Renewal fees and transfer fees are recognized on a straight-line basis over the term of the related franchise agreement.
- vi) The Company earns rent revenue on certain leases it holds; the Company's policy is described below.
- vii) Revenue from equipment sale and retail sales are recognized upon transfer of control, generally upon shipment of the equipment or goods. This revenue is recorded in resale material and retail sales.
- viii) The Company recognizes breakage income proportionately as each gift card is redeemed, based on the historical redemption patterns of the gift cards. The Company also charges various program fees to its franchisees as gift cards are redeemed.
- ix) The Company receives considerations from certain suppliers. Fees are generally earned based on the value of purchases during the period. Agreements that contain an initial upfront fee, in addition to ongoing fees, are recognized on a straight-line basis over the term of the respective agreement. Supplier contributions are recognized as revenue as they are earned and are recorded in franchising revenue.
- x) The Company earns e-commerce fees, which includes point-of-sale ("POS") support fees and transaction fees for purchase made through one of the Company's brands' e-commerce platforms. POS supports fees are received quarterly in advance and are recognized over the period they cover. Transaction fees are recognized when the food items purchased from a store are delivered or picked up by customers.

Revenue from corporate-owned locations

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

2. Significant accounting policies (continued)*Contract cost asset*

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

Leasing

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

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

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

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

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

The Company as lessee

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

The Company as lessor

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

MTY Franchising USA, Inc.

Notes to the consolidated financial statements

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

2. Significant accounting policies (continued)

Income taxes

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

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

Expected Credit loss

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

Assets held for sale

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

Property, plant and equipment

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

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

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

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

Depreciation is based on the following terms:

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

2. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

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

Franchise rights

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

Trademarks

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

Other

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

Impairment of long-lived assets other than goodwill

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

2. Significant accounting policies (continued)

Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to the unit or group of units ("reporting unit") that are considered to represent the lowest level within the group.

As at November 30, 2025 and 2024, goodwill is allocated as follows:

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

Goodwill is tested for impairment on an annual basis (September 1 for the Company) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Fair value¹ is determined using a discounted cash flow methodology with a risk adjusted weighted average cost of capital.

Cash and restricted cash

Cash includes cash on hand, and short-term investments, if any, with maturities upon acquisition of generally three months or less or that are redeemable at any time at full value and for which the risk of a change in value is not significant. As at November 30, 2025, cash and restricted cash included \$104 of restricted cash (2024 – \$250) that is required as part of guarantees on certain lease commitments.

Inventories

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

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

Contingencies

Litigation, disputes and closed stores

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

Contingent liabilities acquired in a business combination

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

2. Significant accounting policies (continued)

Financial instruments

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

Promotional funds

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

Cash held pursuant to the promotional funds received are classified as unrestricted cash as there are no legal restrictions on the use of these funds; however, the Company intends to use these funds solely to support the promotional funds rather than to fund its ongoing operations. As at November 30, 2025, promotional funds were in a net liability position amounting to \$3,018 (2024 – net liability position of \$7,694).

Subsequent events

Subsequent events were evaluated through the date that the consolidated financial statements were issued, which was February 5, 2026.

Estimates and assumptions

Goodwill and indefinite-lived intangible assets

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

Gift card liabilities

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

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

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

3. Accounts receivable

Details of accounts receivable are as follows:

	2025	2024
	\$	\$
Total accounts receivable	30,269	30,676
Less: Allowance for credit losses	(1,833)	(1,921)
Total accounts receivable, net	28,436	28,755
Of which:		
Not past due	22,953	23,612
Past due for more than one day but no more than 30 days	957	1,736
Past due for more than 31 days but no more than 60 days	985	695
Past due for more than 61 days	3,541	2,712
Total accounts receivable, net	28,436	28,755
	2025	2024
	\$	\$
Allowance for credit losses, beginning of year	(1,921)	(2,277)
Recovery	64	322
Reversal of amounts previously written off	—	(33)
Write-offs	24	67
Allowance for credit losses, end of year	(1,833)	(1,921)

4. Assets and liabilities held for sale

Assets and liabilities held for sale as at November 30, 2025 and 2024 are stated at fair value less costs to sell. During the reporting period, the Company designated certain assets and liabilities related to a casual dining brand as held for sale. This decision reflects management's formal commitment to a plan to divest these assets, which include both Company-owned stores and associated intangible assets.

The assets reclassified as held for sale primarily consist of inventories, prepaid expenses, deposits, right-of-use assets (Note 5), property plant, and equipment (Note 6) and intangible assets (Note 7). The liabilities included in the carrying value are the gift card payable and the lease liability (Note 5). This reclassification on November 30, 2025 led to an impairment charge of nil (2024 - \$849) to right-of-use-asset, nil (2024 - \$505) to property, plant and equipment and nil (2024 - \$1,088) to trademarks in Reporting Unit A. The total carrying amount reclassified as held for sale is comprised of assets of \$830 (2024 - \$3,116) and liabilities of \$441 (2024 - \$2,116) resulting in a net amount of \$389 (2024 - \$1,000).

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

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

5. Leases**Operating lease right-of-use assets**

The following table provides the net carrying amounts of the operating lease right-of-use assets by class of underlying asset and the changes in the years ended November 30, 2025 and 2024:

	Offices and stores	Other	Total
	\$	\$	\$
Balance as at November 30, 2023	186,764	310	187,074
Additions	12,844	90	12,934
Assets held for sale (Note 4)	(953)	—	(953)
Depreciation expense	(39,781)	(139)	(39,920)
Impairment charge	(849)	—	(849)
De-recognition/lease modifications	32,047	(30)	32,017
Balance as at November 30, 2024	190,072	231	190,303
Additions	8,776	—	8,776
Assets held for sale (Note 4)	626	—	626
Depreciation expense	(41,135)	(112)	(41,247)
Impairment charge	(130)	—	(130)
De-recognition/lease modifications	22,985	14	22,999
Balance as at November 30, 2025	181,194	133	181,327

The Company recorded sublease income from its operating lease right-of-use assets amounting to \$24,743 (2024 – \$23,431).

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

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

5. Leases (continued)**Operating lease liabilities**

The following table provides the net carrying amounts of the operating lease liabilities and the changes in the years ended November 30, 2025 and 2024:

	2025	2024
	\$	\$
Operating lease liabilities, beginning of year	194,413	190,493
Additions	8,776	12,934
Transfer from (to) assets held for sale (Note 4)	1,516	(1,848)
Lease renewals and modifications	26,631	35,264
Lease terminations	(3,503)	(3,316)
Other adjustments	(497)	(329)
Interest expense	11,004	10,731
Payments	(51,633)	(49,516)
Operating lease liabilities, end of year	186,707	194,413

Recorded in the consolidated balance sheets as follows:

	2025	2024
	\$	\$
Current portion	36,983	38,340
Long-term portion	149,724	156,073
	186,707	194,413

Maturity analysis

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after November 30, 2025:

	Leases	Expected sublease income
	\$	\$
2026	48,059	23,063
2027	41,654	19,093
2028	35,124	15,314
2029	28,220	11,083
2030	20,706	7,498
Thereafter	49,981	13,704
Total undiscounted lease payments	223,744	89,755
Less: Unearned finance income	(37,037)	—
Total present value of lease liabilities and expected sublease income	186,707	89,755

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

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

6. Property, plant and equipment

Cost	Equipment	Leasehold improve- ments	Rolling stock	Computer hardware	Land	Building	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2023	28,811	38,544	16	4,777	3,220	3,245	78,613
Additions	5,100	4,427	—	1,369	—	67	10,963
Disposals	(1,088)	(221)	—	(90)	—	—	(1,399)
Impairment (Note 9)	(2,239)	(3,662)	—	(249)	—	—	(6,150)
Transfer to assets held for sale	(469)	(323)	—	(22)	—	—	(814)
Balance as at November 30, 2024	30,115	38,765	16	5,785	3,220	3,312	81,213
Additions	3,782	2,408	—	320	—	540	7,050
Disposals	(1,796)	(1,256)	(16)	(1,180)	—	—	(4,248)
Impairment (Note 9)	(901)	(2,912)	—	—	—	—	(3,813)
Transfer to/from assets held for sale (Note 4)	66	(70)	—	7	—	—	3
Balance as at November 30, 2025	31,266	36,935	—	4,932	3,220	3,852	80,205
Accumulated depreciation	Equipment	Leasehold improve- ments	Rolling stock	Computer hardware	Land	Building	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2023	4,615	8,828	—	1,429	—	142	15,014
Transfer to assets held for sale (Note 4)	(141)	(98)	—	(7)	—	—	(246)
Depreciation	4,658	8,087	3	531	—	190	13,469
Disposals	(516)	(115)	—	(68)	—	—	(699)
Balance as at November 30, 2024	8,616	16,702	3	1,885	—	332	27,538
Depreciation	4,527	6,548	—	1,259	—	135	12,469
Disposals	(1,870)	(260)	(3)	(279)	—	—	(2,412)
Transfer to/from assets held for sale (Note 4)	(88)	(56)	—	3	—	—	(141)
Balance as at November 30, 2025	11,185	22,934	—	2,868	—	467	37,454
Carrying amounts	Equipment	Leasehold improve- ments	Rolling stock	Computer hardware	Land	Building	Total
	\$	\$	\$	\$	\$	\$	\$
November 30, 2024	21,499	22,063	13	3,900	3,220	2,980	53,675
November 30, 2025	20,081	14,001	—	2,064	3,220	3,385	42,751

MTY Franchising USA, Inc.

Notes to the consolidated financial statements

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

7. Intangible assets

Cost	Franchise rights	Trademarks	Other	Total
	\$	\$	\$	\$
Balance as at November 30, 2023	214,925	482,196	5,912	703,033
Additions	275	—	43	318
Transfer to assets held for sale (Note 4)	—	(1,222)	(175)	(1,397)
Disposals	—	—	(230)	(230)
Impairment (Note 9)	(1,390)	(6,191)	(186)	(7,767)
Balance as at November 30, 2024	213,810	474,783	5,364	693,957
Additions	—	—	27	27
Impairment (Note 9)	(344)	(1,027)	110	(1,261)
Transfer from assets held for sale (Note 4)	—	1,222	175	1,397
Balance as at November 30, 2025	213,466	474,978	5,676	694,120
Accumulated amortization	Franchise rights	Trademarks	Other	Total
	\$	\$	\$	\$
Balance as at November 30, 2023	99,027	—	1,838	100,865
Amortization	15,124	—	641	15,765
Balance as at November 30, 2024	114,151	—	2,479	116,630
Amortization	16,818	—	705	17,523
Balance as at November 30, 2025	130,969	—	3,184	134,153
Carrying amounts	Franchise rights	Trademarks	Other	Total
	\$	\$	\$	\$
November 30, 2024	99,659	474,783	2,885	577,327
November 30, 2025	82,497	474,978	2,492	559,967

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

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

8. Goodwill

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

	2025	2024
	\$	\$
Goodwill, beginning and end of year	424,828	424,828
Accumulated impairment, beginning of year	(78,338)	(48,653)
Impairment (Note 9)	—	(29,685)
Accumulated impairment, end of year	(78,338)	(78,338)
Carrying amount	346,490	346,490

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

The Company performs quarterly impairment indicator analysis followed by its annual impairment test which is executed as at September 1, 2025. These assessments resulted in the recognition of \$1,261 of impairment losses on its intangible assets for one brand (2024 - \$6,679 for five brands). The Company did not have any impairment recognized as a result of the reclass to assets held for sale (2024 - \$1,088 for one brand) (Note 4).

As of September 1, 2024, the Company reassessed the reporting unit based on a strategic realignment and merger of business units in the US. The goodwill impairment for the reporting unit comprised of Papa Murphy's brand was subject to an impairment test prior to the strategic realignment and this resulted in an impairment of goodwill of \$29,685. There was no impact on the consolidated statements of operations and comprehensive income (loss) for the year ended November 30, 2025.

Additionally, the Company recorded \$3,813 of impairment losses on its property, plant and equipment (2024 – \$6,150), for a total of \$5,074 (2024 – \$43,602) of impairment charges on its property, plant and equipment, intangible assets and goodwill for the year ended November 30, 2025, which have been recognized in the consolidated statement of operations.

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

Impairment by reporting unit for the year ended November 30, 2025:

	Intangible assets					
	Property, plant and equipment	Franchise rights	Trademarks	Other	Goodwill	Total
	\$	\$	\$	\$	\$	\$
Reporting Unit A	176	—	—	—	—	176
Reporting Unit B	3,637	344	1,027	(110)	—	4,898
	3,813	344	1,027	(110)	—	5,074

MTY Franchising USA, Inc.

Notes to the consolidated financial statements

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

9. Impairment (continued)

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

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

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

The following table presents the key assumptions used in the Company's impairment tests, as well as the recoverable amounts measured at fair value as at September 1, 2025 and 2024:

	2025		2024	
	Reporting Unit A	Reporting Unit B	Reporting Unit A	Reporting Unit B
(\$, except percentage data)				
Discount rates after tax	9.5%	9.5%	10.0%	10.0%
Discount rates pre-tax	10.3%	11.5%	12.7%	13.0%
Recoverable amounts	873,628	531,589	875,925	604,533

Long-term growth rates ranging from 0% to 2% (2024 – 0% to 2%) were used in the impairment test for Reporting Unit A. A change of 100 basis points in discount rates in Reporting Unit A would result in additional impairment charges on intangible assets of one brand (2024 – four brands) representing 0.4% (2024 – 0.5%) of the total carrying value of the franchise rights and trademarks in that unit. A change of 100 basis points in discount rates in Reporting Unit A would not result in additional impairment charges on goodwill for the years ended November 30, 2025 and 2024. For Reporting Unit A, an increase of 443 basis points in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

Long-term growth rates of 0% to 2% (2024 – 2%) were used in the impairment test for Reporting Unit B. A change of 100 basis points in discount rates in Reporting Unit B would result in additional impairment charges on intangible assets of one brand (2024 – one brand) representing 0.9% (2024 – 0.1%) of the total carrying value of the franchise rights and trademarks in that unit. A change of 100 basis points in discount rates in Reporting Unit B would result in additional impairment charges of \$25,520 on goodwill (2024 - nil). For Reporting Unit B, an increase of 54 basis points in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

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

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

10. Gift card liability

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

	2025	2024
	\$	\$
		Adjusted ⁽¹⁾
Gift card liability, beginning of year	109,252	104,858
Activations	57,920	56,723
Redemptions	(46,467)	(46,020)
Deferred program fees and other	(719)	(320)
Gift card breakage recorded	(26,976)	(5,989)
Gift card liability, end of year	93,010	109,252

⁽¹⁾ Prior year amounts have been adjusted to reflect a reclassification decreasing activations and redemptions for \$20,967.

During the year, the Company revised the estimates for its gift card breakage based on changed redemption patterns. This change in estimate resulted in an increase of gift card breakage of \$21,151.

11. Deferred revenue and deposits

	2025	2024
	\$	\$
Franchise fee deposits	34,149	33,594
Unearned rent	1,842	1,737
Supplier contributions and other allowances	529	932
	36,520	36,263
Current portion	(7,037)	(8,093)
	29,483	28,170

Deferred revenues consist mostly of initial, transfer and renewal franchise fees paid by franchisees, as well as upfront fees paid by master franchisees, which are generally recognized on a straight-line basis over the term of the related agreement. Deferred revenues also include amounts paid in upfront fees received from agreements with suppliers, which are amortized over the term of the related agreement.

\$7,824 (2024 – \$8,570) of revenue recognized in the current year was included in the deferred revenue balance at the beginning of the year.

The following table provides estimated revenues expected to be recognized in future years related to performance obligations that are unsatisfied as at November 30, 2025:

Estimate for fiscal year:	\$
2026	7,037
2027	4,386
2028	3,508
2029	3,098
2030	2,487
Thereafter	16,004
	36,520

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

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

12. Receivables and advances from ultimate parent and parent company

The receivables from ultimate parent and parent are primarily comprised of a renewable one-year term loan facility of \$212,834 (2024 – \$194,988) and other receivables of \$20,966 (2024 – \$9,401). The term loan is unsecured and bears interest at the rate set at the Applicable Federal Rates as issued by the US Internal Revenue Service for short-term instruments. Interest revenue of \$8,091 was recognized in Consolidated statements of operations and comprehensive income (loss) in the other revenue (2024 - \$12,119). The term loan may be repaid, in whole or in part, at any time, without premium or penalty. MTY USA may also request repayment, in whole or in part, at any time, without penalty.

The advances due to the parent company are payable on demand with no specified collection terms.

13. Long-term loan from parent and ultimate parent

	2025	2024
	\$	\$
Interest-bearing loan at 5.5% from parent, repayable by November 27, 2026 ⁽¹⁾	13,793	12,700
Interest-bearing loan at 9.36% from parent, repayable by December 8, 2031 ⁽¹⁾	26,108	20,000
Interest-bearing loan at 9.26% from ultimate parent, repayable by December 8, 2029 ⁽¹⁾	385,837	385,813
Interest-bearing loan at 5.4% from ultimate parent, repayable by November 27, 2031 ⁽¹⁾	289,850	289,850
	715,588	708,363
Less: Current portion	(13,793)	—
	701,795	708,363

⁽¹⁾ These loans have been made to parent and ultimate parent and may be repaid, in whole or in part, at any time, without premium or penalty. Comparative figures have been adjusted for loans from parent and ultimate parent.

14. Contingencies

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

	2025	2024
	\$	\$
Provision for litigations, disputes and other contingencies, beginning of year	2,693	2,849
Reversals	(226)	(790)
Amounts used	(10,546)	(9,424)
Additions	10,661	10,058
Provision for litigations, disputes and other contingencies, end of year	2,582	2,693

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

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

15. Financial instruments

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

Fair value of recognized financial instruments

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

Risk management policies

The Company, through its financial assets and financial liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at November 30, 2025 and 2024.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables, loans receivable and deposits. For accounts receivable and loans receivable, the amounts disclosed on the consolidated balance sheets are net of expected credit losses, estimated by the Company's management based on past experience and counterparty specific circumstances. The Company believes that the credit risk of accounts receivable is limited due to the Company's broad client base is spread mostly across the US, which limits the concentration of credit risk.

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

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

Interest rate risk

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

16. Revenue

	For the year ended					
	November 30, 2025			November 30, 2024		
	Franchising	Corporate	Total	Franchising	Corporate	Total
	\$	\$	\$	\$	\$	\$
Corporate store revenues	—	314,875	314,875	—	330,599	330,599
Royalties	124,221	—	124,221	128,335	—	128,335
Franchise fees, transfer fees and master license fees	5,894	—	5,894	5,770	—	5,770
Promotional funds	55,241	—	55,241	56,563	—	56,563
Program allowances	29,352	—	29,352	30,373	—	30,373
Breakage income	26,976	—	26,976	5,989	—	5,989
Resale material and retail sales	4,822	—	4,822	4,781	—	4,781
Rent	26,521	—	26,521	25,199	—	25,199
Other	16,337	—	16,337	9,929	—	9,929
	289,364	314,875	604,239	266,939	330,599	597,538

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

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

17. Operating expenses

	For the year ended					
	November 30, 2025			November 30, 2024		
	Franchising	Corporate	Total	Franchising	Corporate	Total
	\$	\$	\$	\$	\$	\$
Cost of goods sold	1,905	89,044	90,949	2,342	89,624	91,966
Wages and benefits	52,932	117,584	170,516	52,855	118,514	171,369
Advertising, marketing and promotion	906	6,400	7,306	443	6,000	6,443
Rent	28,990	36,910	65,900	27,748	37,925	65,673
Professional and consulting fees and commission	12,161	671	12,832	11,544	2,037	13,581
Office, travel, meals and entertainment and utilities	10,420	37,402	47,822	13,482	37,998	51,480
Promotional funds	55,241	—	55,241	56,563	—	56,563
Gift card program costs	6,269	—	6,269	6,499	—	6,499
Bad debt expense (recovery)	414	93	507	(293)	147	(146)
Other ⁽¹⁾	1,332	22,822	24,154	954	25,918	26,872
	170,570	310,926	481,496	172,137	318,163	490,300

(1) Other operating expenses are comprised mainly of supplies, repairs and maintenance and administration expenses.

Franchising operations

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

Corporate store operations

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

18. Restructuring

During the year ended on November 30, 2024, the Company initiated a restructuring plan as part of a strategic realignment to streamline operations and improve efficiency. During the year ended November 30, 2025, the Company recognized restructuring costs of nil (2024 - \$1,342) primarily related to employee severance costs of nil (2024 - \$832) with the reminder being in relation to the discontinuation of one of its brands. No additional expenses were incurred in the current year.

19. Interest expense

	2025	2024
	\$	\$
Interest charged by parent and ultimate parent	54,884	53,768
Interest expense	54,884	53,768

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

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

20. Income taxes

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

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

As at November 30, 2025, Canada has enacted the global minimum top-up income tax under Pillar Two tax legislation into domestic tax legislation. The top-up income tax relates to the Company's operations in the Canada with no impact on the Company. The Corporation has applied the exception to not recognize deferred tax assets and liabilities related to Pillar Two income taxes.

	2025	2024
	\$	\$
Income tax expense (recovery)		
Current tax expense	11,724	9,918
Deferred tax recovery	(5,021)	(9,195)
Total tax expense	6,703	723

The provision for income taxes recorded in the consolidated financial statements differs from the amount which would be obtained by applying the statutory federal income tax rate of 21% (2024 – 21%) to the income for the period as follows:

	2025	2024
	\$	\$
Income (loss) before income taxes	37,380	(11,833)
Income tax expense (recovery) at federal statutory rate	7,850	(2,478)
State and local income taxes net of federal tax benefit	2,736	881
State and local income taxes - deferred	(1,391)	—
Non-deductible/non-taxable items	(1,941)	5,484
True-up of prior year tax provision	129	(3,950)
Rate variation on deferred income tax	(484)	724
Other	(196)	62
Income tax expense	6,703	723

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

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

21. Income taxes (continued)

Components of the net deferred tax asset (liability):

	2025	2024
	\$	\$
Inventories	(242)	(275)
Allowance for credit losses	239	192
Deferred revenue and deposits	5,697	4,676
Accrued and gift card liabilities	43,791	44,117
Non-capital losses and other tax credits	346	1,917
Other	(775)	(1,941)
Operating lease liabilities	(525)	48,125
Total deferred tax assets	48,531	96,811
Deferred costs	(517)	(600)
Property, plant and equipment	(8,360)	(9,632)
Operating lease right-of-use assets	74	(47,277)
Intangible assets	(135,357)	(140,054)
Holdback payable	(407)	(305)
Total deferred tax liabilities	(144,567)	(197,868)
Net deferred tax liability	(96,036)	(101,057)

21. Supplemental cash flow information

During the year ended November 30, 2025, the Company paid \$13,535 (2024 – \$10,348) in income taxes. Furthermore, there are non-cash items included in the proceeds on disposition of property, plant and equipment amounting to a net liability of \$186 (2024 – net liability of \$113). The non-cash items were primarily related to commitments made as part of the disposal of a portfolio of corporately-owned locations.

22. Related party transactions

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

Consolidated financial statements of MTY Franchising USA, Inc.

For the years ended November 30, 2024 and 2023

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Report of Independent Auditors

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

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

PricewaterhouseCoopers LLP¹

**Montréal, Canada
January 31, 2025**

¹ CPA auditor, public accountancy permit No. A125677

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

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

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

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

Years ended November 30, 2024 and 2023

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

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

MTY Franchising USA, Inc.
Consolidated balance sheets

As at November 30, 2024 and 2023

(In thousands of US dollars)

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

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

As at November 30, 2024 and 2023

(In thousands of US dollars)

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

Approved by the Board on January 31, 2025

_____, Director

MTY Franchising USA, Inc.
Consolidated statements of cash flows

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

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

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

MTY Franchising USA, Inc.

Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

1. Nature of operations

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

2. Significant accounting policies

Basis of presentation

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

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

Presented below are those policies considered particularly significant:

Basis of consolidation

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

The principal subsidiaries of the Company are as follows:

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

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

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

Business combinations

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Business combinations (continued)

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

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

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

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

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

Functional currency

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

Revenue recognition

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

Revenue from franchise locations

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Revenue recognition (continued)

Revenue from franchise locations (continued)

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

Revenue from corporate-owned locations

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

Contract cost asset

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

Leasing

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

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Leasing (continued)

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

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

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

The Company as lessee

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

The Company as lessor

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

Income taxes

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

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

Expected Credit loss

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Assets held for sale

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

Property, plant and equipment

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

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

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

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

Depreciation is based on the following terms:

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

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Intangible assets (continued)

Derecognition of intangible assets

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

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

Franchise rights

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

Trademarks

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

Other

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

Impairment of long-lived assets other than goodwill

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

Impairment of goodwill

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Impairment goodwill (continued)

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

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

Impairment of goodwill (continued)

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

Cash and restricted cash

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

Inventories

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

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

Contingencies

Litigation, disputes and closed stores

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Contingencies (continued)

Contingent liabilities acquired in a business combination

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

Financial instruments

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

Promotional funds

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

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

Subsequent events

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

Estimates and assumptions

Business combinations

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)*Estimates and assumptions (continued)**Goodwill and indefinite-lived intangible assets*

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

Contingencies

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

Gift card liabilities

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

3. Business acquisitions**I) Sauce Pizza and Wine (2023)**

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

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

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

3. Business acquisitions (continued)

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

The final purchase price allocation is as follows:

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

⁽¹⁾ Goodwill is deductible for tax purposes.

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

3. Business acquisitions (continued)

II) Wetzel's Pretzels (2023)

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

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

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

3. Business acquisitions (continued)

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

The final purchase price allocation is as follows:

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

⁽¹⁾ Goodwill is deductible for tax purposes.

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

4. Accounts receivable

Details of accounts receivable are as follows:

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

5. Assets and liabilities held for sale

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

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

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

6. Leases**Operating lease right-of-use assets**

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

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

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

6. Leases (continued)**Operating lease liabilities**

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

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

Recorded in the consolidated balance sheets as follows:

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

Maturity analysis

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

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

7. Property, plant and equipment

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

8. Intangible assets

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

9. Goodwill

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

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

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

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

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

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

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

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

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

10. Impairment (continued)

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

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

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

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

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

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

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

11. Gift card liability

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

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

12. Deferred revenue and deposits

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

Deferred revenues consist mostly of initial, transfer and renewal franchise fees paid by franchisees, as well as upfront fees paid by master franchisees, which are generally recognized on a straight-line basis over the term of the related agreement. Deferred revenues also include amounts paid in upfront fees received from agreements with suppliers, which are amortized over the term of the related agreement.

\$7,329 (2023 – \$8,055) of revenue recognized in the current year was included in the deferred revenue balance at the beginning of the year.

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

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

13. Receivables and advances from ultimate parent, parent company and companies under common control

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

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

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

14. Long-term loan from company under common control

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

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

15. Holdback payable

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

MTY Franchising USA, Inc.

Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

16. Contingencies

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

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

17. Common stock

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

18. Financial instruments

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

Fair value of recognized financial instruments

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

Risk management policies

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

Credit risk

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

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

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

18. Financial instruments (continued)

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

Interest rate risk

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

19. Revenue

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

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

20. Operating expenses

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

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

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

Franchising operations

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

Corporate store operations

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

21. Restructuring

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

22. Interest expense

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

23. Income taxes

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

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

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

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

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

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

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

23. Income taxes (continued)

Components of the net deferred tax asset (liability):

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

24. Supplemental cash flow information

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

25. Related party transactions

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

**MTY FRANCHISING USA, INC.
FRANCHISE AGREEMENT**

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Schedule D:	Request for Pre-Authorized Payments
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Schedule F:	Shareholders/Members/Partners
Schedule G:	Address for Notice
Schedule H:	Collateral Assignment of Telephone Numbers, Addresses and Listings
Schedule I:	Omitted
Schedule J:	Security Agreement
Schedule K:	Sublease
Schedule L:	~~Sample Acknowledgment of Termination and Release Agreement~~ <u>Omitted</u>
Schedule M:	SBA Addendum

Schedule I	Omitted
Schedule J	Security Agreement
Schedule K	Sublease
Schedule L	~~Sample Acknowledgment of Termination and Release Agreement~~ Omitted
Schedule M	SBA Addendum

2. TERM

2.1 Term. This Agreement will commence on the Commencement Date and continue as set forth in either *Section 2.1a.* or *2.1b.* below ("**Term**"):

a. If you are purchasing a new or existing non-operating Business, the Term will expire on either: (1) the ten (10) year anniversary of the date you open this Business to the public if you own the property where this Business is located or if you enter into a lease directly with the landlord or other third-party for the property where this Business is located; or (2) if you have entered into a sublease with one of our affiliates, the expiration of the term of the sublease for the property where this Business is located excluding any extensions or renewal options, unless terminated earlier in accordance with *Section 9* or any other provisions of this Agreement; renewed in accordance with *Subsection 2.2*, or transferred in accordance with *Section 12*; or

b. If you are purchasing an existing and operating Business, the Term will expire on either: (1) the ten (10) year anniversary of the Effective Date if you own the property where this Business is located or if you enter into a lease directly with the landlord or other third-party for the property where this Business is located; or (2) if you have entered into a sublease with one of our affiliates, the expiration of the term of the sublease for the property where this Business is located excluding any extensions or renewal options, unless terminated earlier in accordance with *Section 9* or any other provisions of this Agreement; renewed in accordance with *Subsection 2.2*, or transferred in accordance with *Section 12*

2.2 Renewal. Subject to the terms and conditions described below, you will have the right to renew your license to operate the Business for one (1) five (5) year renewal term. In the event you desire to renew your license, you must give us notice to that effect at least ~~one~~two hundred ~~twenty~~ten (~~120~~210) days prior to the expiration date of the Term. In addition to giving the notice of renewal referred to above in a timely manner, in order to have the right to renew the license to operate the Business for an additional term, you must also meet each of the following requirements:

(a) You must not then be in default under the then-current franchise agreement for this Store or any other agreement, legal instrument or document with us or any of our affiliates, and no event shall have occurred that, with the giving of notice, the passage of time, or both, would constitute a default under the then-current franchise agreement for this Store, including all financial obligations to us;

(b) You must be in complete compliance with the terms of the then-current franchise agreement for this Store, including all financial obligations to us, and the then-current Confidential Manual;

Franchisee agrees that the restrictions imposed on the conduct of the Business pursuant to this Section 5 shall be of the essence of this Agreement and that the Franchisee covenants to continuously and strictly observe and perform all of the conditions and agreements contained in this Section 5.

5.2 Full-Time Involvement. The Franchisee acknowledges that the success of the Business is dependent in part on the active involvement of an owner/manager in the Business. The Franchisee shall ensure that a person designated to operate the Business ("**Designated Manager**") shall at all times devote his or her full time and attention to managing, supervising, and developing the Business and that such person is at all times identified to the Franchisor. The Designated Manager is, at the time of the execution of this Agreement, identified on **Schedule A**. The Franchisee shall secure the Franchisor's written consent before changing or designating a new Designated Manager. The Designated Manager must attend and satisfactorily complete Franchisor's Training Program.

5.3 Managers. Except as otherwise provided in this Agreement, the operation of the Business shall at all times be under the supervision and control of the Designated Manager. The Franchisor shall be entitled to hold information and training sessions from time to time during the Term and any Interim Period and the Franchisee shall, at its own cost, require the Designated Manager and one or more of its managers to attend each such information and training session. If the Designated Manager and/or manager fails to attend such information and training sessions, Franchisee shall pay to Franchisor One Thousand and Five Hundred Dollars (\$1,500.00) as liquidated damages and not as a penalty.

5.4 Authorized Food, Beverages and Services. The Franchisee agrees to offer at the Store goods, food, beverages, paper and packaging and services of a type and quality from time to time specified by the Franchisor. The Franchisee will not, without prior written approval from the Franchisor, offer any goods, food, beverage, paper and packaging or service that has not been authorized by the Franchisor for its outlets generally. The Franchisee agrees that all food and beverages served in the Store shall be prepared in accordance with recipes and procedures set out in the Confidential Manual from time to time specified by the Franchisor..

5.5 Designated Suppliers and Volume Rebates. The Franchisor shall be entitled (but shall not be obligated) to designate certain goods (including, without limitation, the Products, food and beverages, promotional items, uniforms, smallwares, computer software and hardware, telephone equipment, and other things), the Services, furnishings, fixtures, and equipment used in connection with the Business, which must be obtained by the Franchisee from suppliers designated by the Franchisor or directly from the Franchisor. Such designated Products shall only be purchased by the Franchisee from the designated supplier or from the Franchisor. In addition to approved vendors and approved distributor(s), we may, in our sole discretion, require you to purchase certain products or services through designated purchasing channels, programs, platforms, or contractual arrangements specified by us. Additional Products may be designated from time to time by the Franchisor notwithstanding that the same are not so designated on the date of this Agreement, or at any time hereafter. The designated suppliers may be changed by the Franchisor from time to time on written notice to the Franchisee. Franchisee grants permission to Franchisor to examine without prior notice to Franchisee, all records of any supplier relating to Franchisee's purchases, and Franchisee hereby authorizes such suppliers to release Franchisee's purchase records to Franchisor at such times and places Franchisor may request. Franchisee hereby consent to third-party vendors, suppliers and distributors sharing with Franchisor any and all information, reports, invoices and related documentation covering and otherwise detailing your purchases for the

5.14 Suggested Retail Prices. The Franchisor shall from time to time provide the Franchisee with a suggested retail price for any or all of the food items, beverages, goods, and services sold by its franchisees generally, and the Franchisee be encouraged but not required to sell any such food items, goods, beverages or services for a price that exceeds the suggested retail price. The Franchisee is free to sell all food items, goods, beverages, and services for a price, which is less or more than the applicable suggested retail price. The suggested retail price for food items, beverages, goods, and services, as determined by the Franchisor, may vary from region to region to the extent necessary in order to reflect differences in costs and other factors applicable to such regions. Franchisor reserves the right to establish maximum resale prices, in its sole discretion, on some or all items sold by Franchisee from the Store.

5.15 Remodeling of Store. The Franchisee, at its sole cost, shall undertake to renovate, modernize, remodel and refurbish the Store as the Franchisor may require, in Franchisor's sole discretion, to reflect and to comply with Franchisor's then-current standards, at least once every six (6) years during the Term of this Agreement, upon renewal of this Agreement, and/or prior to any transfer of this Agreement. Any such renovation, remodeling, and upgrade shall be subject to prior written approval by Franchisor of all plans, layouts, designs and other items specifically identified by Franchisor. Franchisee acknowledges and agrees these requirements are necessary and reasonable to preserve the identity, reputation, and goodwill developed by the Franchisor and the value of the Business. Franchisee shall promptly and fully comply with all such requirements and, if Franchisee fails to do so, Franchisor may do so on Franchisee's behalf, and Franchisee shall pay Franchisor the cost thereof, together with a reasonable administrative fee equal to fifteen percent (15%) of all costs incurred by Franchisor on Franchisee's behalf, within ten (10) days of the date Franchisor submits a bill detailing such expenditures to Franchisee.

5.16 Compliance with Laws. The Franchisee shall at all times ensure that there is strict compliance with all laws (including, without limitation, the ADA), regulations, orders, by-laws and restrictions which affect the Business or the Store and shall immediately notify the Franchisor in writing of any notices, documents or correspondence relating to any breach by the Franchisee of any such laws, regulations, orders, by-laws and restrictions, including, without limitation, any fire, health and building inspection reports. Franchisee shall keep copies of all health department, fire department, building department, and other similar reports of inspections on file and available for inspection by Franchisor and its affiliates. We may collect from you, or require you to reimburse us for, any taxes, mandatory industry-funded compliance fees, regulatory fees, assessments, surcharges, or similar charges imposed or assessed by any governmental authority, quasi-governmental authority, or industry body, whether assessed against you or against us, as a result of your operation of the Franchised Business or the license of our intangible property in the jurisdiction where the Franchised Business is located, to the extent permitted by law. Franchisee shall immediately forward to Franchisor or its designated representatives any such reports or inspections in which Franchisee has been found not to be in compliance with the underlying regulation.

5.17 Unacceptable Conduct. Any conduct or practice carried on by the Franchisee, or Franchisee's employees, agents, or contractors, whether through advertising or operating procedures or otherwise, which, in the opinion of the Franchisor, may harm the goodwill associated with the Marks or the System, or which may reflect unfavorably on the Franchisor, the System, or other franchisees of the Franchisor, or which may tend to confuse, mislead, deceive or be fraudulent to the public is not permissible. Without limiting the foregoing, the Franchisee shall, or, if the Franchisee is a legal entity, the Franchisee shall cause its

shareholders, partners, members, officers and directors, to conduct themselves in an upright and respectable manner while at the Store or any other the Franchisor licensed locations.

5.18 Operating Procedures. The Franchisor shall be entitled to establish mandatory specifications, standards and procedures relating to the operation of a Thai Express location generally, including without limitation:

- (a) the type and quality of food, beverages, goods, and services to be offered at the Store, the recipes and procedures to be used in connection with preparing and serving food and beverages and the standards of service to be offered to customers;
- (b) the safety, maintenance, cleanliness, operation and appearance of the Store and all fixtures, furnishings, equipment, wares and signs used in connection therewith;
- (c) the hiring, appearance, conduct and training of employees, including the use of uniforms to be worn by the Franchisee and its employees;
- (d) the use of the Marks and the use and protection of trade secrets;
- (e) the notices to be given for the purpose of indicating that the Business is owned by the Franchisee, that the Franchisee is a licensed user of the Marks and that the Marks are owned by the Franchisor;
- (f) the use and retention of standard forms;
- (g) the use and illumination of signs, posters, displays, standard formats and similar items;
- (h) the hours during which the Store shall be open for business to the public, Franchisee acknowledges that as of the date of this Agreement the current standard hours of operation are from 10:30 A.M. to 10:30 P.M. from Monday to Sunday. Franchisee further acknowledges that the Store may be required to open for Breakfast at 7:00 A.M.;
- (i) the limiting of the placement of any personal property security interest in the Franchisee's assets or any pledge of such assets; and
- (j) the use and honoring of gift cards, gift certificates, coupons and other such local and national promotional programs authorized by the Franchisor.

5.19 Operations Manual. The Operations Manual is available to Franchisee via the Franchisee portal at: <https://portal.kahalamgmt.com>. In the event Franchisee desires to receive a hard copy of the Operations Manual, then Franchisee shall submit such request in writing to kahala.training@mtigroup.com or training@kahalamgmt.com. Upon such request, a hard copy of the Operations Manual will be mailed to Franchisee via regular mail within approximately forty-five (45) days thereafter. The Franchisee shall abide by the specifications, standards and procedures referred to in *Section 5.18* above in a manner consistent with this Agreement and all applicable laws. Specifications, standards and procedures prescribed from time to time by the Franchisor in the Operations Manual, Confidential Manual, or otherwise communicated to the Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein.

10. RIGHTS AND OBLIGATIONS OF PARTIES UPON TERMINATION

10.1 Termination Defined. “**Termination**” shall mean the termination or expiration of this Agreement, whether by reason of expiration of the Term or any Interim Period or by reason of the Franchisor exercising its right to terminate this Agreement as a result of an Event of Default or otherwise.

10.2 Franchisee Obligations on Termination. At all times up to the date of Termination, the Franchisee shall, in all respects, be bound by all the terms of this Agreement, and Termination shall not relieve the Franchisee of any obligation that shall have accrued under this Agreement to the date of Termination. Upon Termination:

(a) the License shall be terminated and the Franchisee shall immediately discontinue the use of the Marks in accordance with *Section 3.8* of this Agreement;

(b) Franchisee shall take such action within five (5) days as may be required to cancel all registrations, including trade name registrations, relating to Franchisee’s use of the Marks. If Franchisee was awarded a telephone directory listing associated with the Marks, Franchisee shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee’s rights to use any telephone number and any classified or other telephone directory listings associated with the Marks and shall authorize the transfer of same to Franchisor or any new franchisee approved by Franchisor. Franchisee acknowledges that, as between Franchisee and Franchisor, Franchisor has the sole right to, and interest in, all telephone numbers and directory listings associated with the Marks. Franchisee shall execute the Collateral Assignment of Telephone Numbers, Addresses, and Listings attached as **Schedule H**. Franchisee shall, within two (2) days following termination, dismantle any frames and links between Franchisor’s Website and any other authorized or unauthorized Websites owned or controlled by Franchisee, if and as requested by Franchisor, such costs to be borne completely by the Franchisee. Franchisee hereby irrevocably appoints Franchisor as Franchisee’s true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the provisions of this *Section 10.2(b)*. ~~Franchisee shall execute a document substantially in the form attached as **Schedule L** as further evidence of Franchisor’s rights upon Termination;~~

(c) In the event Franchisee lawfully maintains possession of the Store subsequent to the Termination, Franchisee shall immediately upon Franchisor’s request make such alterations and removals or changes in signs and colors as Franchisor may reasonably request so as to distinguish effectively the Store from its former appearance and from the then-prevailing image of the System. If Franchisee fails to make such changes in a timely manner, Franchisor may enter upon such Store premises and make such changes at Franchisee’s expense without such action constituting a trespass and without being liable to Franchisee in any manner;

(d) the Franchisee shall immediately remove all signs, displays, logos, symbols, slogans, graphics, and other things, which contain or display any of the Marks or other names belonging to Franchisor;

(e) the Franchisee shall deliver to the Franchisor all advertising material, bulletins, all copies of the Confidential Manual, handbooks, training tapes, drawings,

(b) five percent (5%) of each Competitive Business's gross sales until expiration of the non-competition period set forth in Section 15.1(b). Should Franchisee fail to provide Franchisor with a detailed account of such gross sales and all substantiating documentation deemed acceptable to Franchisor, Franchisor shall estimate such gross sales for the purposes of calculating the said amount payable by Franchisee under this Section 15.5 (b); and

(c) legal fees and disbursements incurred by Franchisor to enforce this Section 15.

16. GENERAL CONTRACT PROVISIONS

16.1 Waiver in Writing. No term, covenant or condition of this Agreement shall be deemed to have been waived by either the Franchisor or the Franchisee unless such waiver is in writing, and then such waiver shall apply only to the specific event or circumstance described in such waiver. For example, Franchisor's acceptance of any payments made, or Franchisor's failure to require any payments, by Franchisee after a breach of this Agreement shall not be, nor be construed as, a waiver by Franchisor of any breach by Franchisee of any term, covenant, or condition of this Agreement or of Franchisor's right to later require such payments as a result of such prior breach. All rights and remedies of the Franchisor under this Agreement shall be cumulative and no remedy herein shall be exclusive of, but shall be in addition to, every other remedy contained herein or existing at law or in equity or by stature. The covenants and agreements of the parties hereto shall be independent and a breach by one party of any of its agreements or obligations hereunder shall not relieve the other of the performance of its covenants and agreements hereunder.

16.2 Governing Law. This Agreement shall be governed by and be construed in accordance with the laws of the ~~State of Arizona~~ state where the Franchised Business is located.

16.3 Severability. In the event that any provision of this Agreement shall be held invalid or unenforceable, then such provision shall be considered separate and severable from this Agreement and the remaining provisions of this Agreement shall remain in full force and shall be binding upon the parties of this Agreement.

16.4 Headings for Reference Only. The index, article headings and section headings in this Agreement are for convenience of reference only and do not form part of, or affect the meaning of, the provisions of this Agreement.

16.5 Entire Agreement. This Agreement sets forth the entire understanding between the parties relating to the subject matter hereof, and there are no agreements, promises, representations or understandings between the parties other than as set forth herein. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. No amendment or modification of this Agreement shall be effective unless in writing and signed by the Franchisor and the Franchisee.

16.6 Notices. Any notice or other communication required or permitted hereunder shall be sufficiently given if personally delivered, e-mailed, faxed or if mailed by prepaid registered mail and addressed to the party for whom it is intended at the address indicated on **Schedule G** or to such other address of which notice is given hereunder. Each such notice or other communication shall be deemed to have been given when personally delivered, e-mailed or faxed or on the third business day following the date on which it was deposited in the mail,

Lease), then the Landlord may terminate the Lease, re-enter the Premises and/or exercise all other rights as set forth in the Lease.

c. Prior to the expiration or termination of the Lease, Franchisor shall have the right to enter the Premises to make any reasonable modifications or reasonable alterations necessary to protect Franchisor's interest in the Thai Express brand and its trademarks, trade names, logos, tag lines, signs, décor items, color schemes, and related components of the Thai Express franchise system, or to cure any default under the Lease, and Landlord and Tenant agree that Franchisor shall not be liable for trespass or any other crimes or tort.

3. Notices.

All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, email or facsimile (provided that the sender confirm the facsimile by sending an original confirmation copy by certified transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Tenant, the notice shall be addressed to:

Attn: _____

Facsimile: _____

Email: _____

If directed to Landlord, the notice shall be address to:

Attn: _____

Facsimile: _____

Email: _____

If directed to Franchisor, the notice shall be addressed to:

MTY Franchising USA, Inc.

9311 E. Via De Ventura

Scottsdale, AZ 85258

Attn: Real Estate Department

Facsimile: (480) 362-4792

Email: ~~leases@kahalamgmt.com~~ leases@mtygroup.com

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by email or facsimile shall be deemed given on the business day of transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties.

assignment of telephone numbers and listing, construction agreement and any other document or instrument executed in connection with the Franchise Agreement.

1.1.4 **“Franchisee’s Franchised Business”** means the Store operated by the Franchisee at the Premises pursuant to the Franchise Documents.

1.1.5 **“Holiday”** means Saturday, Sunday and any other legal holiday in the United States of America.

1.1.6 **“Material Adverse Effect”** means a material adverse effect on (a) the business, operations, property, condition (financial or otherwise) or prospects of Franchisee, (b) the ability of Franchisee to perform its obligations under this Security Agreement, or any of the other Franchise Documents, or (c) the validity or enforceability of this Security Agreement or any of the other Franchise Documents hereunder or thereunder.

1.1.7. **“Obligations”** means all obligations, liability and indebtedness of the Franchisee to Franchisor (including but not limited to all obligations, liability and indebtedness of the Franchisee under this Security Agreement, the Franchise Documents and under any other agreements which now exist or to which the Franchisee and Franchisor may subsequently be parties), whether present or future, direct or indirect, absolute or contingent, matured or unmatured, extended or renewed, and regardless of where or how incurred, or whether at any time reduced and subsequently increased, or whether totally extinguished and subsequently re-incurred, and whether the Franchisee is bound alone or with others and whether as principal or surety.

1.1.8 **“Party”** means each of the Franchisee and Franchisor, and **“Parties,”** unless the context requires otherwise, means all of them.

1.1.9 **“Permitted Encumbrances”** means the encumbrances (if any) listed in Part 2 of **Schedule A**, as may be amended from time-to-time, which Franchisor has consented to be a lien on the Collateral that may have priority over the lien created by this Security Agreement.

1.1.10 **“Person”** means and includes any individual, partnership, corporation, business trust, firm, trust, limited liability company, unincorporated association or organization, joint venture or other enterprise or any governmental or political subdivision, agency, development or instrumentality thereof.

1.1.11 **“Store”** shall have the meaning set forth in the Background, Paragraph B.

1.1.12 **“Security Agreement”** means this Security Agreement and all Schedules attached to this Security Agreement.

1.1.13 **“Security Interest”** means the security interests created by Section 2 of this Security Agreement.

1.1.14 **“UCC”** means the Uniform Commercial Code as in effect on the date ~~hereof in the State of Arizona; provided that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interests in any~~

~~Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Arizona, "UCC" shall mean the Uniform Commercial Code as in effect in the jurisdiction where the Collateral is located for purposes of the provisions hereof relating to such perfection, or effect of perfection or non-perfection.~~

ARTICLE 2 THE SECURITY INTEREST

2.1 Grant of Security Interest. To secure: (i) the payment of the Obligations (ii) the payment, performance and observance of all the covenants and conditions contained in any notes executed by the Franchisee to evidence the Obligations, this Security Agreement, the Franchise Agreement, and any other Franchise Document; and (iii) the payment of all of Franchisee's other present and future debts, obligations and liabilities to Franchisor of whatever nature and whenever arising; Franchisee grants, conveys, assigns, transfers, mortgages and pledges to Franchisor, a continuing security interest in the properties, rights, interests and privileges, and in all proceeds and products thereof, and accessions thereto (collectively called the "**Collateral**") described in this Section 2.

2.2 Collateral. The Collateral shall include the following described property used, to be used or acquired for the Store: All equipment, fixtures, inventory, machinery, personal property, accounts receivable (including rights to payment under insurance claims), contract rights, (including all executory contracts pertaining to or arising from the operation of the Store), franchises lease and rights, customer lists, customer profiles, promotional brochures, mailing lists, goodwill, general intangibles and choses in action, of every sort now owned or hereafter acquired by Franchisee, wherever located, in any way related to the operation by Franchisee of the Store, together with all cash and non-cash proceeds and products of any or all of the foregoing, including without limitation, all parts, fittings, accessories, accessions, additions, substitutions, replacements and proceeds (including insurance proceeds thereof).

2.3 Franchise to Deal. Until the Franchisee defaults under this Security Agreement, the Franchisee may use the Collateral in any manner not inconsistent with the terms of the Obligations, may sell inventory and collect and deal with accounts receivable in the ordinary course of the Franchisee's business, and may sell or otherwise dispose of any part of the Collateral which has become worn out, damaged or is in any other way unsuitable for further use in the operation of the Franchisee's Franchised Business.

ARTICLE 3 CONDITIONS

3.1 Conditions to Franchisor's Performance. Unless otherwise waived by Franchisor, Franchisor shall not be obligated to perform any of its obligations under the Franchise Documents until the following conditions have been satisfied to the satisfaction of Franchisor:

3.1.1 Franchise Documents. This Security Agreement, the other Franchise Documents and all transactions contemplated by this Security Agreement shall have been duly authorized by Franchisee. Franchisee shall have duly executed and delivered to Franchisor this Security Agreement and all other Franchise Documents.

3.1.2 Default or Event of Default. On the date hereof, no Default or Event of Default shall have occurred and be continuing.

Franchisor in law or equity, shall be deemed cumulative and may be exercised from time to time.

ARTICLE 9 GENERAL CONTRACT PROVISIONS

9.1 Headings and Table of Contents. The table of contents, the use of headings and the division of this Security Agreement into Articles and Sections is for the convenience of the reader only, and is not to affect the legal interpretation of this Security Agreement. References herein to Sections and Schedules means Sections and Schedules of or attached to this Security Agreement.

9.2 Governing Law. This Security Agreement is to be governed by and construed in accordance with the laws of the ~~State of Arizona~~ state where Franchisee's Franchised Business is located.

9.3 Disputes. The arbitration provision in the Franchise Agreement is hereby incorporated into this Security Agreement by this reference as if the same were fully set forth herein. In the event the arbitration provision set forth in the Franchise Agreement is determined by a court not to apply to this Security Agreement, then any lawsuit or other proceedings under the Franchise Documents shall be commenced and prosecuted in the ~~United States District Court for the District of Arizona or the Superior Court of the State of Arizona, in and for the County of Maricopa~~ county and state where Franchisee's Franchised Business is located and the parties hereto agree and acknowledge that such courts shall have jurisdiction over the Parties hereto and the subject matter of any such lawsuit or other proceedings.

9.4 Time. Time is of the essence of this Security Agreement. When calculating the period of time within which or following which any act is to be done or step taken pursuant to this Security Agreement, the date which is the reference date in calculating the period is to be excluded. If the last day of a period falls on a Holiday then the period shall end at the close of business on the next non-Holiday.

9.5 Gender and Number. In this Security Agreement, the use of the singular number includes the plural and vice versa, and the use of a particular gender includes all other genders.

9.6 Covenants Joint and Several. If any Party is comprised of more than one person, the covenants and obligations of such Party under this Security Agreement are intended to be both joint and several.

9.7 Successors. This Security Agreement inures to the benefit of and is binding upon the Franchisee and its heirs, executors, administrators, successors and assigns.

9.8 Cumulative Remedies and Security. All remedies of Franchisor at law or equity and under this Security Agreement are cumulative. The Security Interest is in addition to and not in substitution of any other security now held or which may subsequently be held by Franchisor.

9.9 Waiver. Franchisor may waive any default by the Franchisee in observing or performing any of the Obligations. No act or omission of Franchisor regarding any such default shall affect Franchisor's rights regarding any subsequent default of the Franchisee.

transmitted by fax machine. If the postal system is disrupted by labor strike, any notice shall be sent by fax machine, delivered via recognized private courier, or delivered personally by one party to the other. Any party may from time to time by notice given as provided above change its address for the service of notice.

18. Severability

If any provision of this Sublease shall be deemed illegal, invalid or unenforceable, then it shall be considered separate and severable from this Sublease and the remainder of this Sublease shall not be affected by the severance, but shall remain in force and be binding on the parties and enforceable to the fullest extent of the law.

19. Successors and Assigns

This Sublease and everything contained in it, including all schedules annexed to it, shall inure to the benefit of and be binding on the respective heirs, legal personal representatives, successors and permitted assigns of the parties.

20. Time

Time is of the essence of this Sublease and each and every provision in it.

21. Governing Law

This Sublease shall be construed and be governed by the laws of the state where the Premises are located~~State of Arizona~~.

22. Complete Agreement

This Sublease, the Franchise Agreement and any agreements contemplated herein or therein, including any schedules thereto, constitute the entire agreement among the parties pertaining to the subject matter hereof, and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein.

23. Amendments in Writing

Subject to Section 12 hereof, no amendment or other modification to this Sublease shall be valid or binding upon the parties unless the same is in writing.

24. Further Assurances

Each party will from time to time hereafter and upon any reasonable request of any other party, execute, make or cause to be made, all such further acts, deeds, assurances, certificates and things as may be required to more effectually implement the true intent of this Sublease or the Prime Lease.

SCHEDULE B

GUARANTY

_____, a _____ ("**Subtenant**"), seeks to enter into that certain Thai Express Sublease dated _____, 20____, ("**Sublease**") with _____, a _____ ("**Sublandlord**"), pertaining to certain retail space at _____ located at _____, as referenced in the Sublease ("**Premises**"); and

WHEREAS, as a condition of entering into the Sublease, Sublandlord requires that _____, _____, and _____ (jointly and severally, "**Guarantor**"), execute and deliver this continuing guaranty of Subtenant's obligations under the Sublease ("**Guaranty**").

NOW, THEREFORE, in consideration of the mutual promises of the parties, and other good and valuable consideration, the receipt and adequacy of which are forever acknowledged, and in order to induce Sublandlord to enter into the Sublease, Guarantor hereby covenants and agrees as follows:

1. Scope of Guaranty. Guarantor absolutely, irrevocably and unconditionally guarantees the payment of all minimum rent, additional rent and other sums of any nature payable by Subtenant pursuant to the Sublease, and the performance of all other obligations of Subtenant pursuant to the Sublease. Guarantor acknowledges that this is a guaranty of payment and performance, not merely of collection. For all purposes, Guarantor acknowledges that the date of this Guaranty shall be the same as the date of this Guaranty.
2. Continuing Nature of Guarantor's Obligations. The obligations of Guarantor under this Guaranty shall remain in effect, undiminished and unchanged by any: (a) amendment or other modification of to the Sublease, and any accord, waiver, deferral or other compromise with respect to any obligations under the Sublease, (b) expansions, contractions or alterations of the Premises, (c) extensions of the term of the Sublease, (d) sublease, assignment or other transfer of any interest in the Sublease by the original parties or their successors or assignees, with or without the express consent of Sublandlord; (e) bankruptcy, reorganization or insolvency of Subtenant or any successor or assignee or any other Guarantor; (f) appointment of any trustee or receiver for Subtenant or any successor or assignee or any other Guarantor; and (g) disaffirmance or rejection of the Sublease or any obligations thereunder in any proceedings with respect to clauses (e) and (f) above. Guarantor waives any right to notice or approval of any of the matters set forth in clauses (a) through (f) above.
3. Independent Liability of Guarantor. The liability of Guarantor under this Guaranty shall be primary and independent of the liability of Subtenant; and in any action commenced by Sublandlord arising out of any Event of Default under the Sublease, Sublandlord may proceed against Guarantor without having commenced any action or having obtained any judgment against Subtenant. Guarantor hereby waives: (a) any rights of subrogation or similar rights against Subtenant, and (b) the relevant provisions of the ~~State of Arizona~~ Rules of Civil Procedure of the state where the Premises are located, as amended or superseded. Sublandlord's election to proceed separately against either Subtenant or Guarantor shall not release the other from liability.

4. Attorneys' Fees. Guarantor shall pay Sublandlord's reasonable attorneys' fees and all costs and other expenses incurred in connection with any default under the Sublease and the enforcement of this Guaranty, whether or not an action is commenced by Sublandlord.

5. Waivers. Guarantor waives: (a) notice of Sublandlord's acceptance of this Guaranty, and (b) notice of any demand by Sublandlord on Subtenant, including notice of any breach or non-performance under the Sublease. In addition, Guarantor waives any right to require Sublandlord to (a) proceed against Subtenant; (b) proceed against or exhaust any security held from Subtenant, including any Sublandlord's liens; (c) proceed against any other Guarantor; and (d) pursue any other remedy in Sublandlord's power whatsoever.

6. No Waiver by Sublandlord. No delay on the part of Sublandlord in exercising any right or remedy under this Guaranty or failure to exercise any such right or remedy shall operate as a waiver in whole or in part of any such right or remedy. No notice to or demand on Guarantor shall be deemed to be a waiver of the obligations of Guarantor or of the right of Sublandlord to take further action without notice or demand as provided in this Guaranty. No course of dealing between Guarantor and Sublandlord shall change, modify or discharge, in whole or in part, this Guaranty or any obligations of Guarantor under this Guaranty.

7. Assignment. Sublandlord may, without notice to or consent of Subtenant or Guarantor, assign this Guaranty in whole or in part. No such assignment shall extinguish, diminish or otherwise change the liability of Guarantor. Guarantor shall have no right to assign, delegate or otherwise transfer any obligations under this Guaranty without the prior written consent of Sublandlord, which Sublandlord may withhold in its sole and absolute discretion.

8. Parties Bound. The provisions of this Guaranty shall be binding upon and inure to the benefit of the respective successors and assigns of the original parties, subject to the limitations of the preceding paragraph.

9. [The undersigned _____] [include name(s) here of each of the undersigned who is not married] each represents that he/she is not married as of the date first set forth above.]

10. Miscellaneous. The use of singular herein shall include the plural. The obligation of two or more parties signing below shall be joint and several. The provisions of this Guaranty shall be binding upon and inure to the benefit of the respective successors and assigns of the original parties, including any successors by corporate merger or acquisition. This Guaranty shall be governed by the substantive laws of the state where the Premises are located ~~State of Arizona~~, without reference to choice of law principles. Guarantor stipulates that the state courts (and, to the extent applicable, federal courts) located in ~~Maricopa County, Arizona~~ the county and state where the Premises are located shall have exclusive jurisdiction and venue with respect to all actions arising out of the Sublease or this Guaranty, and Guarantor submits to the personal jurisdiction of such courts and waives any rights to change venue.

[Signatures on following page]

SCHEDULE L

THAI EXPRESS

SAMPLE ACKNOWLEDGMENT OF TERMINATION AND RELEASE AGREEMENT

This Acknowledgment of Termination and Release Agreement ("**Agreement**") is entered into this _____ day of _____, 20____, between MTY Franchising USA, Inc. ("**Franchisor**") and _____ ("**Franchisee**"). The Franchisee and the Franchisor will collectively be referred to herein as the "**Parties**."

RECITALS

WHEREAS, Franchisor and Franchisee entered into that certain Franchise Agreement ("**Franchise Agreement**") dated _____, 20____, in which Franchisor granted Franchisee the right to operate a Thai Express Store; and

WHEREAS, on _____ 20____, Franchisee's rights under the terms of the Franchise Agreement were terminated ("**Termination**") as a result of

WHEREAS, the Parties desire to enter into this Agreement for the purpose of acknowledging the Termination; acknowledging Franchisor's retention of all rights and remedies under the Franchise Agreement including, but not limited to, Franchisor's right to retain all Initial Franchise Fees, Lease Review Fees, Royalties, Marketing Fund Contributions, Administrative Fees, Training Fees and any other fees or charges under the Franchise Agreement, and the right to audit Franchisee's books and records; and fully and finally resolving all legal and equitable claims, known or unknown, of Franchisee existing against Franchisor that were or could have been asserted by Franchisee in any action.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements herein contained, the parties hereto hereby covenant, promise and agree as follows:

AGREEMENT

1. Acknowledgment of Termination. Franchisee acknowledges and agrees that all of its rights under the Franchise Agreement were fully and finally terminated on _____, 20____. Franchisee agrees to abide by all provisions which expressly survive the Termination of the Franchise Agreement, as more fully set forth in the Franchise Agreement.

2. Release by Franchisee. As of the date of this Agreement, Franchisee does hereby compromise, settle, and absolutely, unconditionally, and fully release, discharge, and hold harmless for itself and each of its respective heirs, executors, administrators, representatives, successors, assigns, officers, members, managers, directors, shareholders, employees, partners, and Affiliates (as hereinafter defined) (collectively, the "**Franchisee Releasing Parties**"), the Franchisor and its past, present and future officers, directors, agents, attorneys, employees, shareholders, successors, assigns, members, managers, and Affiliates (collectively, the "**Franchisor Released Parties**"), for all purposes, of and from any and all claims, debts, demands, damages, costs, expenses, actions, causes of action, or suits of any kind

~~whatsoever, at common law, statutory or otherwise, whether now known or not, whether contingent or matured, including, without limitation, any claim, demand, or cause of action arising out of or in connection with the Franchisee's Thai Express Store or the Franchise Agreement or any other contractual relation between Franchisee and Franchisor and/or any Affiliate of the Franchisor, which the Franchisee Releasing Parties may have had or may now have directly or indirectly against any or all of the Franchisor Released Parties based upon or arising out of any event, act, or omission that has occurred prior to the date hereof. The Franchisee Releasing Parties further covenant and agree to never institute, prosecute or assist others to institute or prosecute, or in any way aid any claim, suit, action at law or in equity, or otherwise assert any claim against any or all of the Franchisor Released Parties for any damages (actual, consequential, punitive or otherwise), injunctive relief, or other loss or injury either to person or property, cost, expense, attorneys' fees, amounts paid on account of recovery or settlement, or any other damage or harm whatsoever, based upon or arising out of any event, act, or omission that has occurred prior to the date hereof. The Franchisor Released Parties are not releasing any claim which they may have against the Franchisee Releasing Parties or any rights or remedies the Franchisor Released Parties may have under the Franchise Agreement or any applicable confidentiality agreements (including but not limited to the right to retain all Initial Franchise Fees, Lease Review Fees, Royalties, Marketing Fund Contributions, Administrative Fees, Training Fees any other sums paid to the Franchisor or its Affiliates by the Franchisee or its Affiliates and any audit rights), under law or equity, or under any other contractual relationship between the Franchisee and the Franchisor and/or any Affiliate of the Franchisor.~~

3. ~~Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.~~

4. ~~Full Release. Except as is set forth in this Agreement, the Parties intend that this Agreement shall be effective as a full and final accord and satisfaction and release as to the Franchisor Released Parties and shall extend to all matters, claims, demands, actions or causes of action of any kind or nature whatsoever which the Franchisee Releasing Parties may have against the Franchisor Released Parties. The Parties acknowledge that they may hereafter discover facts in addition to, or different from, those which they now know or believe to be true with respect to the subject matter of this Agreement but that, notwithstanding the foregoing, it is their intention hereby to fully, finally, completely and forever settle and release the Franchisor Released Parties and that the release given herein shall be and remain irrevocably in effect as a full and complete general release notwithstanding the existence of any such additional or different facts.~~

5. ~~No Coercion. The Parties acknowledge that they are freely and voluntarily entering into this Agreement, uncoerced by any person, and that they have been advised and afforded the opportunity to seek the advice of legal counsel of their choice with regard to this Agreement.~~

6. ~~Notices. Any notices given under this Agreement shall be in writing and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.~~

7. ~~Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.~~

8. ~~Amendments.~~ This Agreement may not be changed or modified except in a writing signed by all of the parties hereto.

9. ~~Governing Law.~~ This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Arizona.

10. ~~Jurisdiction.~~ The Parties agree that any disputes relating to the enforcement of this Agreement will be governed by the dispute resolution provisions set out in the Franchise Agreement.

11. ~~Fees and Costs.~~ In any action to enforce, interpret or seek damages for violation of this Agreement, the prevailing Party shall recover all attorney's fees and litigation expenses.

12. ~~Severability.~~ If any provision of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.

13. ~~Authorization.~~ Each Party warrants that each individual executing this Agreement on behalf of the respective Parties is fully authorized to do so by each of the respective Parties and each individual executing this Agreement warrants that he or she is acting within the scope of his or her employment and authority in executing this Agreement.

14. ~~Counterparts.~~ This Agreement may be executed in counterparts and all of which, when taken together, shall be deemed to be one (1) original Agreement. The signatures required for execution may be transmitted to the other party via facsimile or a scanned .pdf file sent via email and such signature shall be deemed a duplicate original, shall be effective upon receipt by the other party, may be admitted in evidence and shall fully bind the party and person making such signature. A fully executed copy of this Agreement shall be of the same force and effect as the original.

15. ~~Entirety.~~ This Agreement contains the entire agreement between the Parties related to the subject matter hereof, and in entering into this Agreement, each Party represents that he, she, or it is doing so voluntarily and of his, her or its own free will, and have executed this Agreement below acknowledging that each Party has completely read and fully understands the terms of this Agreement.

~~{Signatures on following page}~~

~~IN WITNESS WHEREOF~~, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

FRANCHISEE:

~~MTY Franchising, USA Inc., a Tennessee corporation~~

By: _____

By: _____

Its: _____

Its: _____

By: _____

Omitted

however, that "Losses" exclude all consequential damages of any kind (including, but not limited to, loss of revenue or income, cost of capital or loss of business reputation or opportunity). As of and prior to the Closing Date, Seller shall have good and marketable title to the Transferred Assets, free and clear of any and all liens, claims, judgments, taxes, encumbrances, security interests, debts or other adverse claims or rights of any kind, except as otherwise provided herein. Seller agrees to indemnify Purchaser of any and all liens, claims, judgments, taxes, encumbrances, security interests, debts or other adverse claims or rights of any kind, which accrued up through the date immediately preceding the Closing Date, whether or not known by either Seller or Purchaser. Seller further agrees to indemnify Purchaser of any and all liens, claims, judgments, taxes, encumbrances, security interests, debts or other adverse claims or rights of any kind, which accrued up to the date immediately preceding the Closing Date, even if such liens, claims, judgments, taxes, encumbrances, security interests, debts or other adverse claims or rights of any kind are discovered at any future date. Any and all liens, claims, judgments, taxes, encumbrances, security interests, debts or other adverse claims or rights of any kind which accrue on or after the Closing Date are the sole obligation and responsibility of the Purchaser. **For avoidance of doubt, Seller's limited indemnification herein shall not apply to the actual condition or quality of the Transferred Assets as such are being purchased by Purchase in "AS-IS" condition.**

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

If to Seller	[Selling Entity] Attention: Legal Department 9311 East Via De Ventura Scottsdale, Arizona 85258
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If to Liquor License Entity (if applicable):	[Liquor License Entity] Attention: Legal Department 9311 East Via De Ventura Scottsdale, Arizona 85258
--	---

If to Purchaser:	[Purchaser] [address] Telephone Number:
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Any Party may change its address by giving notice in writing, stating its new address the other Party to this Agreement as provided in the foregoing manner.

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

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

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

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

- (a) No amendment, modification or waiver of any condition, provision or term of this Agreement shall be valid or of any effect unless made in writing, signed by the Parties and specifying with particularity the nature and extent of the amendment, modification or waiver. Waiver of any matter shall not be deemed a waiver of the same or any other matter on any future occasion.
- (b) Failure on the part of any Party to complain of any act or failure to act of the other Party or to declare the other Party in default, irrespective of how long the failure continues, shall not constitute a waiver by that Party of its rights under this Agreement.

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

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

13. **Dispute Resolution.**

- (a) Except as otherwise provided herein, any dispute, claim or controversy arising out of or relating to this Agreement, the breach hereof, the rights and obligations of the Parties hereto or the relationship between the Parties, or the entry, making, interpretation, or performance of either Party under this Agreement ("Dispute"), which cannot be resolved by mediation under Section 13(d) below or is not subject to mediation under the terms of this Agreement, shall be settled by arbitration administered by the American Arbitration Association ("AAA") in accordance with its Commercial Arbitration Rules as modified below.
- (b) Any arbitration shall take place before a sole arbitrator in ~~Maricopa County, Arizona or, if our headquarters are no longer located in Maricopa County, Arizona, then the arbitration shall take place in the county in which our principal~~

~~place of business is located at the time the arbitration is commenced~~the county and state where the Franchised Business is located. Purchaser agrees to conducting the arbitration where Seller is located is appropriate. The Parties agree that the arbitrator shall be an attorney licensed to practice law in the United States and must have a minimum of five (5) years of experience in franchise law. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall, in the award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorney's fees of the prevailing Party, against the Party who did not prevail. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any other dispute, arbitration proceeding or litigation, except to the extent such issue may have been specifically determined in another proceeding between the Parties. This agreement to arbitrate shall survive any termination or expiration of this Agreement, however effected. The Parties agree that any arbitration shall be solely between them (including any affiliates) and shall not include as a Party, by consolidation, joinder, or in any other manner, any other person or entity, unless both Parties consent in writing. Both Parties shall have the absolute right to refuse such consent. Further, the Parties expressly waive any right to bring and/or participate in any class or other consolidated, joined or multi-party arbitration claim or proceeding, whether or not permissible under the AAA Commercial Arbitration Rules, including, but not limited to, any claim brought on their behalf by an association of which it, he or she is a member. At the request of any Party, the arbitration shall be conducted in a manner that maintains the confidentiality of the proceedings.

- (c) The arbitrator(s) will issue a reasoned award, with findings of fact and conclusions of law. Actions to enforce an express obligation to pay monies may be brought under the Expedited Procedures of the AAA's Commercial Arbitration Rules. The Federal Arbitration Act shall govern, excluding all state arbitration laws. ~~The laws of the state where the Franchised Business is located~~ Arizona law will govern all other issues. With respect to discovery, the arbitrator shall require each Party to make a good cause showing before any discovery exceeding that specifically authorized by the AAA Commercial Arbitration Rules will be granted.
- (d) Prior to the commencement of an arbitration proceeding, the Parties must first submit any Dispute to non-binding mediation. At the request of any Party, the mediation will be confidential. The mediation shall be conducted in the county and state where the Franchised Business is located ~~Maricopa County, Arizona or in the county in which our headquarters are located at the time of mediation,~~ unless the Parties shall mutually agree to a different location. The Parties to the mediation will share equally in its costs and expenses, except those costs and expenses incurred separately by each Party, including, without limitation, counsel fees and expenses. The mediation process will be deemed "Completed" when the Parties agree that it has been completed, the mediator declares that any impasse exists or sixty (60) days have elapsed since the date of the initiating Party's notice to the other Party that it is initiating the mediation process, whichever occurs first.
- (e) Notwithstanding anything contained in this Agreement to the contrary, the provisions of Sections 13(a), 13(b), 13(c) and 13(d) do not apply to a Dispute where: (i) Seller brings an action for an express obligation to pay monies,

declaratory relief, preliminary or permanent equitable relief, any action at law for damage to Seller's goodwill, the confidential information, the proprietary marks or for fraudulent conduct by Purchaser; or (ii) the delay resulting from the mediation process may endanger or adversely affect the public (for example, unhealthy, unsafe or unsanitary conditions would continue to exist). For such disputes, Seller may bring an action in any federal or state court having jurisdiction, whether for monetary damages and/or for temporary preliminary and permanent injunctive relief or specific performance in addition to, and not exclusive of, any other remedies available to Seller. Purchaser hereby consents to and waives any objection or defense and agrees not to contest venue, forum non conveniens or jurisdiction of such court or arbitration.

- (f) Disputes concerning the validity or scope of arbitration, including whether a dispute is subject to arbitration, are beyond the authority of the arbitrator(s) and will be determined by a court of competent jurisdiction pursuant to the Federal Arbitration Act, 9 U.S.C. § 1 et seq., as amended from time to time.
- (g) Either Party may appeal the final award of the arbitrator, if it is over One Hundred Thousand Dollars (\$100,000), to the appropriate U.S. District Court. The Court's review of the arbitrator's findings of fact will be under the clearly erroneous standard, and the Court's review of all legal rulings will be *de novo*. If it should be determined that this provision for federal court review is not enforceable, then either Party may appeal the arbitrator's final award, if it is over One Hundred Thousand Dollars (\$100,000), to a panel of three arbitrators chosen under AAA procedures, which will employ the same standards of review stated immediately above.

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

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

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

PROMISSORY NOTE AND SECURITY AGREEMENT

Note Amount:
[\$AMOUNT]

Scottsdale, Arizona
[DATE]

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

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

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

the Depository Account balance in accordance with the terms of the Franchise Agreement). Holder does not have to make or give "presentment, demand, protest or notice" to get paid. Maker hereby waives any right to "presentment, demand, protest and notice" as set forth in Section 10 below.

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

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

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

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

8. Guaranty of Promissory Note and Security Agreement. [If Maker is an individual and married, Maker represents and warrants that Maker's obligations under this Note are guaranteed by Maker's spouse and/or any other individuals requested by Holder as consideration for its agreements herein (together, "Guarantors"), pursuant to the Guaranty of Promissory Note and Security Agreement attached hereto as **EXHIBIT "3"** and incorporated herein by reference.] If Maker is a corporation, limited liability company, or other business entity, Maker represents and warrants that Maker's obligations under this Note are guaranteed by each of the persons who are shareholders, members, or other owners, direct or indirect, of Maker (and their respective spouses, if married); and/or any other individuals requested by Holder as consideration for its agreements herein (together, also "Guarantors"), pursuant to the Guaranty of Promissory Note and Security Agreement attached hereto as **EXHIBIT "3"** and

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

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

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

If to Maker: _____

~~Telephone Number:~~
~~Facsimile Number:~~

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

18. RELEASE. IN EXCHANGE FOR HOLDER'S AGREEMENT TO ARRANGE FOR MAKER'S PAYMENT OF THE DEBT, MAKER AND EACH OF ITS CURRENT, PAST AND FUTURE PREDECESSORS, SUCCESSORS AND ASSIGNS, AND EACH OF ITS AND THE FOREGOING ENTITIES' RESPECTIVE PARENTS, SUBSIDIARIES, SHAREHOLDERS, MEMBERS, MANAGERS, OWNERS, PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNS, GUARANTORS, INSURERS, SPOUSES, HEIRS, EXECUTORS, TRUSTEES, AND ESTATES, IF ANY, OF ANY AND ALL SUCH ENTITIES (COLLECTIVELY WITH MAKER "MAKER PARTIES"), HEREBY IRREVOCABLY AND UNCONDITIONALLY RELEASE, REMISE AND FOREVER DISCHARGE HOLDER AND EACH OF ITS CURRENT, PAST AND FUTURE PREDECESSORS, SUCCESSORS AND ASSIGNS, AND EACH OF ITS AND THE FOREGOING ENTITIES RESPECTIVE PARENTS, SUBSIDIARIES, SHAREHOLDERS, MEMBERS, MANAGERS, OWNERS, PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNS, GUARANTORS, INSURERS, SPOUSES, HEIRS, EXECUTORS, TRUSTEES, AND ESTATES, IF ANY, OF ANY AND ALL SUCH ENTITIES (COLLECTIVELY WITH HOLDER "HOLDER PARTIES"), FROM ANY AND ALL CLAIMS,

GUARANTY OF PROMISSORY NOTE AND SECURITY AGREEMENT

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

Recitals

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

A. Franchisee and ~~MTY Franchising USA, Inc.~~ [applicable franchisor name] signed a Franchise Agreement, as amended, with respect to ~~Thai Express~~® [Brand] Store No. _____ ("Franchise") dated [Franchise Agreement Date] ("Franchise Agreement").

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

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

Agreement

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

2. This is a guaranty of payment and not of collection. This Guaranty will remain in full force and effect for such period of time as the Franchise Agreement and any notation, extension or renewal thereof remains in force, and until all amounts payable by Guarantor have been validly, finally and irrevocably paid-in-full and all Obligations will have been validly, finally and irrevocably satisfied or performed-in-full.

3. Guarantor's Obligations under this Guaranty are joint and several and are independent of the obligations of Franchisee. A separate action or actions may be brought and prosecuted against Guarantor regardless of whether an action is brought against the Franchisee or whether the Franchisee (or, if more than one Guarantor, the other Guarantors) is joined in any such action. Guarantor waives the benefit of any statute of limitations affecting Guarantor's liability under this Guaranty or the enforcement of this Guaranty. Guarantor waives its rights

EXHIBIT E

LIST OF FRANCHISEES OR MULTIPLE UNIT OPERATORS

The following is a list of our Franchisees in the United States as of November 30, 20242025:

THAI EXPRESS FRANCHSE LIST AS OF NOVEMBER 30, 20242025, WITH OPEN OUTLETS

The name of the franchisee, store address and store telephone number of the stores are listed below:

Franchise Company	Owners	Address	City	State	Zip	Phone
<u>Toma Express LLC</u> <u>AL-BARR L.L.C.</u>	<u>Mohammed Kamruzzaman, Delip Gupta</u> <u>Syed Khalid Raza, Mohammed Ali Fareed</u>	<u>9420 West Russel Road</u> <u>11660 Elm Creek Blvd North</u>	<u>Las Vegas</u> <u>Maple Grove</u>	<u>NV</u> <u>N</u>	<u>89148</u> <u>55369</u>	<u>702-202-2505</u> <u>7636570772</u>
<u>Ukiah Partnership LLC</u> <u>Toma Express LLC</u>	<u>Zachary Draper, Charli Keese, Ryan Keese, Verna Draper</u> <u>Mohammed Kamruzzaman, Delip Gupta</u>	<u>1335 NW 9th Street</u> <u>9420 West Russel Road</u>	<u>Corvallis</u> <u>Las Vegas</u>	<u>OR</u> <u>NV</u>	<u>97330</u> <u>89148</u>	<u>541-250-5172</u> <u>7022022505</u>
<u>Ukiah Partnership LLC</u> <u>Ukiah Partnership LLC</u>	<u>Verna Draper, Zachary Draper, Charli Keese, Ryan Keese</u> <u>Verna Draper, Zachary Draper, Charli Keese, Ryan Keese</u>	<u>325 Airport Road SE</u> <u>1335 NW 9th St</u>	<u>Albany</u> <u>Corvallis</u>	<u>OR</u> <u>OR</u>	<u>97322</u> <u>97330</u>	<u>541-248-3453</u> <u>5412505172</u>
<u>Isosa Incorporated</u> <u>Ukiah Partnership LLC</u>	<u>Joseph Omobogie, Charli Keese, Ryan Keese, Verna Draper, Zachary Draper</u>	<u>13350 Dallas Parkway</u> <u>Mobile</u>	<u>Dallas</u> <u>Albany</u>	<u>TX</u> <u>OR</u>	<u>75240</u> <u>97322</u>	<u>214-238-3838</u> <u>808-255-8687</u>
<u>Isosa Incorporated</u>	<u>Joseph Omobogie</u>	<u>13350 Dallas Parkway</u>	<u>Dallas</u>	<u>TX</u>	<u>75240</u>	<u>2142383838</u>

THAI EXPRESS FRANCHSE LIST AS OF NOVEMBER 30, 20242025, WITH OUTLETS NOT YET OPENED

The name of the franchisee, store address and store telephone number of the stores are listed below:

Franchise Company	Owners	Address	City	State	Zip	Phone
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Changning Prior Changning Prior	Changning Prior Changning Prior	TBD	Stockton	CA	-	510-325-8213
Rupinder S. Gill and Gagandeep Gill Rupinder S. Gill and Gagandeep Gill	Rupinder Gill, Gagandeep Gill Rupinder Gill, Gagandeep Gill	Shops at Livermore Shops at Livermore	Livermore	CA	94551	408-854-6013
Three Phoenix Group, LLC Manisha Batra & Sanjay Tillu, Individuals	Jayapal Prabakaran, Prabakaran Varthamana, Kamesh Gopalan Manisha Matra, Sanjay Tillu	TBD	Orlando	FL	-	407-881-1230
BBH Thai Rivergate L.L.C. Arlene and Troy Larsen, Individuals	Neetu Chellani, Dipin Chellani Arlene Larsen, Troy Larsen	TBD	Charlotte	NC	-	704-942-4403
BBH Thai Rivergate L.L.C. Alexander Refaeian Individual	Neetu Chellani, Dipin Chellani Alexander Refaeian	200 Springtown Way	San Marcos	TX	78666	915-433-5214
Manisha Batra & Sanjay Tillu, Individuals BBH Thai Rivergate L.L.C.	Manisha Matra, Sanjay Tillu Neetu Chellani, Dipin Chellani	TBD	Charlotte	NC	-	704-942-4403
Ishwar & Sanjaykumar Vaghasiya Individuals BBH Thai Rivergate L.L.C.	Ishwar Vaghasiya, Sanjaykumar Vaghasiya Dipin Chellani, Neetu Chellani	TBD	Cleveland	OH	-	440-865-0433
Alexander Refaeian, an Individual Ishwar & Sanjaykumar Vaghasiya Individuals	Alexander Refaeian Ishwar Vaghasiya, Sanjaykumar Vaghasiya	200 Springtown Way	San Marcos	TX	78666	915-433-5214
Three Phoenix Group, LLC	Prabakaran Varthamana, Kamesh Gopalan, Jayapal Prabakaran	TBD	Orlando	FL	-	407-881-1230
Pendse, Ameya	Ameya Pendse	-	New Brunswick	NJ	-	-

F-Squared Enterprises LLC	Jean-Pierre Foulon	-	Dallas	TX	-	-
Isosa Incorporated	Joseph Omobogiede	9103 Lakeview Pkwy	Rowlett	TX	75088	972-880-2580

EXHIBIT F

MTY FRANCHISING USA, INC. SPECIFIC DISCLOSURES REQUIRED BY VARIOUS STATES

MTY Franchising USA, Inc. Franchise Disclosure Document (“**FDD**”) and Franchise Agreement (“**FA**”) are modified and/or clarified as follows for franchisees and prospective franchisees in the following states:

CALIFORNIA

Franchise Disclosure Document

ITEM 17 of the Franchise Disclosure Document is revised to including the following:

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

Neither the Franchisor, any person or franchise broker in ITEM 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

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

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

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 and following).

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

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement requires binding arbitration. ~~The arbitration will occur in Phoenix, Arizona~~ with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.4 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

~~The franchise agreement requires application of the laws of the State of Arizona. This may not be enforceable in the State of California.~~

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your franchise agreement.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 3100 Through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

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

ILLINOIS

Franchise Disclosure Document

ITEM 17 of the Franchise Disclosure Document and the Franchise Agreement is amended by adding the following:

In accordance with Illinois law 815 ILCS 705/19 and Rule Section 200.608, any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois, except that the Franchise Agreement may provide for arbitration outside Illinois. In addition, Illinois law will govern the Franchise Agreement.

The following should be added to Provision f. of ITEM 17 of the Franchise Disclosure Document:

Illinois law may affect the conditions under which we may terminate the Franchise Agreement, 815 ILCS 705/19 and Rule 200.608.

The following should be added to Provision i. of ITEM 17 of the Franchise Disclosure Document:

Illinois law may affect your rights upon non-renewal, 815 ILCS 705/19 and 705/20.

Section 200.702 requires any person to whom the right to sell subfranchises or to service franchises is granted must first register as a subfranchisor prior to soliciting or servicing Illinois franchisees. The Franchise Disclosure Document is amended accordingly, to the extent required by Illinois law.

The Franchise Disclosure Document and Franchise Agreement are amended to state that you may commence any cause of action against us in any court of competent jurisdiction, including the state or federal courts of Maryland. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

~~The following is added to the end of Section 4 "Full Release," to the Sample Acknowledgement of Termination and Release Agreement attached as Attachment M to the Franchise Agreement:~~

~~"The general release shall not apply to any liability under the Maryland Franchise registration and Disclosure Law."~~

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 and following).

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

MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE AGREEMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

1. A prohibition on the right of a franchisee to join an association of franchisees.
2. A requirement that a franchisee asset to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
3. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
4. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (a) the term of the franchise is less than five years, and (b) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business

8.1 Initial Franchise Fee. In consideration of the Franchisor entering into this Agreement and the opportunity to establish the Business as herein provided, the Franchisee agrees to pay the Franchisor a fee ("**Initial Franchise Fee**") of Thirty Thousand Dollars (\$30,000.00) upon execution of this Agreement. The Initial Franchise Fee shall be deemed fully earned upon receipt by Franchisor. The Initial Franchise Fee shall be refunded (without interest or deduction, except for any legal costs and other expenses reasonably incurred by the Franchisor in respect of dealing with the Franchisee of an amount not to exceed Three Thousand Five Hundred Dollars (\$3,500.00), which amount may be deducted from the Initial Franchise Fee) if this Agreement is terminated for failure to identify and agree upon a Store pursuant to Section 4.1 but shall otherwise be fully paid and earned by the Franchisor and non-refundable to the Franchisee.

The third sentence in the second paragraph (beginning with "If any fees or assessments due under this Agreement . . .") in Section 9.9, is hereby deleted and replaced with:

For any payments made by you to us under this Agreement which are returned for non-sufficient funds of an attempted electronic funds transfer, you shall be charged a non-sufficient funds fee of Thirty Dollars (\$30).

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

NEW YORK

Offering Prospectus

The following is added to the Cover Page of this Franchise Disclosure Document:

SPECIAL RISK FACTORS:

THE FRANCHISE AGREEMENT PERMITS YOU TO ARBITRATE WITH US ONLY IN ONTARIO, CANADA. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH THE FRANCHISOR IN THE ONTARIO THAN IN YOUR HOME STATE.

~~**THE FRANCHISE AGREEMENT STATES THAT ARIZONA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**~~

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

INFORMATION ABOUT COMPARISONS OF FRANCHISORS MAY BE AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for MTY Franchising USA, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

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

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

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

WASHINGTON

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after

the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgment.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

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

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

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

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

~~1. The Director of the Washington Department of Financial Institutions requires that certain provisions contained in franchise documents be amended to be consistent with Washington law, including the Washington Franchise Investment Protection Act, WA Rev. Code §§ 19.100.010 to 19.100.940 (1994). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:~~

~~a. The Washington Franchise Investment Protection Act, may supersede the Franchise Agreement including areas of termination and renewal of the franchise. There may also be court decisions which may supersede the terms of the Franchise Agreement including areas of termination and renewal of the franchise. If the Agreement contains a provision that is inconsistent with the Act, the Act will control.~~

- b. ~~If the Franchisee is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the Washington Franchise Investment Protection Act; except when the release is executed under a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. If there are provisions in the Agreement that unreasonably restrict or limit the statute of limitations period for claims brought under the Act, or other rights or remedies under the Act, those provisions may be unenforceable.~~
 - c. ~~If the Agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of Washington, the requirements may be unenforceable under Washington law. Arbitration involving a franchise purchased in the State of Washington, must either be held in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.~~
 - d. ~~If the Franchisee wants to transfer its Agreement and upon Franchisor's approval, the Washington Franchise Investment Protection Act requires that parties deal with one another in "good faith" during this transfer process including collecting transfer fees as provided by the Agreement to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.~~
 - e. ~~A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.~~
 - f. ~~If the Agreement requires that it be governed by the law of a state, other than the State of Washington, and there is a conflict between the law and the Washington Franchise Investment Protection Act, the Washington Franchise Investment Protection Act will control.~~
2. ~~Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.~~
3. ~~No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise~~**WISCONSIN**

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Wisconsin:

EXHIBIT I

LIST OF FRANCHISEES OR MULTIPLE UNIT OPERATORS WHO HAVE LEFT THE SYSTEM

The following is a list of our Franchisees in the United States who have left the system during our last fiscal year ended November 30, ~~2024~~2025:

Company Name	Owner Names	Owner Cities	Owner States	Owner Phones
~~AL-BARR~~ ~~L.L.C. Joseph Omobogie, Individual~~	~~Mohammed Ali Fareed, Syed Khalid Raza Joseph Omobogie~~	~~Brooklyn Park, Freemont Forney~~	~~CA, MN TX~~	~~510-676-5916, 952-486-0012 972-880-2580~~
~~Alejandro Hinojosa, Jr., Individual~~	~~Alejandro Hinojosa, Jr.~~	~~McAllen~~	~~TX~~	~~956-491-4466~~

We had ~~no~~2 franchisees that had their Franchise Agreements voluntarily terminated or cancelled during the year ending November 30, ~~2024~~2025, for a restaurant that never opened. The name, city and state and current business telephone number, or if unknown, the last known home telephone number, of these franchisees are as follows:

Franchisee	Owner Addresses	City	State	Phone
~~Scope Foods Corp. F-Squared Enterprises LLC~~	~~36379 EW 11007801 Copper Kettle Way~~	~~Okemah Flowery Branch~~	~~OK GA~~	~~817-313-4881-~~
~~Scope Foods Corp. Isosa Incorporated~~	~~440 Trinity Drive 7801 Copper Kettle Way~~	~~Allen Flowery Branch~~	~~TX GA~~	~~972-880-2580-~~
~~Gudu Singh Husson & Sunitha V. Husson~~	~~2525 N Altadena Dr.~~	~~Altadena~~	~~CA~~	~~626-297-7721~~
~~Gudu Singh Husson & Sunitha V. Husson~~	~~2525 N Altadena Dr.~~	~~Altadena~~	~~CA~~	~~626-297-7721~~
~~Gudu Singh Husson & Sunitha V. Husson~~	~~2525 N Altadena Dr.~~	~~Altadena~~	~~CA~~	~~626-297-7721~~
~~Titi Phoukhamphet Phommachanh & Michael Senesoury~~	~~4448 Jardin Street, 6131 Tyrone Drive~~	~~Irving, Dallas~~	~~TX~~	~~703-217-5560, 817-965-4767~~
~~Titi Phoukhamphet Phommachanh & Michael Senesoury~~	~~4448 Jardin Street, 6131 Tyrone Drive~~	~~Irving, Dallas~~	~~TX~~	~~703-217-5560, 817-965-4767~~
~~AHBAB CONNECTIONS LLC~~	~~3150 S Waterfront Dr.~~	~~Chandler~~	~~AZ~~	~~858-733-1515~~
~~AHBAB CONNECTIONS LLC~~	~~3150 S Waterfront Dr.~~	~~Chandler~~	~~AZ~~	~~858-733-1515~~
~~Alejandro Hinojosa, Jr~~	~~5509 Palm Valley Dr S~~	~~Harlingen~~	~~TX~~	~~956-491-4466~~

We had ~~0~~no outlets transfer during the past fiscal year.

Franchisees who had an outlet transfer during the year ending November 30, 2025⁴:

NONE

We had 7 franchisees who have not communicated with us for the 10 week period before the date of this Disclosure Document:

<u>Owner Names</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Phone</u>
<u>Changning Prior</u>	<u>4670 Saint Andrews Drive</u>	<u>Stockton</u>	<u>CA</u>	<u>510-325-8213</u>
<u>Rupinder Gill,</u> <u>Gagandeep Gill</u>	<u>3187 E. Ruby Hill Drive</u>	<u>Pleasanton</u>	<u>CA</u>	<u>408-854-6013</u>
<u>Manisha Matra,</u> <u>Sanjay Tillu</u>	<u>684 4th Street</u>	<u>Secaucus</u>	<u>NJ</u>	<u>201-604-3935</u>
<u>Alexander Refaeian</u>	<u>311 Camino Estancias</u>	<u>El Paso</u>	<u>TX</u>	<u>915-433-5214</u>
<u>Dipin Chellani,</u> <u>Neetu Chellani</u>	<u>5644 Sunstar Court</u>	<u>Charlotte</u>	<u>NC</u>	<u>980-430-5472,</u> <u>702-942-4403</u>
<u>Ishwar Vaghasia,</u> <u>Sanjaykumar Vaghasiya</u>	<u>7990 Deepwood Boulevard</u>	<u>Mentor</u>	<u>OH</u>	<u>440-865-0433,</u> <u>306-209-4659</u>
<u>Prabakaran Varthamana,</u> <u>Jayapal Prabakaran,</u> <u>Kamesh Gopalan</u>	<u>9901 Hollow Pointe Way,</u> <u>1417 Langham Terrace</u>	<u>Orlando, Lake Mary</u>	<u>FL, FL</u>	<u>407-881-1230,</u> <u>321-732-0545,</u> <u>847-445-3064</u>

EXHIBIT K
RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Thai Express offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Thai Express or an affiliate in connection with the proposed franchise sale. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, Thai Express must provide this disclosure document to you at your first personal meeting to discuss the franchise.

New York State Law requires a franchisor to provide the franchise 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.

If Thai Express does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on **Exhibit D**.

The name, principal business address and telephone number of the franchise seller offering the franchise is Ray Zandi at 9311 East Via de Ventura, Scottsdale, Arizona, 85258, (480) 515-6250.

Issuance Date: March 27⁸, 202~~6~~⁵

See **Exhibit D** for Thai Express's registered agents authorized to receive service of process.

I have received a disclosure document dated that included the following Exhibits:

Exhibit A:	Financial Statements
Exhibit B:	Franchise Agreement with Schedules
Exhibit B1:	Asset Purchase Agreement
Exhibit C:	Gift Card Participation Agreement
Exhibit D:	List of State Franchise Administrators and Agents for Service
Exhibit E:	List of Franchisees and Multiple Unit Operators
Exhibit F:	State Addendum
Exhibit F1:	Required Lease Terms
Exhibit G:	Operations Manual Table of Contents
Exhibit H:	In-Store Training Release and Waiver of Liability Agreement
Exhibit I:	List of Franchisees or Multi Unit Operators Who Have Left the System
Exhibit J:	State Effective Dates
Exhibit K:	Receipt

Date

Signature

Printed Name

Please sign this copy of the receipt, date your signature, and return it to Ray Zandi, 9311 East Via de Ventura, Scottsdale, Arizona, 85258

EXHIBIT K

RECEIPT (Our Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Thai Express offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Thai Express or an affiliate in connection with the proposed franchise sale. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, Thai Express must provide this disclosure document to you at your first personal meeting to discuss the franchise.

New York State law requires a franchisor to provide the franchise 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.

If Thai Express does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on **Exhibit D**.

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Exhibit J:	State Effective Dates
Exhibit K:	Receipt

Date

Signature

Printed Name

Please sign this copy of the receipt, date your signature, and return it to Ray Zandi, 9311 East Via de Ventura, Scottsdale, Arizona, 85258.