

FRANCHISE DISCLOSURE DOCUMENT



D Spot Franchising USA Inc.
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You will operate a D Spot Dessert Café business (the “**Store**”) featuring bistro and dessert items. The total initial investment necessary to begin operation of a Full Menu Café is from \$1,001,650 to \$1,843,300. This includes \$65,000 to \$105,000 that must be paid to us or our affiliates.

The total initial investment necessary to begin operation of a Dessert Café is from \$785,250 to \$1,098,300. This includes \$54,000 to \$64,000 that must be paid to us or our affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Samir Desai at 30 Bertrand Avenue, Unit C5, Toronto, Ontario Canada M1L 2P5, samir@dspotdessert.com.

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

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

Issuance Date: June 25, 2025

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchise *Generally*

Continuing responsibility to pay fees. You may have to pay fees as provided herein, even if you are losing money.

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risks be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation or arbitration only in Illinois or litigation only in Delaware. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigate with the franchisor in Illinois or Delaware than in your own state.
2. **Financial Condition.** The Franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the Franchisor's financial ability to provide services and support to you.
3. **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, “we” means D Spot Franchising USA Inc., the franchisor. “You” means the person who buys the franchise. If a corporation, partnership, or limited liability company buys a franchise, “you” also may refer to the shareholders of the corporation, partners of the partnership or members of the limited liability company.

The Franchisor

We are a Delaware corporation formed on March 7, 2023. Our principal place of business is at 30 Bertrand Avenue, Unit C5, Toronto, Ontario M1L 2P5; telephone number is 647-393-7861. Our agents for service of process are disclosed in Exhibit C.

Our Business Experience

We sell franchises for the development, opening and operation of distinctive food service businesses featuring bistro and dessert items, under the name “D Spot Dessert Café” (“**Stores**”). We offer Stores that have a sit-down restaurant which offer the full range of products (a “**Full Menu Café**”) and smaller Stores that are sit-down or take-out only which offer a limited selection of products (“**Dessert Café**”). Unless noted, all references to Stores include a Full Menu Café and a Dessert Café. We have offered franchises for Stores since March 2023. As of March 1, 2024, we have 0 franchised Stores in the United States and we do not operate a Store.

Parent

Our direct parent is D Spot Holdings USA, Inc., an Ontario corporation formed on November 8, 2022, with a principal place of business is at 30 Bertrand Avenue, Unit C5, Toronto, Ontario M1L 2P5. Parent does not offer products or services to franchisees or offer franchises in any line of business.

Our Affiliates

Our affiliate, D Spot Holdings Inc. (“**Holdings**”) was incorporated on December 30, 2020 and has a principal place of business at 29 Felicity Drive, Scarborough, Ontario, M1H 1E2. Holdings is the parent company of our affiliate, the Canadian franchisor of Stores, D Spot Franchising Inc. (“**D Spot Canada**”).

D Spot Canada is the Canadian franchisor of the D Spot Dessert Café franchise system. D Spot Canada is an Ontario corporation which was formed on January 19, 2016. D Spot Canada has offered franchises for Stores in Canada since February 2017. As of the issuance date of this Disclosure Document, there are 50 Stores operating in Canada. D Spot Franchising’s principal place of business is at 30 Bertrand Avenue, Unit C5, Toronto, Ontario M1L 2P5.

Our affiliate, 2378434 Ontario (“**237**”), an Ontario corporation which was formed on June 25, 2013, operated the original D Spot Dessert Café and Bistro located at 51 Lebovic Ave.,

Scarborough, ON M1L 4W1, until it was sold to a franchisee in October 2017 (the “**Original Store**”).

Other than as described, we have no affiliates, predecessors or parents required to be disclosed in this Item 1. Except as disclosed above, neither we nor any of our parents or affiliates has offered franchises in any other line of business or operated a Store.

Franchise Offered

You sign a “**Franchise Agreement**” to receive the right to own and operate a Store offering the products and services we approve and using our formats, designs, methods, specifications, standards, operating and marketing procedures and the trademark “**D Spot Dessert Cafe**” and other trademarks (the “**Marks**”) (collectively, the “**System**”). The Store will be one of the following formats, which we will designate at the time you execute the Franchise Agreement (each, a “**Format**”):

(a) A sit down or take-out only restaurant having premises of between 1,100 to 2,000 square feet which offers a limited selection of designated products (a “**Dessert Café**”); and

(b) A sit down restaurant having premises of between 2,000 to 5,000 square feet which offers the full range of products (a “**Full Menu Café**”).

Market, Competition, Laws and Regulations

A Store will offer different types of desserts and related products available for the customer. The typical customer includes any individual who enjoys desserts. Your competition is well developed and will include other franchised and company-owned bakeries and ice cream shops, as well as local bakeries, stores and restaurants offering desserts or other related products.

In addition to laws and regulations that apply to businesses generally, federal, state and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Store, including those which (a) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for stores and disclosure of nutritional information; employee practices concerning the storage, handling, cooking and preparation of food; restrictions on smoking; availability of and requirements for public accommodations, including restrooms; (b) establish standards pertaining to employee health and safety; (c) establish standards and requirements for fire safety and general emergency preparedness; and (d) regulate the proper use, storage and disposal of waste, insecticides, and other hazardous materials. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your franchise and should consider both their effect and cost of compliance.

ITEM 2

BUSINESS EXPERIENCE

President and Director, Samir Desai

Mr. Desai has been our President and a Director since our inception in March 2023 and the President and a Director of D Spot Canada since January 2016. Mr. Desai also owned and managed the Original Store from August 2014 until it was sold to a franchisee in October 2017.

Secretary and Director, Asma Desai

Ms. Desai has been our Secretary and a Director since our inception in March 2023 and the Secretary and a Director of D Spot Canada since May 2021. Ms. Desai has also served as D Spot Canada's Director of Operations since 2016.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

Initial Franchise Fee

The “**Initial Franchise Fee**” for a D Spot Full Menu Café or a Dessert Cafe is \$35,000. The Initial Franchise Fee is paid to us when you sign the Franchise Agreement. Except as noted below, the Initial Franchise Fee is uniform, fully earned by us once paid and is non-refundable under any circumstances.

If within 18 months following the date of the Franchise Agreement, you have not identified a location for the Store that we approve and you have not signed a lease, we may terminate the Franchise Agreement upon 21 days' notice.

Hardware and Software

Before the opening of the Store, you must purchase from us an initial hardware and software package (\$10,000 - \$20,000) for a D Spot Full Menu Café and (\$5,000 - \$10,000) for a Dessert Café, which includes up to 2 terminals and 2 printers for the POS Systems.

Construction and Real Estate Improvements

We may, in some cases and our option, undertake the development of all or any part of the Store premises (the “**Premises**”) and do or cause to be done all or any part of such things as may be necessary to complete the Premises for use by you, including appointing architects, designers and contractors.

In such cases you will deposit with us a portion of the estimated costs for the partial or full development of the Premises (the “**Development Cost**”). Further payments toward the Development Cost will be deposited with us at such times as we specify, with any balance of the Development Cost to be deposited with us 60 days prior to the turnover of the Premises to you. To the extent that the actual Development Cost incurred by us in respect of such development exceeds the estimated Development Cost or the amount or amounts previously paid by you to us, you will pay to us an amount equal to such excess. If such a statement indicates that the actual Development Cost was less than the estimated Development Cost, then the difference will be credited by us against any amounts due and owing by you to us until such time as it is fully credited to you.

The Development Cost may include all or any part of the costs of your leasehold improvements, whether performed by the landlord, us or by the chosen contractor, on your behalf, of equipment, technology, software and components and machinery, of signs and logos, of permits and fees and whatever else we encounter in the way of other costs. The amounts included in Item 7 are estimates based on our experience, our affiliates, and existing franchisees, and that the actual costs could exceed the amounts included. Factors which may impact the cost of development may include the condition and state of the proposed Premises at the time when the development of the Premises commences, such as whether the proposed Premises was previously operated as a restaurant or food service business, and whether major redevelopment of the space is required in order to achieve compliance with our standards and consistency with the System.

Upon request, and in addition to the figures set out in Item 7, you must pay us or our nominee an administrative or management fee in respect of the time and expenses incurred relating to our or our nominee’s administration, participation or involvement with respect to the construction or development of the Premises by or on your behalf, including reimbursement for reasonable travel and lodging costs incurred by any of our representatives or our nominee in connection with the foregoing. The administration fee is currently equal to 6.25% of the Development Cost. We estimate that the administrative fee will range from \$20,000 to \$50,000 for a Full Menu Café and from \$14,000 to \$19,000 for a Dessert Café, although it may be more in any one case.

ITEM 6

OTHER FEES

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Royalty	5% of Gross Sales (See Note 2)	Payable on the 1 st and 15 th day of each calendar month	Royalty Fees are based on the Gross Sales for the preceding 2-week period.
Local Advertising	2% of Gross Sales	Minimum amount must be spent during each calendar year	Used for local marketing and promotional activities. See Note 2 and Item 11.
Advertising Fund	2% of Gross Sales	Payable together with royalty fees	Used for advertising and promotional programs in respect of the System.
Renewal Fee	\$10,000	When you provide notice of your intent to renew	
Additional Training Costs	Our then-current fee (which will not exceed \$250 per person per day)	Before additional training	You must also pay the expenses of your personnel who attend training.
On-site Training	Estimated to range from \$5,000 to \$10,000	Within 10 days after receipt of an invoice indicating the amount owed to us	Payable if we conduct additional training at your Store. You are responsible for the travel, meal, and accommodation expenses.
Management of a Store	Will vary under circumstances	When incurred	You are responsible for the cost of your approved manager. If the Store is not being managed by an approved manager, we may choose to operate the Store at your sole cost and expense.
Promotional Programs, Gift Cards, Coupons, etc.	Will vary under circumstances	When incurred	You must participate fully in accordance with then applicable terms and conditions, at your own expense (if required by us), in all gift certificate, gift card, loyalty program, coupon and other promotional programs initiated by us, the cost for which will be borne by you and may be determined by us from time to time.
Technology Fee	We currently do not charge these fees but may do so in the future.	Due and payable monthly	See Item 11. If we charge the technology fee, it will not exceed our costs plus 20%
Audit	If an audit of your books is required and such an audit discloses an understatement or deficiency, you will pay the arrears, plus 50% of the arrears, plus all costs incurred in connection with such audit.	When incurred	

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Transfer Fee	Our then current fee, which is currently \$25,000	Before completion of transfer	You pay this fee upon the transfer of the Store, substantially all or all of the assets of the Store, the Franchise Agreement, or any interest in you. This fee will not be more than the then-current initial franchise fee. Subject to state law.
Non-Compliance Fee	\$1,000 per occurrence, and \$100 for each week such default or non-compliance remains uncured	When incurred	The Non-Compliance Fee is intended to reimburse use for the damages and other losses incurred, as well as the time, expense, and other expenditure of resources incurred due to a franchisee's default or non-compliance. The additional weekly charge is our best estimate of the ongoing costs to monitor a franchisee's actions until the default or non-compliance is rectified and cured. The Non-Compliance Fee applies to each notice of non-compliance that we provide to a franchisee, for each separate event, action, or inaction of default or non-compliance.
Costs on Termination	Will vary under circumstances	Within 7 days after the effective date of termination	
Indemnification of Franchisor	Will vary under circumstances	When incurred	
Costs and Attorneys' Fees	Will vary under circumstances	When incurred	We may recover costs and reasonable attorneys' fees if you lose in a dispute with us.
Overdue Amounts and Interest Rate	Amounts owed under the Franchise Agreement will bear interest after the due date at 18% percent per annum, or the maximum rate of interest that may be legally charged. In addition, you may be required to pay a late charge equal to 10% of each payment overdue.	When incurred	
Halal Certification	Estimated \$350 per month	Due and payable monthly	Payable to us or the designated Halal monitoring service.
Product Purchases	Will vary under circumstances	When incurred	Currently, you must purchase cakes from us or our affiliate

Notes:

- (1) Except where otherwise noted, all fees are payable to us, are non-refundable, and are uniformly imposed. We may collect all or a portion of the fees due us by electronic transfer of funds from your bank account. You must sign electronic transfer of funds authorizations and other documents to authorize bank transfers.
- (2) **“Gross Sales”** means the entire amount of the actual sale price of all sales of products, however allocated amongst some or all such products, and all other receipts or receivables whatsoever from any and all business conducted upon or originating from the Premises,

including, if permitted by us, through delivery or catering services, including the Delivery System, telephone order, internet and other electronic based sales, whether such sales or other receipts be by check, for cash, credit, debit, charge accounts, exchange or otherwise and whether such sales be made by means of mechanical or other devices inside or outside of the Premises. Gross Sales will include the amount of fees paid or payable to you and others in respect of products sold through catering, delivery, or other off-Premises methods, including the Delivery System. There will be no deductions allowed for uncollected or uncollectible credit accounts and no allowances will be made for bad debts. Gross Sales will not include the amount of any tax imposed by any federal, state, municipal or governmental authority directly on sales and collected from customers if such tax is added to the selling price and actually paid by you to such governmental authority. Each charge or sale upon installment or credit will be treated as a sale for the full price in the week during which such charge or sale will be made, irrespective of the time when you will receive payment (whether full or partial) therefor.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT IF YOU OPERATE A FULL MENU CAFÉ (2,000 to 5,000 Square Feet)

Type of Expenditure (Note 1)	Amount (Note 2)	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee	\$35,000 (Note 3)	Lump sum	When you sign Franchise Agreement with us.	Us
Real Estate/Rent – 3 months	\$24,000 - \$60,000 (Note 4)	See Note 4	See Note 4	Landlord, Various Third Parties
Insurance (Note 5)	\$250 - \$800	As Incurred	As Incurred	Various Third Parties
Utilities (Note 6)	\$1,200 - \$4,000	As Incurred	As Incurred	Various Third Parties
Initial Training (Note 7)	\$3,000 - \$10,000	As Incurred	During Training	Various Third Parties
Hardware and Software Fee (Note 8)	\$10,000 - \$20,000	As Incurred	Before Opening	Us
Inventory (Note 9)	\$40,000 - \$60,000	As Agreed Upon	Before Opening	Various Suppliers, Us (or an affiliate)
Furniture, Fixtures, and Equipment (Note 10)	\$210,000 - \$440,000	As Agreed Upon	Before Opening	Various Suppliers, Us (or an affiliate)
Grand Opening (Note 11)	\$10,000	As Agreed Upon	As Incurred	Various Suppliers, Us (or an affiliate)
Licenses and Permits (Note 12)	\$1,500 - \$5,000	As Agreed Upon	As Incurred	Various Third Parties

Type of Expenditure (Note 1)	Amount (Note 2)	Method of Payment	When Due	To Whom Payment Is to Be Made
Professional Fees (Note 13)	\$5,000 - \$10,000	As Agreed Upon	As Incurred	Various Third Parties
Memberships to Local Organizations (Note 14)	\$200 - \$2,000	As Agreed Upon	As Incurred	Various Third Parties
Construction and Real Estate Improvements (Note 15)	\$550,000 - \$1,000,000	As Agreed Upon	As Incurred	Various Suppliers, Us (or an affiliate)
Miscellaneous Operating Costs (Note 16)	\$20,000 - \$40,000	As Agreed Upon	As Incurred	Various Third Parties
Pre-opening Staffing Costs (Note 17)	\$5,000 - \$15,000	As Agreed Upon	As Incurred	Various Third Parties
Signage (Note 18)	\$20,000 - \$50,000	As Agreed Upon	As Incurred	Various Suppliers, Us (or an affiliate)
Uniforms	\$1,500 - \$3,500	As Agreed Upon	As Incurred	Various Suppliers, Us (or an affiliate)
Security System	\$5,000 - \$8,000	As Agreed Upon	As Incurred	Various Suppliers, Us (or an affiliate)
Additional Funds – 3 months (Note 19)	\$60,000 - \$70,000	As Agreed Upon	As Incurred	Various Third Parties
TOTAL	\$1,001,650 - \$1,843,300			

Notes:

- (1) This Table reflects your estimated initial investment for a Full Menu Café operated under a Franchise Agreement. We do not offer direct or indirect financing for any part of your estimated initial investment.
- (2) Except where otherwise noted, all fees that you pay to us are non-refundable. Third party lessors, contractors and suppliers will decide if payments to them are refundable.
- (3) You pay us the Initial Franchise Fee as more fully described in Item 5. In addition to the foregoing, the process by which the Premises are located and secured may require the use of a third-party real estate broker. In most instances, the costs of engaging the services of a real estate broker are borne by the landlord of the Premises; however, in any instance where this is not the case, as between you and us, you will be responsible for the payment of any applicable real estate broker fees or charges. We estimate that these real estate broker fees or charges can range up to a maximum of \$7,500, although it may be more in any one case.

- (4) This estimated range of basic and additional rent is in respect of the first 3 months of the lease term and is based on Premises of between 2,000 and 5,000 square feet. The rent is estimated based on Gross Rent of \$48.00/sq. ft. (i.e., including common elements, maintenance, and taxes). The cost for estimated base rent ranges from \$20.00/sq. ft. to \$60.00/sq. ft. and \$10.00/sq. ft. to \$40.00/sq. ft. for additional rent, and will vary depending on the type of Premises, the area and market conditions, as well as other factors. If a franchisee operates within a shopping mall, the estimated cost for base rent may range from \$60.00/sq. ft. to \$500.00/sq. ft. for AAA shopping malls, and \$35.00/sq. ft. to \$350.00/sq. ft. for additional rent for AAA shopping malls and will vary depending on the type of franchise premises, the area and market conditions, as well as other factors. Several different costs may not be included within this range of expenses, including taxes, pro rata share of common expenses and common area maintenance, percentage rent, if any, security deposit or prepaid rent (which may or may not be refundable depending on your lease), promotion fund, tenant insurance and all other fees payable under the lease. We cannot estimate the precise amount and terms of rent, as it will vary depending on a number of factors, including market conditions and the size, condition and location of the facility.
- (5) You must purchase insurance in accordance with our specifications. See Item 8 for details.
- (6) The actual cost of utilities will vary depending on your location and your usage.
- (7) See Item 11 for more information on our training program.
- (8) Prior to opening, you must purchase from us an initial hardware and software package, which includes up to 2 terminals and 2 printers for the POS Systems (as defined below). Please see Item 11 for more information.
- (9) Prior to the opening of the Store, we will provide you with a list of initial inventory. See Item 8 for more information on your purchasing requirements.
- (10) Prior to the opening of the Store, we will purchase, at your expense, the necessary fixtures and equipment which meet our specifications and will oversee the delivery and installation at the Premises.
- (11) In connection with the opening of the Store, you must spend no less than \$10,000 for grand opening advertising and promotion of the Store, in accordance with a plan that you must submit to us for approval. We will have the right to modify your grand opening plan.
- (12) The estimated range is given in respect of the costs of building permits, municipal licensing and other licenses and permits required to operate the Store. State and local government agencies typically charge fees for permits and operating licenses. Your actual costs may vary from the estimates based on the requirements of state and local government agencies.
- (13) You will need to retain a lawyer, an accountant, and other consultants to assist you in reviewing this offering, the lease agreement, if applicable, and in otherwise establishing the Store. You typically will need to incorporate a corporation, and, in such event, you will incur certain incorporation fees and costs. These fees may vary from location to location depending

upon the prevailing rates of local lawyers, accountants, and consultants. These fees are typically non-refundable.

- (14) We recommend that you become a member of local business organizations. Membership in these organizations is not mandatory but is subject to our approval.
- (15) See Item 5 for more information on construction and real estate improvements.
- (16) Your initial investment may include certain unexpected costs such as industrial locks for your van(s), hands free cell phone devices, and attendance at networking events, etc.
- (17) Prior to the opening of the Store, you may need to hire staff to assist you in the pre-opening set up of the restaurant and the initial food preparation.
- (18) This total is an estimate of your costs for interior and exterior signage. Your costs in this regard may be affected by restrictions on interior or exterior signs imposed by your landlord or by local municipal ordinances.
- (19) This total is an estimate of your pre-opening initial investment and the estimated expenses you may incur during the first 3 months of Store operations at a Full Menu Café location. This total is based on our estimate of average costs in Canada and prevailing market conditions, and our affiliates' experience operating quick-service franchised stores. We have limited experience in the United States upon which to base these estimates for the United States and these estimates may differ due to factors such as US-Canadian dollar exchange rate fluctuations, shipping and insurance costs, customs duties and other factors.

**YOUR ESTIMATED INITIAL INVESTMENT IF YOU OPERATE A DESSERT CAFÉ
(1,100 to 2,000 Square Feet)**

Type of Expenditure (Note 1)	Amount (Note 2)	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee	\$35,000 (Note 3)	Lump sum	When you sign Franchise Agreement with us.	Us
Real Estate/Rent – 3 months	\$7,000 - \$14,000 (Note 4)	See Note 4	See Note 4	Landlord, Various Third Parties
Insurance (Note 5)	\$250 - \$800	As Incurred	As Incurred	Various Third Parties
Utilities (Note 6)	\$800 - \$2,000	As Incurred	As Incurred	Various Third Parties
Training (Note 7)	\$1,000 - \$3,000	As Incurred	During Training	Various Third Parties
Hardware and Software Fee (Note 8)	\$5,000 - \$10,000	As Incurred	Before Opening	Us
Inventory (Note 9)	\$18,000 – \$30,000	As Agreed Upon	Before Opening	Various Suppliers, Us (or an affiliate)

Type of Expenditure (Note 1)	Amount (Note 2)	Method of Payment	When Due	To Whom Payment Is to Be Made
Furniture, Fixtures, and Equipment (Note 10)	\$150,000 - \$230,000	As Agreed Upon	Before Opening	Various Suppliers, Us (or an affiliate)
Grand Opening (Note 11)	\$10,000	As Agreed Upon	As Incurred	Various Suppliers, Us (or an affiliate)
Licenses and Permits (Note 12)	\$1,500 - \$5,000	As Agreed Upon	As Incurred	Various Third Parties
Professional Fees (Note 13)	\$5,000 - \$10,000	As Agreed Upon	As Incurred	Various Third Parties
Memberships to Local Organizations (Note 14)	\$200 - \$2,000	As Agreed Upon	As Incurred	Various Third Parties
Construction and Real Estate Improvements (Note 15)	\$500,000 - \$650,000	As Agreed Upon	As Incurred	Various Suppliers, Us (or an affiliate)
Miscellaneous Operating Costs (Note 16)	\$5,000 - \$15,000	As Agreed Upon	As Incurred	Various Third Parties
Pre-opening Staffing Costs (Note 17)	\$2,000 - \$9,000	As Agreed Upon	As Incurred	Various Third Parties
Signage (Note 18)	\$10,000 - \$15,000	As Agreed Upon	As Incurred	Various Suppliers, Us (or an affiliate)
Uniforms	\$1,500 - \$2,500	As Agreed Upon	As Incurred	Various Suppliers, Us (or an affiliate)
Security System	\$3,000 - \$5,000	As Agreed Upon	As Incurred	Various Suppliers, Us (or an affiliate)
Additional Funds – 3 months (Note 19)	\$30,000 - \$50,000	As Agreed Upon	As Incurred	Various Third Parties
TOTAL	\$785,250 - \$1,098,300			

Notes:

- (1) This Table reflects your estimated initial investment for a Dessert Café operated under a Franchise Agreement. We do not offer direct or indirect financing for any part of your estimated initial investment.
- (2) Except where otherwise noted, all fees that you pay to us are non-refundable. Third party lessors, contractors and suppliers will decide if payments to them are refundable.

- (3) You pay us the Initial Franchise Fee as more fully described in Item 5. In addition to the foregoing, the process by which the Premises are located and secured may require the use of a third-party real estate broker. In most instances, the costs of engaging the services of a real estate broker are borne by the landlord of the Premises; however, in any instance where this is not the case, as between you and us, you will be responsible for the payment of any applicable real estate broker fees or charges. We estimate that these real estate broker fees or charges can range up to a maximum of \$7,500, although it may be more in any one case.
- (4) This estimated range of basic and additional rent is in respect of the first 3 months of the Lease term and is based on premises with a footprint of between 1,100 and 2,000 square feet. The rent is estimated based on gross rent of \$48.00/sq. ft. (i.e., including common elements, maintenance, and taxes). The estimated cost for base rent ranges from \$20.00/sq. ft. to \$60.00/sq. ft. and \$10.00/sq. ft. to \$40.00/sq. ft. for additional rent and will vary depending on the type of franchise premises, the area and market conditions, as well as other factors. If a franchisee operates within a shopping mall, the estimated cost for base rent may range from \$60.00/sq. ft. to \$500.00/sq. ft. for AAA shopping malls, and \$35.00/sq. ft. to \$350.00/sq. ft. for additional rent for AAA shopping malls and will vary depending on the type of franchise premises, the area and market conditions, as well as other factors. Several different costs may not be included within this range of expenses, including taxes, pro rata share of common expenses and common area maintenance, percentage rent, if any, security deposit or prepaid rent (which may or may not be refundable depending on your lease), promotion fund, tenant insurance and all other fees payable under the lease. We cannot estimate the precise amount and terms of rent, as it will vary depending on a number of factors, including market conditions and the size, condition and location of the facility.
- (5) You must purchase insurance in accordance with our specifications. See Item 8 for details.
- (6) The actual cost of utilities will vary depending on your location and your usage.
- (7) See Item 11 for more information on our training program.
- (8) Prior to opening, you must purchase from us an initial hardware and software package, which includes up to 2 terminals and 2 printers for the POS Systems. Please see Item 11 for more information.
- (9) Prior to the opening of the Store, we will provide you with a list of initial inventory. See Item 8 for more information on your purchasing requirements.
- (10) Prior to the opening of the Store, we will purchase, at your expense, the necessary fixtures and equipment which meet our specifications and will oversee the delivery and installation at the Premises.
- (11) In connection with the opening of the Store, you must spend no less than \$10,000 for grand opening advertising and promotion of the Store, in accordance with a plan that you must submit to us for approval. We will have the right to modify your grand opening plan.

- (12) The estimated range is given in respect of the costs of building permits, municipal licensing and other licenses and permits required to operate the Store. State and local government agencies typically charge fees for permits and operating licenses. Your actual costs may vary from the estimates based on the requirements of state and local government agencies.
- (13) You will need to retain a lawyer, an accountant and other consultants to assist you in reviewing this offering, the lease agreement, if applicable, and in otherwise establishing the Store. You typically will need to incorporate a corporation, and, in such event, you will incur certain incorporation fees and costs. These fees may vary from location to location depending upon the prevailing rates of local lawyers, accountants, and consultants. These fees are typically non-refundable.
- (14) We recommend that you become a member of local business organizations. Membership in these organizations is not mandatory but is subject to our approval.
- (15) See Item 5 for more information on construction and real estate improvements.
- (16) Your initial investment may include certain unexpected costs such as industrial locks for your van(s), hands free cell phone devices, and attendance at networking events, etc.
- (17) Prior to the opening of the Store, you may need to hire staff to assist you in the pre-opening set up of the restaurant and the initial food preparation.
- (18) This total is an estimate of your costs for interior and exterior signage. Your costs in this regard may be affected by restrictions on interior or exterior signs imposed by your landlord or by local municipal ordinances.
- (19) This total is an estimate of your pre-opening initial investment and the estimated expenses you may incur during the first 3 months of Store operations at a Dessert Café location. This total is based on our estimate of average costs in Canada and prevailing market conditions, and our affiliates' experience operating quick-service franchised stores. We have limited experience in the United States upon which to base these estimates for the United States and these estimates may differ due to factors such as US-Canadian dollar exchange rate fluctuations, shipping and insurance costs, customs duties and other factors.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Designated Products and Services

You must purchase for use or sale at your Store those food products used in or sold at your store (“**Products**”) and other services or products we designate from us, our designees or from other suppliers we approve. We or our designees may be the designated or sole source of supply for certain services and products. As of the date of this disclosure document, you must purchase cakes from us or our designee. As of the date of this disclosure document, we are not currently the sole source of supply for any other services or products. Currently, Gordon Food Service, Inc. (“**GFS**”) is our approved distributor for various products from many suppliers. These products

currently include all products and all other goods and services used in the Store, including without limitation, all raw and other ingredients or beverage products, ingredients, inventory, restaurant accessories, equipment, point of sale materials, software, technology, marketing or promotional items and materials, suppliers, clothing, hats, and kitchen equipment (including, without limitation, containers, dishes, glassware, take-out materials, cutlery, furniture, napkins, placemats and uniforms) and services. You will work directly with GFS customer service representatives to order products through the approved order guide or electronically. Items not listed in the approved order guide cannot be purchased without approval from us.

You must use in the operation of your store and the preparation and sale of Products, all plates, food containers, napkins, straws, bags, cups, menus and other paper goods, promotional, packaging, point of sale materials, and like articles of a brand, size, shape, quality and style designated by us, which bear such reproductions of the Marks as we may specify and all art work and reproductions used must conform to specifications established by us.

You must maintain a minimum inventory of certain designated products, as specified by us from time to time. We may discontinue or limit the supply of, or make changes or alterations to, or add new or additional types of items to, the inventory of products which you must maintain.

Location of your Store; Real Estate Lease

You must locate a site for your Store that we consent to, and you may not sign a lease for the site until we have given our consent in writing. We approve locations on a case-by-case basis, considering items such as size, appearance and other physical characteristics of the site, demographic characteristics, traffic patterns, competition from other businesses in the area and other commercial characteristics, such as rental obligations and other lease terms (including those that we require be in the lease). You are not required to purchase, lease, or sublease the Store premises from us or our affiliate.

Fixtures, Equipment, Furniture & Signs

You must construct and equip the Store premises or the according to the timetable or schedule specified by, and consistent with the System standard layout plans, specifications, and drawings we provide, which will vary depending on the type of franchise and the location. Currently, you must use only those service providers, manufacturers, brands or types of fixtures, equipment (including without limitation, computer hardware and software, communications, electronics, cash register, surveillance or security, and POS Systems), and signs that we have designated. You must purchase designated brands or types of fixtures, equipment and signs only from suppliers designated by us, which may include or be limited to us or our affiliates. You must place or display at the Premises (interior and exterior) only such signs, emblems, lettering, logos and display materials that are from time to time designated in writing by us.

You will bear exclusively the responsibility and cost of customizing specific plans, specifications and drawings to the Store premises and all costs and expenses pertaining to the construction and equipping of the Store premises. We will have the right to inspect the construction and development of the Store premises at all reasonable times. You agree that you must, at your sole cost and expense, retain and compensate such architects, designers, contractors,

and other construction suppliers we approve or designate, and, in connection with the construction and development of the Store premises, ensure that our requirements regarding insurance coverage are complied with at all times. Additionally, you must: (i) ensure that all applicable by-laws, building codes, permit requirements and lease requirements and restrictions are complied with in connection with such construction; (ii) obtain all required building, utility, sign, sanitation, and business permits and licenses and any other required permits and licenses; (iii) construct all required improvements to the Store premises and decorate the Store in compliance with plans and specifications we provide or approve; and (iv) subject to the provisions hereof, purchase or lease and install all required fixtures, equipment and signs for the Store premises, and any other item required for the Store, from suppliers we approve or designate.

We may, in some cases, undertake the development of all or any part of the Premises and do or cause to be done all or any part of such things as may be necessary to complete the Premises for use by you, including appointing architects, designers and contractors.

Computer Hardware and Software

We will specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Stores, including back office systems, data, audio, video, telephone, voice messaging, retrieval, and transmission systems for use at Stores; POS Systems; physical, electronic, and other security systems and measures; printers and other peripheral devices; archival back-up systems; internet access mode and speed; technology used to enhance and evaluate the customer experience; front-of-the-house WiFi and other connectivity service for customers; in-store music systems; age verification technology; and supply-chain management software and hardware programs (collectively, all of the above are referred to as the “**Digital System**”).

We have the right to develop or to designate: i) computer software programs and accounting system software that you must use in connection with the Digital System (“**Required Software**”), which you must install; ii) updates, supplements, modifications, or enhancements to the Required Software, which you must install; iii) the media upon which you must record data; and iv) the database file structure of the Digital System. If we require you to use any or all of the above items, then you must do so. You must install and use the Digital System and Required Software at your expense. You must pay the initial and ongoing fees in order to install, maintain, and continue to use the Required Software and the Digital System.

You must implement and periodically make upgrades and other changes at your expense to the Digital System and Required Software as we may reasonably request in writing (collectively, “**Computer Upgrades**”). You must comply with all specifications that we issue with respect to the Digital System and the Required Software, and with respect to Computer Upgrades, at your expense. We will have the right to approve or disapprove the use of any other technology solutions.

With respect to all data that you collect, create, provide, acquire, or otherwise develop on the Digital System or otherwise, all such data is and will be owned exclusively by us, and we have the right to access, download, and use that data in any manner that we deem appropriate without compensation to you.

If we establish an extranet, then you must comply with our requirements with respect to connecting to and utilizing the extranet in connection with operating the Store.

Changes to technology are dynamic and not predictable. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, without limitation to anything else in the Franchise Agreement, we will have the right to establish, in writing, from time to time, new standards for the implementation and acquisition of technology in the System, including updated or replacement Digital Systems, Required Software, POS Systems, and/or other technologies or equipment, and you will, at your expense, abide by all such new standards from time to time, as established.

Insurance

You must purchase and maintain for each Store you operate, at your expense, such insurance coverage as may be required, as we may from time to time require (including, without limitation, product liability insurance, cyber insurance, fire and extended coverage insurance on the equipment, leasehold improvements and stock of the Store, business interruption insurance, rental insurance, workers' compensation insurance and public liability and indemnity insurance), and/or in such amounts as we may from time to time require, fully protecting as named insureds and beneficiaries us, our affiliates and you against loss or damage occurring in connection with the development and operation of the Store. Such insurance must, as applicable, include primary and non-contributory endorsement or language in form and content as we periodically require. All costs in connection with the placing and maintaining of such insurance will be borne solely by you.

Currently, you must obtain and continuously maintain the following minimum insurance coverage from an insurer acceptable to us, which may change from time to time: (a) insurance on your inventory, fixtures, furniture, equipment and wares in an amount equal to not less than the full replacement cost thereof with coverage against all risks, on a broad form basis; (b) commercial general liability and property damage insurance, including personal injury liability, contractual liability, public liability and employer's liability, advertising liability and non-owned auto liability, with coverage of not less than \$5,000,000 for any one occurrence and such greater amount as may be specified from time to time by us; (c) commercial general liability and comprehensive vehicle insurance coverage on all vehicles used in the operation of the Store; (d) tenant's legal liability in an amount acceptable to the landlord of the Premises; (e) such other insurance coverage required by the jurisdiction in which you operate or as reasonably required by us or the landlord of your Premises, from time to time, and in such amounts as required by us, the landlord or applicable laws, as the case may be, including business interruption insurance on a profit basis or actual loss sustained basis, Flood, Sewer Back-Up and Earthquake Insurance and Boiler and Machinery Insurance; (f) commercial builders risk policy, which policy should include liability, and should be placed before any work commences and should last for the duration of any renovations contemplated by the Franchise Agreement. All contractors should provide you with a certificate of insurance adding both you and us as additional insureds.

Supplier and Product Approval

Aside from Products and certain other items described above which you must purchase from us, our affiliates (if any) or a source we designate, we may provide you with lists of approved manufacturers, suppliers and distributors (“**Authorized Suppliers List**”) and approved Products, other inventory items, fixtures, furniture, equipment, signs, supplies and other items or services necessary to operate your Store (“**Authorized Supplies List**”). The Authorized Suppliers List may specify the specific manufacturer of a specific product or piece of equipment and you must purchase those products only from a source identified on the Authorized Suppliers List. The lists specify the suppliers and the products and services which we have approved for use in the System. We may revise these lists and provide you with a copy of approved lists as we deem advisable.

We, an affiliate or a third-party vendor or supplier periodically may be the only authorized supplier for certain products. As of the issuance date of this disclosure document, we and our affiliates are the only authorized suppliers for proprietary ingredients and certain food items and related packaging materials with our brand name.

If you want to use any unapproved Product, material, fixture, equipment, sign or other item, or purchase any items from any supplier that we have not approved, you must first notify us in writing and must submit to us, at our request, sufficient specifications, photographs, drawings or other information or samples for us to determine whether the Product, services, material, fixture, equipment, sign or other item complies with our specifications, or the supplier meets our authorized supplier criteria as described in the Manual. We will generally make an effort to notify you of our decision within 60 days following our receipt of all information requested. However, depending on the approval requested, we may require review of such alternative item or supplier in connection with our annual tendering process that generally occurs on an annual basis each fall. In such cases, we will notify you upon completion of the tendering process evaluation. We may require you to pay the actual cost of the inspection and evaluation, including the cost of our time spent evaluating the alternative item or supplier. We may re-inspect the facilities and products of any supplier or approved item and revoke our approval of any item or supplier which fails to continue to meet any of our criteria. We will send written notice of any revocation of an authorized supplier or supply. As part of the approval process, we may require that a proposed supplier sign a supplier agreement covering such items as insurance, product quality, trademark/copyright use, and indemnification. We do not provide material benefits to you based on your use of designated or approved sources of supply.

We do not currently share our supplier approval criteria. However, we generally apply certain general criteria in approving a proposed supplier, including the supplier’s quality and pricing of products, ability to provide products/services that meet our specifications, responsiveness, ability to provide products/services within the parameters required by the System, quickness to market with new items, financial stability, credit program for franchisees, freight costs, and the ability to provide support to the System (merchandising, field assistance, education and training respecting sales and use of products and services). We will notify you in writing if we elect to revoke our approval of a supplier. If we revoke our approval of a supplier, you will have 30 days to stop offering, selling, or using those products or other items or services in your Store.

No officer owns a material interest in any supplier.

We and our affiliates may receive rebates from designated suppliers. During D Spot Canada’s last fiscal year, D Spot Canada generally received rebates ranging from 3% to 6% of franchisees’ or our purchase price. We and our affiliates may use and allocate such rebates in any manner that we determine.

During our last fiscal year ending December 31, 2024, we did not collect any revenue as a result of United States franchisees’ and licensees’ purchases of products and services.

Miscellaneous

We and/or our affiliate(s) negotiate prices for numerous products for the benefit of the System, but not for any individual franchisee. We are not aware of any purchasing or distribution cooperative in the System. We attempt to receive volume discounts for the System.

You must accept those bank cards and credit cards we specifically approve in the Manual.

We may license third party suppliers to produce advertising and promotion items which bear the Marks. You may purchase these items for resale or for promotional purposes from approved third party suppliers.

We estimate that the purchase or lease of Products, equipment, software, signs, fixtures, furnishings, supplies, advertising and sales promotions materials and other items which meet our specifications will represent approximately 70% to 90% of the cost to develop the Store and 40% to 60% of the cost to operate your Store.

ITEM 9

FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 6.2 and 6.3 of Franchise Agreement	Item 11
b. Pre-opening purchases/leases	Sections 7.4 and 10.3 of Franchise Agreement	Items 7, 8, and 11
c. Site development and other pre-opening requirements	Sections 7.1 and 7.4 of Franchise Agreement	Item 5, 7, and 11
d. Initial and ongoing training	Sections 5.1 and 8.1 of Franchise Agreement	Items 7 and 11
e. Opening	Sections 8.1 and 10.3 of Franchise Agreement	Items 5 and 11
f. Fees	Sections 3.1, 3.2, and 10.2 of Franchise Agreement	Items 5, 6, and 7
g. Compliance with standards and policies/ Operations Manual	Sections 9.1 and 10.6 of Franchise Agreement	Items 11 and 16

Obligation	Section in Agreement	Disclosure Document Item
h. Trademarks and proprietary information	Section 11 of Franchise Agreement	Items 13 and 14
i. Restriction on products/services offered	Section 8.2 of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Sections 6.4 and 8.1 of Franchise Agreement	Item 11
k. Territorial development and sales quotas	Section 2.2 of Franchise Agreement	Item 12
l. Ongoing product/service purchases	Section 8.2 of Franchise Agreement	Items 8 and 11
m. Maintenance, appearance, and remodeling requirements	Section 8.1 of Franchise Agreement	Item 11
n. Insurance	Section 13 of Franchise Agreement	Items 6, 7, and 8
o. Advertising	Sections 10.1, 10.2, and 10.3 of Franchise Agreement	Items 6, 7, and 11
p. Indemnification	Section 18.2 of Franchise Agreement	None
q. Owner's participation/management/staffing	Section 8.1 of Franchise Agreement	Items 11 and 15
r. Records and reports	Sections 12.1 and 12.2 of Franchise Agreement	Item 6
s. Inspections and audits	Sections 12.3, 12.4, and 12.5 of Franchise Agreement	Item 6
t. Transfer	Sections 15.1 and 15.2 of Franchise Agreement	Items 6 and 17
u. Renewal	Section 4.2 of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Sections 14.2 and 16.2 of Franchise Agreement	Item 17
w. Non-competition covenants	Sections 14.1 and 14.2 of Franchise Agreement	Item 17
x. Dispute resolution	Section 19 of Franchise Agreement	Item 17

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation. If you secure a business loan backed by the Small Business Administration (SBA), we will execute with you the mandated SBA Addendum to the Franchise Agreement.

ITEM 11

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

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

Pre-Opening Assistance. Before you open your Store, we, or our affiliate will:

- (1) Provide you with basic plans and specifications for your Store, including those for dimensions, interior design, and layout, building materials, fixtures, equipment, furniture, signs and décor (Franchise Agreement – Section 7.1).
- (2) At our option, undertake the partial or full development of the Premises, including all or any part of the construction, fixturing and equipping of the Premises (Franchise Agreement – Section 7.3).
- (3) Provide the initial training program described below to you (Franchise Agreement – Section 5.1).
- (4) Provide to you access to the confidential Manual. The Manual currently has a total of 403 pages as of the issuance date of this Disclosure Document. You must keep the Manual confidential and discontinue using it when the Franchise Agreement terminates. (Franchise Agreement – Section 9).

Ongoing Assistance. During the operation of your Store, we, or our affiliate will:

- (1) Provide advisory services relating to Store operations, including Products and services offered for sale and compliance with the System. We may, in our sole discretion, provide you with suggested prices for the products and services to be offered through your Store and assistance in establishing pricing. (Franchise Agreement – Section 5.2).
- (2) Maintain and administer advertising monies for marketing, advertising, and promotional programs, and provide assistance with local advertising (Franchise Agreement – Sections 10.1 and 10.2).
- (3) Provide any additional training we deem appropriate (Franchise Agreement – Section 5.1).

Advertising Programs. We establish and conduct various advertising programs as follows:

We have the right to create, maintain, administer, and discontinue a general advertising fund or multiple funds for advertising and promotional programs in respect of the System (each, a “**Fund**”). We will have the right to direct all such advertising and other programs with respect to the creative concepts, materials, endorsements, and media used therein, and the placement and allocation thereof. All payments to the Fund will be paid at the same time and together with the Royalty Fees and will be based on the Gross Sales for the preceding period. Franchisees will be required to contribute 2% of Gross Sales to the Fund.

The Fund will be used and expended, in our discretion, without limitation, for brand awareness programs, brand management costs, marketing department fees, media costs, commissions, market research costs, creative and production costs, special programs or projects that generally benefit the System, initiatives intended to maintain the goodwill of the Marks, including, without limitation, the costs of creating promotions and artwork, printing, collateral and point of sale materials, and electronic media and technology costs, and other costs relating to advertising and promotional programs undertaken by us. We reserve the right to place and develop such advertisements and promotions and to market same as agent for and on behalf of you, either directly or through an advertising agency retained or formed for such purpose or through co-operative advertising groups composed of System franchisees designated by us. The Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, and overhead (calculated on a fully allocated basis), if any, as we may incur in activities reasonably related to the administration or direction of the Fund and its advertising programs (including, without limitation, conducting market research). At this time, all fund contributions from U.S. and Canadian D Spot Dessert Café franchisees will be kept in separate accounts and managed by us or our affiliates.

The Fund is intended to maximize general public recognition and patronage of businesses using the System, or any other system operated or franchised by us, for the general benefit of all restaurant businesses and franchisees, and we undertake no obligation in administering the Fund to ensure that any particular franchisee, including you, benefits directly or pro-rata from the placement or conduct of such advertising and promotion. We are under no obligation to administer or distribute the Fund according to any particular geographic area or territory. We, together with our affiliates, have the right to co-mingle, merge, and/or separate funds and the monies therein and the administration thereof to create one or more Funds, and/or to allocate a portion of the Fund to regional advertising co-operatives administered by one or more groups of franchisees, without prior notice to you. We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Fund in that year and we may make loans to the Fund bearing reasonable interest to cover any deficits of the Fund and cause the Fund to invest any surplus for future use by the Fund. A statement on the use of the Fund will be provided to you upon request for the prior fiscal year.

Any website, email addresses, or other means of electronic advertising (including all forms of internet-based social media) or commerce created and/or operated by or on our behalf will be deemed “advertising” under the Franchise Agreement and may be paid for by the Fund.

During our last fiscal year ending on December 31, 2024, we did not collect any Fund contributions.

We do not have an advertising council composed of franchisees.

Point-of-Sale System. You agree to record all sales on computer-based point of sale systems or on such other types of cash registers or systems as we may designate in the Manual or otherwise in writing (“**POS Systems**”). You agree to utilize POS Systems that are fully compatible with any program, software program, and/or system which we, in our discretion, may employ

(including mobile or remote device, application and payment systems), and you agree to record all Gross Sales and all sales information on such equipment. We may designate one or more third party suppliers or servicers to provide installation, maintenance, and/or support for the POS System, and you must, at your own expense, enter into and maintain such agreements (including making such payments) as we or the third-party suppliers and/or servicers require in connection with the installation, maintenance, and/or support for the POS System. The POS System is part of the Digital System and accordingly, without limitation to the foregoing, we will be permitted to maintain exclusive access and administrative control over the POS System, allowing, without limitation, control over inventory management, retail pricing for Products offered and sold by the Store, and other things. We estimate the cost to purchase the POS System and related software for D Spot Dessert Café Stores to be between \$3,000 to \$10,000. This cost may vary due to number of terminals desired, software costs, and choice of manufacturer. Neither we nor any of our affiliates have an obligation to provide ongoing maintenance, repairs, upgrades, or updates to the POS System, and we estimate that the cost for optional maintenance is from \$0 to \$500 per year. We currently do not directly charge a software support or technology fee, although we may do so in the future.

The Digital System includes certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among us, the Store and other Stores in the System, including back office systems, data, audio, video, telephone, voice messaging, retrieval, and transmission systems for use at Stores; POS Systems; physical, electronic, and other security systems and measures; printers and other peripheral devices; archival back-up systems; internet access mode and speed; technology used to enhance and evaluate the customer experience; front-of-the-house WiFi and other connectivity service for customers; in-store music systems; and supply-chain management software and hardware programs.

Site Selection. You are solely responsible for locating and obtaining a site which meets our standards and criteria and that is acceptable to us. You will enter into the lease, which lease will be in form and upon terms acceptable to us. Without limitation, the lease entered into by you will provide that such lease be subject to the requirements of the Lease Addendum that we or our nominee will be entitled to insist upon as a condition of approving the lease which will be substantially in the form of agreement attached as Schedule “B” to the Franchise Agreement. We may insist that the lease be assigned to us, or our nominee, at our option, upon a transfer, or the termination, expiry or non-renewal of the Franchise Agreement or the lease for whatever reason. You agree not to terminate or in any way alter or amend such lease without our prior written approval. Any attempt to terminate, alter or amend such lease will be null and void and have no effect as to our, or our nominee’s, interests thereunder, and the clause to such effect will be included in such lease.

If at the date of execution of the Franchise Agreement (the “**Commencement Date**”), a Lease has not been signed by you, then you will use reasonable best efforts to find a suitable location for the Premises acceptable to us within the Territory, or such other non-exclusive area designated by us. “**Lease**” means any lease, sublease, guarantee, or other instrument under which the right to occupy the Premises has been obtained. If at the time the Franchise Agreement is executed, a Territory has not been assigned to you by us, then we will be permitted to assign the Territory, either prior or subsequent to the determination of the location of the Premises, in accordance with the terms of the Franchise Agreement.

If within a period of 18 months from the Commencement Date, you have not signed a Lease for the Store premises, until such time as you have entered into a Lease in accordance with the above terms, we will have the continuing option to terminate the Franchise Agreement by giving 21 days' notice of termination. If such notice of termination is given, the Franchise Agreement will terminate unless you enter into a Lease before expiration of the notice period.

Development Time. The typical length of time between our acceptance of the Franchise Agreement and the opening of your Store varies from 12 to 18 months, depending on the time of year, availability of financing, local construction delays, how soon you can attend training or other factors. You must sign a lease for your Store within 18 months of signing the Franchise Agreement and open your Store within 30 days after construction is complete or we may terminate the Franchise Agreement.

Training. Before you open your Store, we or our designee will provide a training program for up to 2 employees and the Guarantor (collectively, the “**Trainees**”) designated by you of such duration and at such location as we may deem necessary, covering all aspects of the System. Our initial training program is conducted in Toronto, Canada. You must ensure that your required and designated employees attend and complete our training program. Where you wish to have additional employees attend the initial training program, you will be responsible for payment of our then current fee (which will not exceed \$250 per person per day) for such training program for each additional or replacement employee. We offer our initial training program as often as needed.

All travel and living expenses and all wages or other amounts payable to any trainees or employees will be payable by you to any such trainee or employee for any service rendered at any business during the course of such training. We reserve the right to modify the nature, content, and scope of the initial training program. The initial training will cover all aspects of operating the Store, and in particular, the following topics for a Full Menu Café and a Dessert Café, as applicable:

TRAINING PROGRAMS

Full Menu Café

<u>Subject</u>	<u>Classroom Hours</u>	<u>On-Site Hours</u>
Menu	1	8
Plating	1	8
Customer Service	2	15
Dishwashing	0	4
Barista	1	80
Cook	1	80
Desserts	1	80
Serving/Hosting	1	20
Management	3	10
Inventory	1	2

Dessert Café

<u>Subject</u>	<u>Classroom Hours</u>	<u>On-Site Hours</u>
Menu	1	8
Plating	0	8
Customer Service	2	8
Dishwashing	0	1
Desserts	0	80
Serving	1	20
Management	2	80
Inventory	2	2

Additional training, retraining, refresher courses, remedial training, seminars, conferences, or management/franchisee meetings may be provided or made mandatory by us, at our discretion, and at a cost to you, and where applicable, based on our then current fee (if any) for our personnel performing such training or assistance, plus other reasonable expenses, including all travel, meal and accommodation expenses. We are not obligated to provide any initial training program or opening assistance to existing franchisees in addition to that which they received when they initially opened their Store.

The instructional materials for all training programs include the Manual, handouts, and visual aids, and will include lecture, classroom discussion, hands-on demonstration and/or practice training at a D Spot Dessert Café Store.

Training and on-going assistance will be provided by Randy Tran, Divyang Patel, Samir Desai and Asma Desai. They have been providing training for the System since 2018. Samir Desai has been the President and a Director of D Spot Canada since 2016 and owned and managed the Original Store for more than 3 years. Asma Desai has been the Secretary and Director of D Spot Canada since 2021 and has served as D Spot Canada’s Director of Operations since 2016. D Spot Canada has employed Randy since 2016 in a variety of roles, including supervisor and manager. Divyang Patel has been with D Spot for 4 years and has 4 years of experience in the restaurant industry.

Manual. We will allow, during the term of the Franchise Agreement, access to our Manual (the “**Manual**”). The table of contents of the Manual is attached as Exhibit E.

ITEM 12

TERRITORY

If you sign a Franchise Agreement with us, you will operate the Store within a specified geographic territory (the “**Territory**”). The Territory will generally not be less than 3 miles. So long as you are in full compliance with the terms and conditions of the Franchise Agreement, we will refrain from operating or granting to anyone else a Store, from premises permanently located within the Territory. If at the Commencement Date, we have not assigned a Territory to you, then we will be permitted to assign the Territory, either prior or subsequent to the determination of

the location of the Premises, in accordance with the terms of the Franchise Agreement. We expressly reserve all rights not granted to you by the Franchise Agreement. Accordingly, nothing will prevent us, our affiliates, their respective licensees, or others, from (without compensation to you):

- 1) operating, or granting to someone else a franchise or license to operate, at any location outside the Territory, whether in close proximity to the Premises or otherwise, a business using the applicable Format, the Marks and/or the System; and
- 2) operating or granting to someone else a franchise or license to operate, at any location, whether inside or outside the Territory, whether in close proximity to the Premises or otherwise, a business using one or more business formats other than the Format, one or more systems other than the System, and/or one or more trademarks other than the Marks, whether now or hereafter owned or licensed by us or our affiliates or licensors, or whose owners or licensors own us or our affiliates, and regardless of whether they are competitive with the System and/or the Products (the “**Other Brands**”); and
- 3) distributing, selling, offering, or granting to someone else the right to distribute, sell or offer, the Products or similar or different products, using the System and Marks (including the Other Brands) or similar or different business systems or trademarks, at any location, whether inside or outside the Territory, whether in close proximity to the Premises or otherwise, of a temporary or permanent nature, by means of other or alternate channels of distribution, such as without limitation, by or through; (i) telephone orders, mail order, television, vending machines, electronic and digital media, or digital or virtual environments (i.e. including the internet, mobile applications and the metaverse) or catalogue sales; (ii) through catering, catering trucks, carts, mobile vehicles, and/or delivery services, including the Delivery System; (iii) supermarkets, grocery, retail, convenience, or similar stores, or as a concession, kiosk, department or as part of or in combination with any restaurant, supermarket, grocery, retail or similar establishments; or (iv) through outlets of any kind located at public or quasi-public institutions, such as without limitation, hospitals, schools, universities, colleges, correctional facilities, airports, train and/or bus stations, gas and/or service stations, highway rest stops and plazas, sports facilities, arenas, stadiums, concert halls, theatres, fairs and/or exhibitions, food court locations, office complexes and enclosed shopping malls; and
- 4) advertising, sponsoring, endorsing, or otherwise promoting or advancing the System, the Marks or Other Brands at any location, whether inside or outside the Territory, in any manner whatsoever; and
- 5) purchasing, merging with, acquiring or affiliating with, or being purchased or acquired by, an existing network, chain, entity or any other business, regardless of the locations or territories of such other franchise, chain, entity or other business, whether inside or outside the Territory, and operating, franchising or licensing those businesses and/or being operated, franchised or licensed by those businesses under the Marks or any other trademarks following such purchase, merger, acquisition or affiliations, regardless of location or proximity of locations or territories, whether inside or outside the Territory.

Catering

You will be permitted to provide pre-arranged catering services in and only in the Territory. You will be permitted to offer catering services provided that the particular items, food products and related services sold must comply at all times with our catering and delivery menu, which menu will be provided to you upon request, and which we may amend, modify or replace from time to time. If at any time we permit you to offer catering services to addresses located outside of the Territory, then upon notice from us to you, all of your rights to provide the catering services outside the Territory will immediately terminate and cease, and you may only provide the catering services in the Territory.

Delivery System

We may administer a delivery and/or pick-up system within an area encompassing the restaurant business and within the Territory (the “**Delivery Area**”), in which case you must participate in such delivery system, if and as authorized to do so by us (the “**Delivery System**”). For the purposes of the better operation of the Delivery System, the Delivery Area will be non-exclusive and may not be consistent in any way with the geographic limits of the Territory. The Delivery Area is subject to change by us from time to time.

Except as otherwise described above, we reserve all rights with respect to the marketing of goods or services the same kind as are sold or distributed by the Store, whether under the same or different trademarks, trade names, logos or advertising, or other commercial symbols.

Miscellaneous

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own or from other channels of distribution or competitive brands that we control. We may not unilaterally modify the Territory, subject to our rights at renewal. You may not use other channels of distribution, including the internet, catalog sales or telemarketing. You are permitted to market outside of your Territory but must service customers only from your Store location.

You will not relocate the Store without our prior written consent, which may be withheld or delayed at our sole discretion. If the lease for your Store location expires or terminates without your fault or if the Store’s premises are destroyed, condemned, or otherwise rendered unusable, or as otherwise may be agreed upon in writing by us and you, we may, in our reasonable discretion, allow you to relocate the Store.

We do not grant to you any options, rights of first refusal or similar rights to acquire additional franchises within a particular territory.

Except as disclosed, neither we nor any affiliate operates, franchises, or has any current plans to operate or franchise any business selling the products and services authorized for sale at a D Spot Dessert Café Store under any other trademark or service mark.

ITEM 13

TRADEMARKS

We grant you the right to operate your Store under the name “D Spot Dessert Café,” and other trademarks or service marks we identify.

The following table lists only the principal Mark that you are licensed to use. We do not have a federal registration for the principal Mark listed below. Therefore, the Mark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the Mark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

MARK	REGISTRATION OR APPLICATION NUMBER	REGISTRATION OR APPLICATION DATE
D SPOT DESSERT CAFE AND DESIGN 	App. No.: 97422215	App. Date: May 20, 2022

Our affiliate, D Spot Canada, owns the Marks and has licensed us the right to use the Marks and to sublicense the use of the Marks to operate Stores under a trademark license agreement dated May 1, 2023 (the “**Trademark License Agreement**”). The term of the Trademark License Agreement is 20 years with automatic successive 20-year renewal terms. Under the terms of the Trademark License Agreement, we will pay D Spot Canada an annual license fee as determined by D Spot Canada and us periodically. D Spot Canada may terminate the Trademark License Agreement if: (a) we become insolvent; (b) a receiver is appointed over all or part of our assets without our consent; (c) we declare bankruptcy; (d) we breach the Trademark License agreement or covenant or representation in the Trademark License Agreement; (e) we provide false or misleading information; or (f) there is a material adverse change in our financial condition. If the Trademark License Agreement is terminated, the Marks must be removed from the Stores. The Trademark License Agreement contains no other limitations.

We have the right to periodically change the list of Marks. Your use of the Marks and any goodwill is to our exclusive benefit, and you retain no rights in the Marks. You also retain no rights in the Marks when the Franchise Agreement expires or terminates. You are not permitted to make any changes or substitutions respecting the Marks unless we direct in writing. You may not use any Mark or portion of any Mark as part of any corporate or any trade name, or any modified form or in the sale of any unauthorized product or service, or in any unauthorized manner. You may not use any Mark or portion of any Mark on any website without our prior written approval.

There are currently no effective material determinations by the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material

litigation, involving the principal Marks that are relevant to your use in any state. There are currently no agreements in effect that significantly limit our rights to use or license the use of any principal Marks in any manner material to the franchise.

You must immediately notify us of any apparent infringement of or challenge to your use of any Marks, and we have sole discretion to take any action we deem appropriate.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. We reserve the right to control any litigation relating to the Marks and we will have the sole right to decide to pursue or settle any infringement actions relating to the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you will make these changes or substitutions at your own expense. You will give us your full cooperation and assistance in helping us defend the Marks in any trademark related matter.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered that are material to the franchise. We do claim copyright ownership and protection for the Manual and our recipes, as well as marketing campaigns, posters, images and advertisements, menu and for certain other written materials we provide to assist you in operating your Store.

We own certain proprietary or confidential information relating to the operation of Stores, including information in the Manual and recipes (“**Confidential Information**”). You must keep confidential during and after the term of the Franchise Agreement the Confidential Information. When your Franchise Agreement expires or terminates, you must return to us all Confidential Information and all other copyright material. You must notify us immediately if you learn of an unauthorized use of the Confidential Information. We are not obligated to take any action and we will have the sole right to decide the appropriate response to any unauthorized use of the Confidential Information. You must comply with all changes to the Manual at your cost. We own and will periodically establish policies under which we or you may use Store customer data.

You and your employees may not, without our prior written consent, utilize any generative artificial intelligence software, tools, or technologies, including, natural language processing, deep learning algorithms, or machine learning models (“**Generative AI**”), while operating the Store. This includes, but is not limited to, uploading or sharing any Confidential Information with any third-party platforms, including Generative AI, except as authorized in writing by us.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You and the Guarantor must devote your full time and attention to the establishment, development, and operation of the Store. If the Guarantor is unable to devote full time and

attention to the establishment, development and operation of the Store at any time, then, subject to our approval, you will be permitted to appoint a manager to be approved by us in writing, who will devote his/her full time and attention to daily operation of the Store.

The manager must complete any initial and ongoing training program required by us. The manager must sign a confidentiality agreement agreeing to keep all Confidential Information confidential before commencing work at the Store.

If you are an entity, each individual who owns a 10% or greater interest in the franchisee entity is considered a “**Principal Owner**” and must sign the personal guarantee attached to the Franchise Agreement. These people agree to discharge all obligations of the franchisee entity to us under the Franchise Agreement and are bound by all of its provisions.

Spouses will need to sign the personal guarantee and will be bound by the terms of the Franchise Agreement, including the confidentiality clauses and non-competition clauses.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell in your Store all, and only, those Products and services that we have approved (See Item 8). We reserve the right to set minimum or maximum pricing. You must at all times maintain an inventory of approved Products and other items in such quantities and variety that we direct. We may add new Products or services that you must offer at or use in your Store. Our right to modify the approved list of Products and services to be offered at a Store is not limited. You also must ensure that it and all of your staff, employees, suppliers and contractors and the operation of the Store in general adheres to and complies with strict Halal standards in implementing and carrying out the terms of the Franchise Agreement. You must obtain and maintain such Halal certifications as we specify and ensure that no alcohol, alcoholic residues/flavoring agents or non-Halal foods, beverages or items may be brought into, produced, manufactured, sold, distributed or consumed on the Premises.

If we choose to implement a Delivery System that utilizes third-party delivery services (e.g. UberEats, DoorDash, etc.) at your Store, we have the right to require that you only use specific vendors, who have been approved by us, for such services. We reserve the right to require that you use a specific vendor for the system that enables automatic order integration between such third-party vendors and the POS System. We further reserve the right to adjust royalties, fees, and other policies, as necessary, to account for changes in the volume of orders received, and the fees associated with, third-party delivery services.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement	Summary
a	Length of the Term of the Franchise	Section 4.1	10 th anniversary of the Commencement Date of the Franchise Agreement.
b	Renewal or Extension of the Term	Section 4.2	One additional 5-year renewal term.
c	Requirements for you to Renew or Extend	Section 4.2	Provide advance notice, comply with current franchise agreement, pay all amounts due to us and / or our affiliate(s) and designees, sign new agreement (which may contain materially different terms and conditions than your original Franchise Agreement), provide evidence of right to remain in possession of the Premises, pay renewal fee, not be in default of any licenses for the Store and is able to renew such licenses, provide Franchisor with a complete set of financial statements and reports for the Store for the two most recently completed fiscal years, renovate Premises, and sign a general release of claims.
d	Termination by You	Not Applicable	You may also terminate for any other reasons allowed under the law.
e	Termination by Us Without Cause	Not Applicable	Not Applicable.
f	Termination by Us with Cause	Section 16.1	We may terminate the Franchise Agreement only if you default and do not cure the default within any applicable cure period.
g	“Cause” defined – Defaults Which Can be Cured	Section 16.1	Curable defaults: You have 7 days to cure payment defaults; 24 hours to cure failures to obtain, or losses of any license, permit, or any other authorization required to operate the Store, and 10 days to cure breaches of the Franchise Agreement or any other agreement other than those mentioned above or below, or failures to observe any rules, directives or notices set forth in the Manual. If default is not cured within the applicable cure period, we may terminate the Franchise Agreement immediately upon notice.
h	“Cause” defined - Defaults Which Cannot be Cured	Section 16.1	Non-curable defaults entitling us to terminate immediately upon notice: you breach the terms and conditions of the Franchise Agreement 3 times in any 24 consecutive month period, even if such defaults have been cured; if you or Trainees fail to satisfactorily complete the initial training program to our satisfaction; if you fail to observe or perform terms of Lease; you fail to develop the Premises as required; if you fail to conduct business for 5 consecutive days or if you threaten to or cease to carry on business; if you threaten to liquidate assets, or stop making payments in the usual course of business; if you or Guarantor makes or purports to make a general assignment for the benefit of creditors; if you or Guarantor makes or purports to make a bulk sale of assets; if you experience general financial incapacity (e.g., insolvency, receivership, bankruptcy or court judgement entered); if a custodian, receiver or any other similar

	Provision	Section in Franchise Agreement	Summary
			person is appointed to take charge of all or any part of the Store or assets of you or Guarantor; if any entity lawfully entitled will take possession of any undertaking, business, property or assets of either you or Guarantor; if you or Guarantor default under any mortgage or security instrument; if an order or resolution is passed for the winding up or liquidation of you or Guarantor; if you or Guarantor passes or purports to pass any corporate proceedings to enable it to take proceedings for dissolution, liquidation or amalgamation; if either you or Guarantor loses its charter; if a distress or execution against any of the undertaking, business, property or assets of either you or the Guarantor will not be discharged, varied or stayed within 20 days; if a final judgement against you or Guarantor in excess of \$2,500 is rendered and not discharged within 20 days; if you fail to submit required reports to us within 3 days of the due date of such reports or understates Gross Sales to us by more than 3% or as revealed by an audit; if you fail to properly record sales, distort any material information relating to the franchise or fail to maintain accurate records; if the Guarantor dies or otherwise becomes permanently disabled; if you fail to observe or perform any license or permit required, and fails to remedy such default within 24 hours after written notice; if you fail to commence operation of the Store within 30 days of being notified of the completion of the development of the Premises; if you or Guarantor fails to provide the security interest or interest by a security agreement required under the Franchise Agreement within 10 days following the receipt of a written request; and if there is an actual or purported transfer without our prior written consent.
i	Your Obligations on Termination / Non-Renewal	Section 16.2	Cease operation of Store and use of Marks; permit us to enter the Premises to cure any default or to operate the Store; pay all amounts due to us and / or our affiliate(s) and designees; make required modifications to the Premises; execute all documents necessary to finalize termination; stop using and return manuals and other materials containing any marks, cease using Confidential information, comply with all non-competition and non-solicitation provisions (see below).
j	Assignment of Contract by Us	Section 15.5	We may assign the Franchise Agreement without your consent.
k	Transfer by You- defined	Section 15.1	Includes sale, assignment, or encumbrance in whole or in part in connection with the Store, including pursuant to an order of a court under applicable family law legislation.
l	Our Approval of Transfer by You	Section 15.1	We have the right to approve all transfers of the Franchise Agreement but will not unreasonably withhold approval.

	Provision	Section in Franchise Agreement	Summary
m	Conditions for Our Approval of Your Transfer	Section 15.2	Proposed transfer does not occur within the first 24 months following the commencement of operations of the Store; the new franchisee is not a competitor of us, the System, other brands or involved in a competing business; you provide a report of all material facts relating to the Store; we are provided with a copy of the agreement of purchase and sale between you and the proposed assignee and all related documents; you are not in default under any agreement between you and us; consent of all necessary parties to the assignment of the lease; you have settled all outstanding accounts with us; release signed by you; current agreement signed by new franchisee, which may include materially different terms than the Franchise Agreement; guaranty signed by new franchisee; new franchisee qualifies and completes initial training, new franchisee obtains all licenses, permits, and other authorizations required to operate the Store; and transfer fee paid by you or new franchisee.
n	Our Right of First Refusal to Acquire Your Business	Section 15.3	Upon you receiving an offer to purchase, we have the option to match the offer except that: (i) the amount of any broker's fees or commissions will be deducted from the price; and (ii) we may substitute cash for any other form of payment. We may exercise its option at any time within 30 days after the receipt of notice of the offer, after which you will be at liberty to complete the Transfer.
o	Our Option to Purchase Your Business	Not Applicable	Not Applicable.
p	Your Death or Disability	Section 16.1	Your death or permanent disability is considered a default entitling us to terminate the Franchise Agreement.
q	Non-Competition Covenants During the Term of the Franchise	Section 14.1	No involvement in competing business that operates or franchises as a food manufacturing or food service business, including, without limitation, a production facility, wholesaler, commissary, bakery, restaurant, café, quick-serve outlet, take-out outlet, mobile, food truck, kiosk, catering, delivery service or some combination thereof.
r	Non-Competition Covenants After the Franchise is Terminated or Expires	Section 14.2	No involvement in competing business within 6 miles of the territory, or 3 miles of another Store for a period of 2 years after Franchise Agreement is terminated or expires.
s	Modification of the Agreement	Section 18.13	No modification except in writing and signed by both parties.
t	Integration / Merger Clause	Section 17.2	Only the terms of the Franchise Agreement (including exhibits) are binding (subject to federal and state law). Any other promises may not be enforceable. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u	Dispute resolution by Arbitration or Mediation	Section 19.1	All disputes, claims and controversies we be settled by arbitration at a location in Chicago, Illinois (subject to applicable state law).
v	Choice of Forum	Section 19.6	Any claims, controversies, or disputes not subject to arbitration will be brought exclusively in the Federal District Court for the District of Delaware (subject to applicable state law).
w	Choice of Law	Section 19.7	Laws of the state where the Store is located will apply (subject to applicable state law).

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance, or the past financial performance of company owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Samir Desai at 30 Bertrand Avenue, Unit C5, Toronto, Ontario Canada M1L 2P5, samir@dspotdessert.com the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

**TABLE NUMBER 1
System wide Store Summary
For Years 2022-2024**

Store Type	Year	Stores at the Start of the Year	Stores at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Stores	2022	0	0	0
	2023	0	0	0
	2024	0	0	0

**TABLE NUMBER 2
Transfers of Stores from Franchisee to New Owners (Other than the Franchisor)
For Years 2022-2024**

State	Year	Number of Transfers
TOTAL	2022	0
	2023	0
	2024	0

**TABLE NUMBER 3
Status of Franchised Stores
For Years 2022-2024**

State	Year	Stores at the Start of the Year	Stores Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Stores at the End of the Year
TOTAL	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

TABLE NUMBER 4
Status of Company-Owned Stores
For Years 2022-2024

State	Year	Stores at the Start of the Year	Stores Opened	Stores Reacquired from Franchisees	Stores Closed	Stores Sold to Franchisees	Stores at the End of the Year
TOTAL	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

TABLE NUMBER 5
Projected Openings
As of December 31, 2024

State	Franchise Agreements Signed but Store Not Opened	Projected New Franchised Stores through the End of the Current Fiscal Year	Projected New Company-Owned Stores through the End of the Current Fiscal Year
Georgia	1	1	0
Illinois	1	0	0
New York	0	0	0
North Carolina	1	0	0
Texas	3	1	0
TOTAL	6	2	0

A list of our United States and Canadian D Spot Dessert Café franchisees that operate Stores from permanent locations as of December 31, 2024, is included on Exhibit D. Also attached as Exhibit D is a list of D Spot Dessert Café franchises in the United States that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement in the last fiscal year.

If you buy a D Spot Dessert Café franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our System.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit A includes our audited financial statements as of December 31, 2024 and December 31, 2023. Also attached at Exhibit A are our unaudited financial statements as of

June 30, 2025. Because we began franchising in 2023 and we have not been in business for three years or more, we cannot include all the financial statements required by the FTC Rule.

ITEM 22

CONTRACTS

The Franchise Agreement is attached as Exhibit B. The State Addendum is attached as Exhibit F. The Disclosure Acknowledgement Addendum is attached as Exhibit G.

ITEM 23

RECEIPTS

Two copies of an acknowledgment of your receipt of this disclosure document are included at the end of this disclosure document (Exhibit I). You should keep one copy as your file copy and return the second copy to us.

EXHIBIT A
FINANCIAL STATEMENTS

D Spot Franchising USA, Inc.

Financial Statements

**December 31, 2024 and for the period from
March 7, 2023 (Inception) to December 31, 2023**

D Spot Franchising USA, Inc.

Financial Statements

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Independent Auditors' Report

To the Shareholder of
D Spot Franchising USA, Inc.
Toronto, ON Canada

Opinion

We have audited the accompanying financial statements of D Spot Franchising USA, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, the related statements of operations and changes in accumulated deficit and cash flows for the year ended December 31, 2024 and for the period from March 7, 2023 (Inception) to December 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the year ended December 31, 2024 and for the period March 7, 2023 (Inception) to December 31, 2023 in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 auditing standards generally accepted in the United States of America 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

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

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

Tronconi Segana & Associates LLP

Williamsville, New York

June 17, 2025

D Spot Franchising USA, Inc.

Balance Sheets

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
<i>Current Assets</i>		
Cash	\$ 144,500	40,250
Related party receivable	<u>1</u>	<u>1</u>
Total current assets	144,501	40,251
<i>Equipment, net</i>	<u>459</u>	<u>765</u>
	<u>\$ 144,960</u>	<u>\$ 41,016</u>
Liabilities and Shareholder's Deficit		
<i>Current Liabilities</i>		
Accounts payable	\$ 14,593	159
Deferred revenue	145,250	40,250
Related party payable	<u>46,396</u>	<u>33,333</u>
Total current liabilities	206,239	73,742
Total liabilities	206,239	73,742
<i>Shareholder's Deficit</i>		
Common stock	1	1
Accumulated deficit	<u>(61,280)</u>	<u>(32,727)</u>
Total shareholder's deficit	<u>(61,279)</u>	<u>(32,726)</u>
	<u>\$ 144,960</u>	<u>\$ 41,016</u>

See independent auditors' report and notes to financial statements.

D Spot Franchising USA, Inc.
Statements of Operations and
Changes in Accumulated Deficit
for the year ended December 31, 2024 and
for the period from March 7, 2023 (Inception) to December 31, 2023

	2024	2023
<i>Sales</i>	\$ 0	\$ 0
<i>Operating Expenses</i>		
Legal expense	27,497	32,592
Bank service fees	750	0
Depreciation expense	306	135
Total operating expense	28,553	32,727
Operating loss	(28,553)	(32,727)
Net loss	(28,553)	(32,727)
<i>Accumulated Deficit, beginning of year</i>	(32,727)	0
<i>Accumulated Deficit, end of year</i>	\$ (61,280)	\$ (32,727)

See independent auditors' report and notes to financial statements.

D Spot Franchising USA, Inc.
Statements of Cash Flows
for the year ended December 31, 2024 and
for the period from March 7, 2023 (Inception) to December 31, 2023

	2024	2023
<i>Cash Flows from Operating Activities</i>		
Net loss	\$ (28,553)	\$ (32,727)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	306	135
(Increase) Decrease in:		
Related party receivable	0	(1)
Increase (Decrease) in:		
Accounts payable	14,434	159
Deferred revenue	105,000	40,250
Related party payable	13,063	32,433
	104,250	40,249
<i>Cash Flows from Financing Activities</i>		
Proceeds from common stock issuance	0	1
Net cash provided by financing activities	0	1
Net increase in cash	104,250	40,250
<i>Cash, beginning of year</i>	40,250	0
<i>Cash, end of year</i>	\$ 144,500	\$ 40,250

See independent auditors' report and notes to financial statements.

D Spot Franchising USA, Inc.

Notes to Combined Financial Statements

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Operations – D Spot Franchising USA Inc. (the “Company”) is organized as a C-Corporation and is a wholly owned subsidiary of D Spot Holdings USA, Inc. (the “Parent”). The Company is located in Toronto, Ontario and is engaged in the franchising of D Spot Dessert Café and expanding the D Spot Dessert brand name. Company operations commenced on March 7, 2023.

Basis of Presentation – The financial statements for the year ended December 31, 2024, and for the period from March 7, 2023 (Inception) to December 31, 2023, are presented on a comparative basis. The 2023 period represents a short fiscal period due to the commencement of operations on March 7, 2023. Accordingly, the results of operations for the two periods presented are not directly comparable.

Basis of Accounting – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Cash – The Company maintains its cash in bank demand deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash.

Accounts Receivable – The Company reports accounts receivable at outstanding billed amounts. The Company estimates its allowance for credit losses based upon management’s assessment of the collectability on receivable balances. The Company writes off receivables when collection efforts have been exhausted. There was no allowance for credit losses recorded at December 31, 2024 and 2023.

Summary of Significant Accounting Policies – The accounting and reporting policies of the Company are in accordance with U.S. GAAP. The more significant of the principles used in preparing the financial statements are briefly described below.

Equipment, net – Equipment is stated at cost, net of accumulated depreciation. Depreciation for computer equipment is computed using accelerated methods over the approximate useful lives of the assets, which are approximately 5 years. The costs of repairs and maintenance are charged to expense as incurred; significant renewals or improvements are capitalized.

Deferred Revenues – Deferred revenues consist of initial franchisee fees paid at the inception of the franchise agreement which are amortized into revenues over the life of the initial franchise term.

D Spot Franchising USA, Inc.
Notes to Combined Financial Statements (continued)

1. Nature of Business and Summary of Significant Accounting Policies (continued)

Revenue Recognition – In accordance with ASC 606, the Company accounts for a customer contract when both parties have approved the arrangement and are committed to perform their respective obligations, each party’s rights can be identified, payment terms can be identified, the contract has commercial substance, and it is probable that the Company will collect substantially all of the consideration to which it is entitled. Revenue is measured based on the consideration that the Company expects to be entitled to in exchange for the services transferred.

Franchise

Franchise revenue is derived from initial franchise fees related to the sale of new franchise locations as well as royalties paid by franchisees based on their sales. The Company grants the right of using D Spot Dessert Café’s brand name to franchisees. The Company’s services performed under the terms of the franchise agreement are considered a single performance obligation and the transaction price is determined in the underlying franchise agreement. Initial franchise fees are recorded as franchisee deposits and are recognized ratably over the life of the franchise agreement. Franchise fee revenues amounted to \$0 for both the year ended December 31, 2024 and for the period March 7, 2023 (Inception) to December 31, 2023. The deferred revenue portion of franchise deposits totaled \$145,250 and \$40,250 as of December 31, 2024 and 2023, respectively.

Royalty revenue of 5.0% of net sales is recognized as income as the underlying franchisee sales occur. The Company recognized royalty income of \$0 for both the year ended December 31, 2024 and for the period March 7, 2023 (Inception) to December 31, 2023.

Income Taxes – The Company accounts for income taxes through, among other things, recognition of deferred tax assets and liabilities for future tax consequences, measured by enacted rates attributable to temporary and permanent differences between the financial statements and income tax bases of assets and liabilities and net operating loss carryforwards to the extent that realization of such benefits is more likely than not.

The Company’s management evaluates its tax positions to determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation, based on the technical merits of the tax position. Management has analyzed the Company’s tax positions and has concluded that, as of December 31, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require disclosure in the financial statements.

Management Estimates – The preparation of the financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

D Spot Franchising USA, Inc.
Notes to Combined Financial Statements (continued)

1. Nature of Business and Summary of Significant Accounting Policies (continued)

Subsequent Events – Management of the Company has evaluated subsequent events, for recognition or disclosure, through June 17, 2025, the date the accompanying financial statements were available to be issued and has determined that no additional recognition or disclosure was necessary.

2. Equipment, net

Equipment, net, consisted of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Computer equipment	\$ 900	\$ 900
Less: accumulated depreciation	<u>441</u>	<u>135</u>
	<u>\$ 459</u>	<u>\$ 765</u>

Depreciation expense totaled \$306 and \$135 for the year ended December 31, 2024 and for the period March 7, 2023 (Inception) to December 31, 2023, respectively.

3. Related Party Transactions

Related party receivable and payable balances represent advances or payments made to or received from entities under common ownership. These transactions are intended to support the cash flow needs of the Company or its affiliates in the normal course of business.

The related party receivable balance refers to the Company's issuance of 5,000 shares of common stock at a par value of \$0.0001 to D Spot Holdings USA, Inc. for \$1 during the period of March 7, 2023 (Inception) to December 31, 2024.

The related party payable refers to the Company purchasing computer equipment from parties related through common ownership totaling \$900 and legal expenses incurred from the formation of the Company, trademarks, and review of franchising agreements totaling \$13,063 and \$32,433 during the year ended December 31, 2024 and period of March 7, 2023 (Inception) to December 31, 2024, respectively.

Unaudited Balance Sheet
and Profit and Loss
as of June 30, 2025

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.

D Spot Franchising USA Inc.

Balance Sheet

As of June 30, 2025

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1001 Checking - TD 474384	77,935.87
Total Bank Accounts	\$77,935.87
Accounts Receivable	
1100 Accounts receivable (A/R)	0.00
Total Accounts Receivable	\$0.00
Total Current Assets	\$77,935.87
TOTAL ASSETS	\$77,935.87
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2100 Accounts Payable (A/P)	14,433.93
Total Accounts Payable	\$14,433.93
Other Current Liabilities	
2570 Due to/from D Spot Franchising Inc. (CAN)	-67,267.31
Total Other Current Liabilities	\$ -67,267.31
Total Current Liabilities	\$ -52,833.38
Total Liabilities	\$ -52,833.38
Equity	
Retained Earnings	106,828.66
Net Income	23,940.59
Total Equity	\$130,769.25
TOTAL LIABILITIES AND EQUITY	\$77,935.87

Profit and Loss

D Spot Franchising USA Inc.

January 1-June 30, 2025

DISTRIBUTION ACCOUNT	TOTAL
Income	
6002 Development Income	\$21,300.00
Services	\$3,140.59
Total for Income	\$24,440.59
Cost of Goods Sold	
Gross Profit	\$24,440.59
Expenses	
General business expenses	0
5000 Bank fees & service charges	\$500.00
Total for General business expenses	\$500.00
Total for Expenses	\$500.00
Net Operating Income	\$23,940.59
Other Income	
Other Expenses	
Unrealized Gain or Loss	
Total for Other Expenses	0
Net Other Income	0
Net Income	\$23,940.59

EXHIBIT B
FRANCHISE AGREEMENT

D SPOT FRANCHISING USA INC.



FRANCHISE AGREEMENT

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SCHEDULES

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SCHEDULE "D" - GUARANTY AND ASSUMPTION OF OBLIGATIONS

D SPOT FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made and entered into this ___ day of _____, 20___, between D SPOT FRANCHISING USA INC., an Delaware corporation, with a principal place of business at 30 Bertrand Avenue, Unit C5, Toronto, Ontario Canada M1L 2P5 ("Franchisor"), and _____, a _____ formed and operating under the laws of the State of _____ ("Franchisee").

INTRODUCTION

A. The Franchisor licenses the use of the System (as defined below), which System includes, but is not limited to, food and beverage selection, sourcing and presentation, unique recipes, methods and procedures, specially designed premises with distinctive decor, equipment and equipment layouts, interior and exterior accessories, color schemes, services, products, including the Products (as defined below), methods of operation, management programs, standards, specifications, information, the Proprietary Marks (as defined below), and the Manual (as defined below).

B. The Franchisor licenses the use of certain trade names, trademarks, logos, emblems and indicia of origin which are used in association with the System, including the Proprietary Marks.

D. Franchisee wishes to acquire from the Franchisor the right and license to operate a restaurant utilizing the System, and the Proprietary Marks, upon the terms and conditions hereinafter set forth.

AGREEMENTS

In consideration of the mutual covenants and agreements stated below, the parties agree as follows:

1. DEFINITIONS

Where used herein or in any schedules or amendments hereto, the following terms shall have the following meanings:

- 1.1 "**Accounting Period**" means such weekly, monthly or other period designated from time to time by the Franchisor, and to be used for accounting or other purposes. As of the Commencement Date, the Accounting Period is a bi-monthly period;
- 1.2 "**Address**" has the meaning provided in Section 8.6 below;
- 1.3 "**Commencement Date**" means the date which is first written above, being the date upon which this Agreement takes effect;
- 1.4 "**Competing Business**" means any food manufacturing or food service business, including, without limitation, a production facility, wholesaler, commissary bakery, restaurant, café, quick-serve outlet, take-out outlet, mobile, food truck, kiosk, catering or delivery service;
- 1.5 "**Development Cost**" has the meaning provided in Section 7.2 below;
- 1.6 "**Discounts**" has the meaning provided in Section 8.3 below;
- 1.7 "**Franchised Business**" means the business to be operated by the Franchisee using the Format under the System and Proprietary Marks, at the Premises, as licensed by and pursuant to the provisions of this Agreement;
- 1.8 "**Format**" means the specific business format utilized by the Franchised Business operated pursuant to and in accordance with this Agreement, as designated by the Franchisor in Schedule "A" hereto. If at the Commencement Date, a Format has not been

designated by the Franchisor, and the specific Format is not then specified in Schedule "A", then the Franchisor shall be permitted to designate the Format after the Commencement Date and shall be permitted at such time to complete the designation of the Format in Schedule "A" hereto.

- 1.9 "Fund" has the meaning provided in Section 10.2 below;
- 1.10 "Gross Sales" means the entire amount of the actual sale price of all sales of Products, however allocated amongst some or all such Products, and all other receipts or receivables whatsoever from any and all business conducted upon or originating from the Premises, including, if permitted by the Franchisor, through delivery or catering services, including the Delivery System, telephone order, internet and other electronic based sales, whether such sales or other receipts be by check, for cash, credit, debit, charge accounts, exchange or otherwise and whether such sales be made by means of mechanical or other devices inside or outside of the Premises. Gross Sales shall include the amount of fees paid or payable to Franchisee and others in respect of Products sold by or through catering, delivery, or other off-Premises methods, including the Delivery System. There shall be no deductions allowed for uncollected or uncollectible credit accounts and no allowances shall be made for bad debts. Gross Sales shall not include the amount of any tax imposed by any federal, state, municipal or governmental authority directly on sales and collected from customers if such tax is added to the selling price and actually paid by the Franchisee to such governmental authority. Each charge or sale upon installment or credit shall be treated as a sale for the full price in the week during which such charge or sale shall be made, irrespective of the time when the Franchisee shall receive payment (whether full or partial) therefor;
- 1.11 "Guarantor" means each Principal Owner and their respective spouse or partner who have signed the Guaranty and Assumption Agreement in the form attached to this Agreement as Schedule "D".
- 1.12 "Initial Fee" has the meaning provided in Section 3.1 below;
- 1.13 "Initial Term" has the meaning provided in Section 4.1 below;
- 1.14 "Interest Rate" means the lesser of: eighteen 18% percent per annum, or the maximum rate of interest that may be legally charged;
- 1.15 "Lease" means any lease, sublease, guarantee, or other instrument under which the right to occupy the Premises has been obtained;
- 1.16 "Manual" means, collectively, all books, manuals, pamphlets, bulletins, memoranda, letters, notices, video or audio tapes, computer media (i.e. computer software) or other publications, documents or electronic communications (i.e. internet, website, intranet, extranet), prepared by or on behalf of the Franchisor for use by franchisees generally or for the Franchisee in particular, setting forth information, advice, standards, requirements, operating procedures, instructions or policies relating to the System and the operation of the Franchised Business, as same may be amended from time to time;
- 1.17 "Offer" has the meaning provided in Section 15.3 below;
- 1.18 "Other Brands" has the meaning provided in Section 2.2 below;
- 1.19 "Premises" means the Premises at which the Franchised Business is (or is required by the Franchisor to be) located in accordance with this Agreement, as described in Schedule "A";
- 1.20 "Principal Owner" means any person or entity who directly or indirectly owns a ten percent (10%) or greater interest in you. If any corporation or other entity other than a partnership is a Principal Owner, a "Principal Owner" also will mean a shareholder or owner of a ten percent (10%) or greater interest in such corporation or other entity. If a

partnership is a Principal Owner, a "Principal Owner" also will mean each general partner of such partnership and, if such general partner is an entity, each owner of a ten percent (10%) or greater interest in such general partner. If you are one or more individuals, each individual will be deemed a Principal Owner of you.

- 1.21 **"Products"** means all foods, beverages, wares, merchandise, supplies, accessories and all other items sold, dispensed, handled, used or otherwise handled by or on behalf of the Franchised Business, whether using the Proprietary Marks (i.e., private label products) or not, and all services performed at or from the Premises or otherwise by or on behalf of the Franchised Business, whether using the Proprietary Marks or not, all as may be amended or specified by the Franchisor from time to time;
- 1.22 **"Proprietary Marks"** means the trademarks, trade names, certification marks and other commercial symbols and related logos listed in Schedule "A" hereto, together with such other trade names, trademarks, symbols, logos, distinctive names, certification marks, logo designs, insignia or otherwise which may be designated by the Franchisor for use in the System from time to time, and not thereafter withdrawn;
- 1.23 **"Restricted Business"** means a Competing Business that offers and/or sells any of the Restricted Items;
- 1.24 **"Restricted Items"** means any of the items listed in Schedule "A";
- 1.25 **"System"** means the food service system licensed by this Agreement listed in Schedule "A" hereto.
- 1.26 **"Territory"** means the territory described in Schedule "A" hereto; and
- 1.27 **"Transfer"** has the meaning provided in Schedule 15.1 below.

2. GRANT

2.1 Grant

Subject to all of the provisions of this Agreement and for the Initial Term, the Franchisor hereby grants to the Franchisee a non-exclusive right to operate the Franchised Business at and only at the Premises and a non-exclusive license to use the System and Proprietary Marks solely and exclusively in the operation thereof. Termination, expiration or non-renewal of this Agreement shall constitute a termination or expiration of the rights and license granted herein to the Franchisee.

2.2 Territory

So long as the Franchisee is in full compliance with the terms and conditions of this Agreement, the Franchisor shall refrain from operating or granting to anyone else a franchise to operate a restaurant business using the Format, the Proprietary Marks and the System, from premises permanently located within the Territory. If at the Commencement Date, a Territory has not been assigned to the Franchisee by the Franchisor, then the Franchisor shall be permitted to assign the Territory, either prior or subsequent to the determination of the location of the Premises, in accordance with the terms of this Agreement, and shall be permitted to complete the designation of the Territory in Schedule "A". The Franchisor expressly reserves all rights not granted to the Franchisee by this Agreement. Accordingly, and notwithstanding the foregoing, nothing in this Agreement or at law shall prevent the Franchisor, its affiliates, their respective licensors or licensees or others, from (without compensation to the Franchisee):

- (a) operating, or granting to someone else a franchise or license to operate, at any location outside the Territory, whether in close proximity to the Premises or otherwise, a business using the Format, the Proprietary Marks and/or the System; and
- (b) operating or granting to someone else a franchise or license to operate, at any location, whether inside or outside the Territory, whether in close proximity to the Premises or otherwise, a business using one or more business formats other than the Format, one or

more systems other than the System, and/or one or more trademarks other than the Proprietary Marks, whether now or hereafter owned or licensed by the Franchisor or its affiliates or licensors, or whose owners or licensors own the Franchisor or its affiliates, and regardless of whether they are competitive with the System and/or the Products (the “**Other Brands**”); and

- (c) distributing, selling, offering, or granting to someone else the right to distribute, sell or offer, the Products or similar or different products, using the System and Proprietary Marks (including the Other Brands) or similar or different business systems or trademarks, at any location, whether inside or outside the Territory, whether in close proximity to the Premises or otherwise, of a temporary or permanent nature, by means of other or alternate channels of distribution, such as without limitation, by or through; (i) telephone orders, mail order, television, vending machines, electronic and digital media, or digital or virtual environments (i.e. including the internet, mobile applications, and the metaverse) or catalog sales; (ii) through catering, catering trucks, carts, mobile vehicles, and/or delivery services, including the Delivery System; (iii) supermarkets, grocery, retail, convenience, or similar stores, or as a concession, kiosk, department or as part of or in combination with any restaurant, supermarket, grocery, retail or similar establishments; or (iv) through outlets of any kind located at public or quasi-public institutions, such as without limitation, hospitals, schools, universities, colleges, correctional facilities, airports, train and/or bus stations, gas and/or service stations, highway rest stops and plazas, sports facilities, arenas, stadiums, concert halls, theatres, fairs and/or exhibitions, food court locations, office complexes and enclosed shopping malls; and
- (d) advertising, sponsoring, endorsing, or otherwise promoting or advancing the System, the Proprietary Marks or Other Brands at any location, whether inside or outside the Territory, in any manner whatsoever; and
- (e) purchasing, merging with, acquiring or affiliating with, or being purchased or acquired by, an existing network, chain, entity or any other business, regardless of the locations or territories of such other franchise, chain, entity or other business, whether inside or outside the Territory, and operating, franchising or licensing those businesses and/or being operated, franchised or licensed by those businesses under the Proprietary Marks or any other marks following such purchase, merger, acquisition or affiliations, regardless of location or proximity of locations or territories, whether inside or outside the Territory.

3. INITIAL FEE & ROYALTY

3.1 Initial Fees

In consideration of the Franchisee being granted the right to establish the Franchised Business, the Franchisee shall pay to the Franchisor upon execution of this Agreement an initial, non-recurring, non-refundable franchise fee in the amount listed in Schedule “A” to this Agreement (the “**Initial Fee**”). The Initial Fee shall be deemed to be fully earned by the Franchisor upon the execution of this Agreement and in consideration of the grant by it to the Franchisee of the opportunity to establish the Franchised Business as herein provided, and the Franchisee shall not be entitled to a refund of any part thereof, regardless of the date of expiration, termination or non-renewal of this Agreement, except as specifically provided herein.

3.2 Continuing Royalty

In return for the on-going rights granted to the Franchisee hereunder, the Franchisee shall pay to the Franchisor, a royalty based on the percentage amount of Gross Sales specified in Schedule “A” to this Agreement, calculated for such Accounting Period as is prescribed from time to time by the Franchisor. The royalties shall be payable in arrears on the day specified from time to time by the Franchisor, for the Gross Sales generated by the Franchisee during the immediately preceding

designated Accounting Period. In the case of any interruption of business, Gross Sales shall include the amount of all sales assumed to have been lost by the interruption of business at the Premises, to be determined on the basis upon which proceeds of any business interruption insurance are paid or are payable to the Franchisee or other occupiers of the Premises, or which proceeds would have been payable to the Franchisee or other occupiers of the Premises in the case where the Franchisee did not have in full force and effect any insurance required by this Agreement.

3.3 Sales Taxes

Any and all amounts expressed as being payable pursuant to this Agreement are exclusive of any applicable taxes. Accordingly, if applicable, all payments by the Franchisee shall, in addition, include an amount equal to any and all goods and services taxes, harmonized taxes, sales taxes, value added taxes, or other taxes, assessments or amounts of a like nature imposed on any payments to be made pursuant to this Agreement.

4. TERM

4.1 Initial Term

The initial term of this Agreement (the "**Initial Term**") shall commence on the Commencement Date, and shall expire either at 11:59 p.m. on the day preceding the day which is specified in Schedule "A" to this Agreement, or on the expiration, termination or non-renewal of the Franchisee's right to occupy Premises pursuant to the Lease, whichever date is earlier, unless terminated sooner in accordance with the provisions of this Agreement. Notwithstanding the foregoing, the Franchisor may, in its sole discretion, on notice to the Franchisee, extend the Initial Term beyond the length of time hereinbefore specified for the purposes of having the Initial Term coincide with the then remaining term, or part thereof, of the Lease, less one day. Any such extension shall be considered part of the Initial Term.

4.2 Renewal

If throughout the Initial Term, or then applicable renewal term, if any, the Franchisee shall have fully complied with all of the terms and conditions of this Agreement and any other agreement entered into between the Franchisor and the Franchisee, and the Franchisee shall have complied with the operating standards and criteria established for the Franchised Business, then the Franchisee shall have the option to renew this Agreement for the number of renewal terms specified on Schedule "A". Each renewal term, as applicable, shall commence and, unless terminated sooner, thereafter expire at the times specified in Schedule "A".

Notwithstanding the foregoing, the Franchisor may on notice to the Franchisee, extend the term of such renewal beyond the length of time hereinbefore specified for the purposes of having the renewal term coincide with the then remaining term, or part thereof, of the Lease, less one day. The renewal shall require payment by the Franchisee of the Franchisor's then current renewal fee, which currently is equal to the amount listed on Schedule "A". In addition, renewal shall be subject to the following terms and conditions being complied with in full prior to the expiration of the Initial Term or the terms and conditions of the franchise agreement in effect at the expiration of the then-current renewal term, but in each case, at the Franchisee's sole cost and expense:

- (a) The Franchisee shall give the Franchisor written notice of its desire to exercise the renewal option not less than six (6) months prior to the expiration of the earlier to expire of (i) the current term of the Lease, and (ii) the Initial Term;
- (b) The Franchisee shall have paid all amounts owing by it to the Franchisor;
- (c) The Franchisee shall do or cause to be done all such things as the Franchisor may require to ensure that the Franchised Business satisfies the then current image, standards and specifications established by the Franchisor for new franchises in the

System whether or not such image, standards or specifications reflect a material change in the System in effect during the Initial Term, or require a significant investment or expenditure of funds by the Franchisee. Without limiting the generality of the foregoing, the Franchisee shall complete such renovations and make such capital expenditures as the Franchisor shall determine as being required in connection with the foregoing for the renovation, modernization and refurbishing of the Premises, all Digital Systems, Required Software, and all fixtures, furnishings, equipment and signs therein or thereon;

- (d) The Franchisee is not in default of any provision of the Lease and shall provide evidence satisfactory to the Franchisor of the Franchisee's right to remain in possession of the Premises, for the renewal term on terms satisfactory to the Franchisor;
- (e) The Franchisee shall reimburse the Franchisor for all reasonable legal fees and other costs and expenses incurred by it incident to the exercise of the renewal option herein provided, and with respect to the renewal of the Lease;
- (f) The Franchisee is not in default of any provision of any licenses for the Franchised Business carried on at the Premises and is able to renew such licenses as necessary, and is up to date in all of its tax filings and remittances;
- (g) At the Franchisor's request, the Franchisee and Guarantor shall have executed a release, in the Franchisor's prescribed form, of any and all claims against the Franchisor and its officers, directors, agents and employees, excepting any claims under an applicable franchise law statute that are not permitted to be waived or released under that statute;
- (h) The Franchisee shall provide Franchisor with a complete set of financial statements and reports for the Franchised Business for no less than the two (2) most recently completed fiscal years immediately preceding the date of renewal; and
- (i) At the commencement of the renewal term, the Franchisee and Guarantor shall, at the option of the Franchisor, execute a new franchise agreement in the form then being used by the Franchisor, which may, without limitation, contain the then current Proprietary Marks, System royalty rates and advertising contributions (which may be different than those contained in this Agreement), and an altered, geographically reduced or eliminated Territory. The Franchisee and the Guarantor shall execute such other documents and agreements as are then customarily used by the Franchisor in the granting of franchises. If the Franchisor shall elect not to execute such a new franchise agreement, all of the provisions contained in the franchise agreement in effect immediately prior to the commencement of such renewal term shall remain in force during the renewal term (except for any further right of renewal after the number of renewal terms specified on Schedule "A").

4.3 Overholding

If the Franchisee shall continue to operate the Franchised Business from the Premises after the termination or expiration of the Initial Term or any renewal thereof, without any further agreement in writing signed by the Franchisor, then such continued operation and the pre-existing and continuing grant of rights under this Agreement shall be deemed to be at will only and may be terminated by the Franchisor, without any cause or reason, upon thirty days (30) notice, but shall otherwise be subject, as applicable, to all the other terms and conditions of this Agreement or any renewal franchise agreement executed by the Franchisee and the Franchisor.

5. TRAINING AND OPERATING ASSISTANCE

5.1 Training and Start Up Assistance by the Franchisor

Prior to the opening of the Franchised Business, the Franchisor shall provide to a maximum of two (2) of the Franchisee's employees and the Guarantor (collectively, the "Trainees"), an initial training course of such duration and at such location as the Franchisor may deem necessary, covering all necessary aspects of the System (including kitchen and "front of the house" training). The Franchisee shall ensure that its required and designated employees attend, and successfully complete the Franchisor's training course. In the event that the Franchisee wishes to have additional or replacement employees attend the initial training course provided by the Franchisor, the Franchisee will be responsible for all additional costs, including without limitation, the then current daily or weekly rate per trainee established by the Franchisor, which shall not exceed \$250 per person per day. The Franchisee shall be responsible for all travel and living expenses and all wages or other amounts payable to any trainees and no wages or other amounts shall be payable by the Franchisor to any such trainee for any service rendered at any location during the course of such training.

Additional training, start-up training and assistance, retraining, refresher courses, remedial training, seminars, conferences or management/franchisee meetings may be provided or made mandatory by the Franchisor, at its discretion, and at a cost to the Franchisee, and where applicable, based on the Franchisor's then current fee (if any), for the Franchisor's personnel performing such training or assistance, plus other reasonable expenses, including all travel, meal and accommodation expenses.

5.2 Operating Assistance

During the Initial Term, the Franchisor shall furnish to the Franchisee a reasonable amount of continuing advice and guidance as is from time to time required by the Franchisee, in the judgment of the Franchisor, with respect to the planning, opening and operation of the Franchised Business, including consultation and advice regarding:

- (a) selection, purchasing, stocking, preparation and recipes relating to Products;
- (b) formulation and development of advertising and promotional programs;
- (c) establishment and maintenance of administrative, inventory control and general operating procedures; and
- (d) changes to the System, if any, including new product and service development.

In addition, upon reasonable written request of the Franchisee, the Franchisor will furnish assistance to the Franchisee to aid in devising solutions to special problems encountered by the Franchisee in the operation of the Franchised Business. The Franchisee shall reimburse the Franchisor for its employees' time and its actual expenses incurred in aiding the Franchisee with such problems.

6. PREMISES

6.1 Use of Premises

The right and license granted to the Franchisee pursuant to Section 2 hereof, has been granted to the Franchisee solely for use at the Premises. The Franchisee shall use the Premises for the operation of the Franchised Business only and for no other purpose. The Franchisee agrees to pay any applicable fees, costs or charges payable in respect of brokering services engaged for the purposes of locating premises or entering into any commitment or Lease for any such premises.

6.2 Lease By Franchisee

Subject to the provisions of Section 6.3 below, the Franchisee shall enter into the Lease, which Lease shall be in form and upon terms acceptable to the Franchisor. Without limitation, the Lease entered into by the Franchisee shall provide that such Lease be subject to the requirements of the lease rider attached as Schedule "B" hereto. Without limitation the Franchisor may insist that the Lease be assigned to the Franchisor, or its nominee, at the Franchisor's option, upon the termination, expiry or non-renewal of this Agreement for whatever reason. The Franchisee agrees not to terminate or in any way alter or amend such Lease without the Franchisor's prior written approval. Any attempt to terminate, alter or amend such Lease shall be null and void and have no affect as to the Franchisor's, or its nominee's, interests thereunder, and the clause to such effect shall be included in such Lease.

6.3 Search for Premises and Option to Terminate

If at the Commencement Date, a Lease has not been signed by the Franchisee, the Franchisee will use reasonable best efforts to find a suitable location for the Premises acceptable to the Franchisor, within the Territory, or such other non-exclusive area designated by the Franchisor. Once the Premises is secured, the Franchisor shall be permitted to complete the address of the Premises in Schedule "A" hereto. If at the Commencement Date, a Territory has not been assigned to the Franchisee by the Franchisor, then Franchisor shall be permitted to assign the Territory, either prior or subsequent to the determination of the location of the Premises, in accordance with the terms of this Agreement, and shall be permitted to complete the designation of the Territory in Schedule "A" hereto.

If within a period of eighteen (18) months following the Commencement Date, a suitable location has not been found and a Lease for the Premises has not been signed by the Franchisee in accordance with this Section 6 then, until such time as the Franchisee has entered into a Lease in accordance with this Section 6, Franchisor shall have the continuing option to terminate this Agreement by giving twenty one (21) days' notice of termination to the Franchisee. If such notice of termination is given in accordance with this paragraph, then unless a suitable location has been found and the Franchisee entered into a Lease before the expiration of the notice period, this Agreement shall terminate in accordance with its terms.

Upon any termination of this Agreement in accordance with Section 6.3, the Franchisee and Guarantor shall deliver to the Franchisor such full and final releases, in the Franchisor's prescribed form, of any and all claims against the Franchisor and its officers, directors, agents and employees, excepting any claims under an applicable franchise law statute that are not permitted to be waived or released under that statute), and other documents as may be required by Franchisor.

6.4 No Warranty

The Franchisee acknowledges that any assistance provided or required by the Franchisor or its nominee in relation to the selection or development of the Premises (including site selection, lease negotiation and project oversight) is only for the purpose of determining compliance with System standards and does not constitute a representation, warranty, or guarantee, express, implied or collateral, regarding the choice and location of the Premises, that the development of the Premises is free of error, nor that the Franchised Business is likely to achieve any level of volume, revenue, profit or success. The Franchisor does not represent that it has any special expertise in selecting sites or negotiating Lease arrangements. The Franchisee hereby agrees that the Franchisor's assistance in regard to selection, negotiation or approval or disapproval of a proposed site or lease arrangement does not impose any liability on the Franchisor.

7. DESIGN AND CONSTRUCTION

7.1 Development of Premises by The Franchisee

The Franchisee shall construct and equip the Premises in accordance with the timetable or schedule specified by, and in conformity with the System standard layout plans, specifications and

drawings provided by, the Franchisor, as applicable to the Format licensed by this Agreement. Following receipt of the System standard plans, specification and drawings from the Franchisor, the responsibility and cost of customizing specific plans, specifications and drawings to the Premises (upon the prior approval of the Franchisor) and all costs and expenses pertaining to the construction and equipping of the Premises shall be borne exclusively by the Franchisee. The Franchisor shall have the right to inspect the construction and development of the Premises at all reasonable times. The Franchisee agrees to do or cause to be done the following at its sole cost and expense:

- (a) retain and compensate all contractors, subcontractors or other professionals and ensure that the Franchisor's requirements regarding insurance coverage are complied with (or insurance requirements under the Lease, whichever provide for greater coverage), in connection with the construction and development of the Premises. Without limitation to anything otherwise in this Agreement, the Franchisor reserves the right to specify any or all of the contractors, subcontractors and other professionals that are engaged to construct and equip the Premises. In respect of any architect's and designer's drawings, the Franchisor shall be permitted to require that the Franchisee pay a deposit amount to be retained by the Franchisor for payment of such architect and designer;
- (b) ensure that all applicable by-laws, building codes, permit requirements and Lease requirements and restrictions are complied with;
- (c) obtain all required building, utility, sign, sanitation, and business permits and licenses and any other required permits and licenses;
- (d) construct all required improvements to the Premises and decorate the Premises in compliance with plans and specifications approved by the Franchisor; and
- (e) subject to the provisions hereof, purchase or lease and install all fixtures, equipment, signs and other services and items required for the Premises by the Franchisor.

Upon request, the Franchisee shall pay the Franchisor or its nominee an administrative or management fee in respect of the time and expenses incurred by the Franchisor or its nominee relating to the administration, participation or involvement with respect to the construction or development of the Premises by or on behalf of the Franchisee, including reimbursement for reasonable travel and lodging costs incurred by any representatives of the Franchisor or its nominee in connection with the foregoing.

7.2 No Liability For Franchisor

The Franchisor is not responsible for architecture or engineering, or for code, zoning use or other requirements of the laws, bylaws, regulations or other requirements of any federal, state, local, or municipal governmental body, including, without limitation, any requirement relating to accessibility by disabled persons or others, nor is the Franchisor responsible for any delays, errors, omissions, or discrepancies of any nature in the development of the Premises. The Franchisor will have no liability to the Franchisee or any other party with respect to the plans, specifications and development of the Premises.

7.3 Development of Premises By the Franchisor

Notwithstanding the provisions of Section 7.1, and (to the extent provided for herein) in lieu thereof, the Franchisor may, at its option, undertake, on an independent consultant basis, the partial or full development, including all or any part of the construction, fixturing and equipping of the Premises on behalf of the Franchisee, in which case:

- (a) The Franchisee hereby authorizes and directs the Franchisor to undertake the development of all or any part of the Premises as aforesaid and to do or cause to be done all or any part of such things as may be necessary to complete the Premises for use by the Franchisee, including appointing architects, designers and contractors. The

Franchisee acknowledges that all or any part of such work may be performed by such person or persons as the Franchisor will nominate including persons affiliated with the Franchisor. Said work shall be performed on a basis deemed commercially reasonable by the Franchisor, provided, however, the Franchisor shall not be obligated to solicit competitive bids for any work performed or merchandise supplied in connection with such development

- (b) The Franchisee shall be required to deposit with the Franchisor a portion of the estimated costs for the partial or full development of the Premises (the "**Development Cost**"), as determined by the Franchisor, upon the execution of this Agreement. Further payments toward the Development Cost shall be deposited with the Franchisor at such times as are specified by the Franchisor, with any balance of the Development Cost to be deposited with the Franchisor sixty (60) days prior to the turnover of the Premises to the Franchisee. In arriving at the said Development Cost, the Franchisor will have regard to its general experience and prices generally charged by suppliers and trades people in developing similar premises provided that this estimated Development Cost shall in no way be construed as a guarantee of the actual costs of the Development Cost. To the extent that the actual Development Cost incurred by the Franchisor in respect of such development exceeds the estimated Development Cost or the amount or amounts previously paid by the Franchisee to the Franchisor under this Section, the Franchisee shall pay to the Franchisor an amount equal to such excess forthwith upon receipt from the Franchisor of a statement setting forth in reasonable detail the costs and expenses for which such additional funds are required. If such a statement indicates that the actual Development Cost was less than the estimated Development Cost, then the difference shall be credited by the Franchisor against any amounts due and owing by the Franchisee to the Franchisor until such time as it is fully credited to the Franchisee.
- (c) The Development Cost, without limiting the generality of the foregoing, may include, but not be limited to, all or any part of the costs of the Franchisee's leasehold improvements, whether performed by the Landlord, the Franchisor or by the chosen contractor, on behalf of the Franchisee, of equipment, technology, software and components, machinery, of signs and logos, of permits and fees, and whatever else the Franchisor encounters in the way of other costs in bringing about the work undertaken by the Franchisor pursuant to this Section 7.3, plus an administration fee payable to the Franchisor in the then current amount specified by the Franchisor.
- (d) The Franchisee acknowledges that any guarantees or warranties with respect to the performance and function of any of the equipment or other items selected for use in the Franchised Business will be limited to those provided by the manufacturer or supplier of such equipment or other items.

7.4 Service Providers, Fixtures, Equipment and Signs

The Franchisee agrees to use in the development and operation of the Franchised Business only those service providers, manufacturers, brands or types of fixtures, equipment (including without limitation, computer hardware and software, communications, electronic, cash register, surveillance or security, and POS Systems), and signs that the Franchisor has approved or designated. The Franchisee must purchase approved or designated brands or types of fixtures, equipment and signs only from suppliers approved by the Franchisor, which may include or be limited to the Franchisor or its affiliates. The Franchisee further agrees to place or display at the Premises (interior and exterior) only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by the Franchisor.

7.5 Opening for Business

Regardless of who undertakes development of the Premises, the Franchisor shall have the right to notify the Franchisee of the completion of the development of the Premises. Upon receiving such notification, the Franchisee shall have thirty (30) days within which to commence operation of the Franchised Business on the Premises, provided that the Franchisor shall not turn over the Premises, nor shall the Franchisee be permitted to open for business, until the full remaining amount owing, subject to reconciliation contemplated in Section 7.3(a) above, if any, is paid by the Franchisee to the Franchisor for the costs and expenses incurred in respect of the development of the Premises. If the Franchisee fails to pay and commence operation of the Franchised Business within thirty (30) days of receiving such notification from the Franchisor, it shall be a default under this Agreement. Without limiting the Franchisor's other rights in the event of such default, the Franchisor may, at its sole option, commence operation of the Franchised Business at the Franchisee's sole cost and expense, for the account of the Franchisee.

8. OPERATION OF FRANCHISED BUSINESS

8.1 Duties and Obligations

The Franchisee acknowledges that the Franchisor and its affiliates have invested and are investing time and capital in the advertising and promotion of the System which promotes the conduct of business in a uniform and prescribed manner. The Franchisee understands and acknowledges that such advertising and promotion has created and is creating goodwill and customer association in the Proprietary Marks, which benefit the Franchisor, its affiliates, the Franchisee and all other franchisees in the System. The Franchisee acknowledges that, to foster and preserve such goodwill, it is necessary for the Franchisee to operate the Franchised Business in a manner and to a quality consistent with the System and the businesses heretofore operated or licensed by the Franchisor, its affiliates and/or others. The Franchisee acknowledges that, in order to maintain such uniformity and quality consistency, it is necessary for the Franchisor to dictate and require certain standards be adhered to in the operation of each and every business using the System and Proprietary Marks. Therefore, the Franchisee agrees to operate the Franchised Business strictly in accordance with the System, whether contained in the Manual, or otherwise. Without limiting the generality of the foregoing, the Franchisee agrees to:

- (a) operate the Franchised Business with due diligence and efficiency in an up-to-date, quality and reputable manner during such days, nights and hours as may be designated by the landlord for the Premises and/or the Franchisor;
- (b) ensure that the number of staff working at any given time in the Franchised Business is sufficient, and that at all times prompt, courteous and efficient service is accorded to its customers. The Franchisee shall require employees to wear such uniforms or attire as the Franchisor prescribes periodically, and otherwise comply with the ongoing System standards. All employees shall not in any way be deemed employees of the Franchisor and all shall be under the exclusive order, direction, care and control of the Franchisee. The Franchisee shall be solely responsible for hiring and discharging employees of the Franchised Business, and setting their wages and terms and conditions of employment. All employment related documents, including, without limitation, employment applications, schedules, job descriptions, and pay checks, must clearly identify the Franchisee, and not the Franchisor, as the employer. In no event shall this Agreement, or any action on the part of the Franchisor and the Franchisee, be an agreement that affects any terms or condition of the Franchisee's employees' employment contracts;
- (c) in all dealings with its customers, suppliers and the public adhere to the highest standards of honesty, integrity, fair dealings and ethical conduct. Without limitation to any other right or remedy available to the Franchisor, in the event the Franchisee fails to adhere to such standards, or to rectify or resolve a complaint by any other third party in respect of the conduct of the Franchisee or of the Franchised Business, the Franchisor

shall be permitted to compensate any such third party, at the expense of the Franchisee, in any reasonable manner deemed necessary by the Franchisor;

- (d) maintain the condition and appearance of the Franchised Business, the leasehold improvements, furniture, fixtures and the equipment used therein consistent with the then-current image for the System, as it may be from time to time, as an attractive, modern, clean, convenient and efficiently operated restaurant business offering high quality products and service, meeting or exceeding all applicable standards for health, safety and hygiene;
- (e) effect such maintenance of, and repairs to the Premises and the equipment and fixtures installed therein as is reasonably required on a regular and frequent basis and maintain such condition and appearance. Provided that the Franchisor shall be permitted, once every five (5) years, to require that the Franchisee spend on a significant renovation or refurbishment of the Premises and Franchised Business, at one time, an amount that is up to fifty (50%) percent of the amount spent by the Franchisee in the original purchase or development of the Franchised Business. The scope of such work shall be determined by the Franchisor;
- (f) not make or cause to be made any alterations to the interior or exterior of the Premises so as to modify the appearance thereof or any alterations or replacements of any of the leasehold improvements, furniture, fixtures or equipment at the Premises without first having obtained the written approval of the Franchisor which may be given, withheld or conditioned in the Franchisor's sole discretion;
- (g) accept such credit cards, debit cards and other methods of payment designated by the Franchisor, and participate fully in accordance with then applicable terms and conditions, at its own expense (if required by Franchisor), in all gift certificate, gift card, loyalty program, coupon and other promotional programs initiated by the Franchisor, the cost for which shall be borne by the Franchisee and may be determined by the Franchisor from time to time. For further clarity, the Franchisee acknowledges and agrees that only the Franchisor or its designated suppliers may produce gift certificates, gift cards, loyalty programs and coupons, which the Franchisee is obligated to transact or redeem;
- (h) comply with all municipal, state and federal laws and regulations, and without limitation, those relating to employees (i.e.: workers compensation), privacy, health, sanitation, the service of food and beverages and music licensing, and obtain and at all times maintain and keep in good standing, any and all permits, certificates and licenses necessary for the proper conduct of the Franchised Business pursuant to the terms of this Agreement, and promptly notify the Franchisor following inspection of any regulatory authority and provide details of the report or inspection;
- (i) devote, together with the Guarantor, full time and attention to the establishment, development and operation of the Franchised Business. In the event that the Guarantor is unable to devote full time and attention to the establishment, development and operation of the Franchised Business at any time, subject to the approval of the Franchisor, the Franchisee shall be permitted to appoint a manager to be approved by the Franchisor in writing, who shall devote his/her full time and attention to daily operation of the Franchised Business;
- (j) promptly advise the Franchisor with regard to any suggestions for operational developments or improvements to the System, including without limitation, new recipes, technology, processes, menu items, and promotional ideas. In order that such developments or improvements shall be made available to the Franchisor and other franchisees for the benefit of the System, the Franchisee agrees that it hereby assigns

and transfers all copyrights, trademarks or other rights in connection therewith to the Franchisor without any compensation, and waives all moral rights thereto;

- (k) pay all sums due to the Franchisor, its affiliates, suppliers, the lessor of the Premises, or any other party to which payment is due in respect of the operation of the Franchised Business in a timely and complete manner, provided that if the Franchisee fails to make payment in this regard to any of its affiliates, suppliers, the lessor of the Premises, or any other party, the Franchisor may, in its sole discretion, make such payment on behalf of the Franchisee, and the amount of any such payment by the Franchisor shall become immediately payable by the Franchisee to the Franchisor and subject to interest accrued at the Interest Rate;
- (l) notwithstanding any other term of this Agreement, unless otherwise permitted by the Franchisor in writing, the Franchisee shall ensure that it and all of its staff, employees, suppliers and contractors and the operation of the Franchised Business in general adheres to and complies with strict Halal standards in implementing and carrying out the terms of this Agreement. Without limiting the generality of the foregoing, the Franchisee shall obtain and maintain such Halal certifications as are specified by the Franchisor and ensure that no alcohol, alcoholic residues/flavoring agents or non-Halal foods, beverages or items may be brought into, produced, manufactured, sold, distributed or consumed on the Premises. Immediately upon notice from the Franchisor to the Franchisee, the Franchisee shall discontinue the sale of any items or any other merchandise of any kind whatsoever and remove same from the Premises, if same are not Halal approved by the Franchisor;
- (m) notwithstanding any other term of this Agreement, the Franchisee agrees that complete uniformity under varying geographic and other conditions, and over extended spans of time, is not practical and may be detrimental to the System, and furthermore, as a result of differences between the Format and other business formats which may use some or all of the System: (i) the Franchisor may vary standards as between the Format and other formats and as between the Franchisee and any other franchisee, as the Franchisor deems necessary; (ii) the Franchisor may grant franchises using the System or other business formats under terms and standards that may differ materially from the terms of this Agreement; and (iii) the Franchisor's obligations and rights with respect to other business formats and franchisees may differ materially from obligations and rights under this Agreement; and
- (n) notwithstanding any rights or obligations set forth in this Agreement, Franchisee agrees that no part of this Agreement shall be read to require Franchisee to engage in acts or practices that violate any law.

8.2 Products

- (a) The Franchisee acknowledges that the reputation and goodwill of the System is based upon, and can be maintained and enhanced only by, the sale of high quality products and services, the satisfaction of customers who rely upon the uniformly high quality of products and services that are sold using the Format and/or under the System, and that such continued uniformity is essential to the goodwill, success and continued public acceptance of the System. Accordingly, and without limitation, the Franchisee agrees to:
 - (i) offer and sell all (and only) the items pursuant to the menu or menus which are designated by the Franchisor for the Format from time to time, and not offer or sell any other items;
 - (ii) discontinue the sale of any items of any kind whatsoever as the Franchisor, in its sole discretion, prohibits in writing;

- (iii) employ in the preparation of Products such procedures, recipes, techniques and methods as meet the Franchisor's standards for preparation, quality and quantity, and as have been expressly designated in writing by the Franchisor from time to time; and
 - (iv) use in connection with the operation of the Franchised Business and the preparation and sale of Products, all plates, food containers, napkins, straws, bags, cups, menus and other paper goods, promotional, packaging, point of sale materials, and like articles, of a brand, size, shape, quality and style designated by the Franchisor in writing from time to time, which shall bear such reproductions of the Proprietary Marks as the Franchisor shall specify.
- (b) Recognizing that the Products and their preparation and presentation must conform to the Franchisor's standards and specifications, the Franchisee hereby agrees to purchase all Products, and any other goods or services used in the preparation of the Products and the operation of the Franchised Business, including without limitation, all raw and other ingredients or prepared or proprietary food or beverage products, ingredients, inventory, restaurant accessories, equipment, point of sale materials, marketing or promotional items and materials, software, technology, supplies, clothing, hats and kitchen equipment (including without limitation, containers, dishes, glassware, take-out materials, cutlery, furniture, napkins, placemats and uniforms) and services, only from the Franchisor or from other suppliers approved or designated in writing by the Franchisor (which may include or be limited to the Franchisor or its affiliates).
- (c) To the extent permitted by applicable law, the Franchisor reserves the right to specify in writing a retail price and/or to establish in writing minimum and/or maximum prices for the Products the Franchisee sells. The Franchisee shall sell any Products at the specified retail price or, if applicable, in accordance with the minimum and/or maximum retail prices established by the Franchisor from time to time. Where no retail price or maximum or minimum prices has been specified or established by the Franchisor with respect to a particular Product, the Franchisee may sell such applicable Product at any reasonable price it chooses. The Franchisee acknowledges and agrees that the specified retail price and maximum and minimum prices for Products the Franchisee and other franchisees sell may vary from region to region to the extent necessary in order to reflect differences in costs and other factors applicable to such regions.
- (d) The Franchisee acknowledges that certain Products designated from time to time by the Franchisor are critical to the operation of the Franchised Business. Consequently, the Franchisee agrees to maintain a minimum inventory of certain designated Products, as specified by the Franchisor from time to time.
- (e) So long as the Franchisee is not in default hereunder, if and when the Franchisor or its affiliates is the supplier of the Products or other products or goods, the following shall apply:
 - (i) the Franchisor or its affiliates, as the case may be, will endeavour to use reasonable best efforts to fill all orders placed by the Franchisee as promptly as possible. However, the Franchisor and its affiliates will not be liable for loss or damage due to delay in delivery resulting from any cause beyond its reasonable control, including but not limited to, compliance with any regulations, orders or instructions of any federal, state or municipal government or any department or agency thereof, acts or omissions of the Franchisee, acts of civil or military authority, public health matters, fires, strikes, lockouts, embargoes, delays in transportation, and inability due to causes beyond the Franchisor's or its affiliates' control to obtain the necessary products or ingredients. In no event

shall the Franchisor or its affiliates, as the case may be, be liable for financial loss, including consequential or special damages on account of delay due to any cause;

- (ii) the Franchisee acknowledges that the Franchisor or its affiliates, as the case may be, shall have the right, at any time, and without prior notice, to discontinue or limit the supply of, to make changes or alterations to, or to add new or additional types of items to the list of Products, without incurring any liability to the Franchisee. The Franchisee further acknowledges and agrees that the Franchisor or its affiliates shall not be required to maintain a minimum inventory of any of the Products and that the Franchisor or its affiliates do not represent or warrant that any of the Products shall be available for sale on a continual basis. The Franchisor and its affiliates do not warrant or guarantee that any Products shall be equally allocated, sold or distributed within the System.
- (iii) the Franchisor or its affiliates, as the case may be, shall have the right to cancel, refuse or delay any shipment of the Products without any liability to the Franchisee or any other party for losses or damages of any kind, if the Franchisee fails to pay any invoice in accordance with its terms, the Franchisee is in breach of any of the terms of this Agreement, or the Franchisor determines, in its sole discretion, that the financial position of the Franchisee is unsatisfactory;
- (iv) the Franchisee shall pay the Franchisor or its affiliates, as the case may be, for the Products in accordance with the terms of the purchase order procedures, or by any other method designated by the Franchisor or its affiliates in writing. The prices paid by the Franchisee shall be the prices in effect at the time of shipment as provided on the price list published by the Franchisor or its affiliates from time to time. All prices and discounts may be changed by the Franchisor or its affiliates at any time without notice. The Franchisee agrees not to deduct or set-off any amount from any payments due to the Franchisor or its affiliates unless authorized to do so by the Franchisor or its affiliates in writing;
- (v) all purchase orders received by the Franchisor or its affiliates, as the case may be, are subject to approval by the Franchisor or its affiliates which may be withheld if the Franchisee has any unpaid or overdue accounts, or if applicable, the Franchisee's credit limit is exceeded, as determined exclusively by the Franchisor;
- (vi) the Products may be shipped to the Franchisee by the Franchisor or its affiliates, as the case may be, from any location, by any means of transportation and at such date and time as the Franchisor or its affiliates may determine, acting reasonably. Unless otherwise stated, all Products shipped by the Franchisor or its affiliates are F.O.B. the designated warehouse of the Franchisor or its affiliates. The Franchisee agrees to pay all freight, costs and insurance from that location in accordance with the standard freight terms established by the Franchisor or its affiliates from time to time. All risk of loss or damage to the Products shall be borne by the Franchisee when the Products leave the warehouse of the Franchisor or its affiliates, or their respective suppliers;
- (vii) within forty-eight (48) hours following the receipt by the Franchisee, the Franchisee shall inspect the Products received. The Franchisor or its affiliates, as the case may be, shall in no event have any responsibility for any damage caused to the Products during shipment, unless shipped by the Franchisor or its

affiliates. It shall be the sole responsibility of the Franchisee to file any appropriate claims for reimbursement with the carrier; and

- (viii) title to the Products shall not pass to the Franchisee until the Franchisor or its affiliates, as the case may be, has received payment in full of the purchase price of the Products. Upon delivery of the Products, the Franchisor or its affiliates shall thereby acquire a purchase money security interest in the Products.

8.3 Discounts, Rebates, Bonuses

In the event that any cash, cash rebates, mark ups, volume discounts, concessions, advertising allowances, bonuses, or other forms of consideration (collectively "**Discounts**"), whether by way of cash, kind, credit, or otherwise are available or received from any third party on account of purchases of goods or services, including any (i) by the Franchisor and/or its affiliates for their own account or for the account of the Franchisee, other franchisees or the Other Brands, or (ii) by the Franchisee directly for its own account, the Franchisor and/or its affiliates shall be entitled to retain the whole or any part of the amount of such Discounts. The Franchisee acknowledges and agrees that the Franchisor and/or its affiliates have the right to mark-up and realize a profit on any goods or services that the Franchisor or its affiliates supply to the Franchisee or others.

8.4 System Modifications

The Franchisee acknowledges and agrees that the Franchisor may from time to time hereafter add to, subtract from, modify, combine, separate or otherwise change the Format, the System or elements thereof, including, without limitation, additions, subtractions or modifications to any of the Proprietary Marks or other certification marks, trademarks or trade names; fixtures, equipment and signs, new products or services, new or substitute technology (including the Digital System), and new techniques in connection therewith, and the Franchisee agrees, at its own cost, to promptly accept, implement, use and display all such alterations, modifications and changes.

8.5 Transfer of Funds

The Franchisee covenants and agrees to cooperate fully and comply, at the Franchisee's cost, with any system implemented by the Franchisor for the electronic or other transfer of any funds required to be paid by the Franchisee (including without limitation, royalties, advertising, gift card and promotional contributions) directly from the bank account of the Franchisee to the bank account of the Franchisor, and/or other designated payee, including the execution of any pre-authorized payment or authorization forms required by the Franchisor or the Franchisee's bankers.

8.6 Catering

The Franchisor and the Franchisee hereby acknowledge and agree that, notwithstanding anything to the contrary in this Agreement, upon the conditions prescribed herein and the requirements otherwise specified by the Franchisor from time to time, the Franchisee shall be permitted to provide pre-arranged catering services to consumers in and only in the Territory. The Franchisee shall be permitted to offer catering services provided that the particular items, food products and related services sold must comply at all times with the catering and delivery menu of the Franchisor, which menu the Franchisor shall provide to the Franchisee upon request, and which the Franchisor may amend, modify or replace from time to time. If at any time the Franchisor permits the Franchisee to offer catering services to addresses located outside of the Territory, then upon notice from Franchisor to Franchisee, all rights and entitlements of the Franchisee with respect to catering services outside the Territory shall immediately terminate and cease, and the Franchisee shall thereafter only provide the catering services in the Territory.

8.7 Delivery System

Pursuant to Section 2.2 of this Agreement, the Franchisor has the right to institute or require the Franchisee to utilize one or more Product ordering, pick-up and/or delivery systems, including

without limitation, a call centre (using one or more phone numbers), internet-order, mobile application-order, or other similar programs (the **"Delivery System"**) administered by or through the Franchisor, an affiliate of the Franchisor, or a third party, for use by some or all of the businesses associated with the System, the Other Brands, or others, in areas determined by the Franchisor from time to time. The Delivery System shall be associated with such telephone number(s), domain name(s), e-mail address(es), social media profile(s), vendor profile(s), and other like identifiers or methods of communication (each of the foregoing, an **"Address"**) as the Franchisor may determine from time to time. Unless owned by a third party, the Franchisee acknowledges that any Address shall be the sole property of the Franchisor, its affiliates, as applicable, and, in any event, the Franchisee shall only use the Address specified by the Franchisor from time to time in connection with its participation in the Delivery System.

The Franchisee shall execute all documents required by the Franchisor relating to the Franchisee's participation in the Delivery System and shall be responsible for all fees and charges levied by the Franchisor, its affiliate or the third party, including, without limitation, per order or transaction fees, charges for all capital costs, operating costs and overhead incurred in the operation of the Delivery System. The Franchisee shall be obligated to follow all rules and procedures established from time to time by the Franchisor regarding the Delivery System. Without limiting the generality of the foregoing, the Franchisee's failure to abide by the rules and procedures established from time to time by the Franchisor regarding the Delivery System shall be a default under this Agreement. Without limiting the Franchisor's rights in the event of such a default, the Franchisor shall be permitted to temporarily or permanently suspend the Franchisee from participation in the Delivery System.

Subject to the Franchisee being in compliance with the rules and regulations applicable to the Delivery System, all orders for Products received through the Delivery System from customers in an area which encompasses the Premises (the **"Delivery Area"**), shall be directed to the Franchisee, when it is determined by the Delivery System and/or the Franchisor (as applicable) that the Franchisee is to receive such orders, and the Franchisee shall promptly fill such orders in accordance with the terms, conditions and specifications communicated to the Franchisee. The Franchisor shall be entitled to establish and determine the prices and terms of sale for any Products sold by or through the Delivery System. The Franchisee hereby acknowledges that the Delivery Area is subject to change from time to time and that there may be multiple or different Delivery Areas to be serviced by the Franchisee at the same time depending on the terms and conditions required for the operation of the Delivery System. Accordingly, the Franchisee acknowledges and agrees that the Delivery Area is non-exclusive, that the Franchisor, its affiliates, or others, may sell Products in one or more Delivery Areas serviced by the Franchisee, and that none of the foregoing shall be a breach of this Agreement or give rise to any liability on the part of the Franchisor, its affiliates, or others. The Franchisor expressly disclaims the making of and the Franchisee acknowledges that it has not received any warranty or guarantee, expressed or implied, as to the potential volume of sales, revenue, profits or performance of the Delivery System.

9. OPERATING MANUAL AND CONFIDENTIALITY

9.1 Compliance With Manual

The Franchisee shall conduct the Franchised Business strictly in accordance with all of the required provisions set out in the Manual or as otherwise specified in writing by the Franchisor, as amended from time to time. The Franchisor reserves the right to add to, revise, substitute or rescind portions of the Manual periodically, and the Franchisee shall implement such changes when made, at the Franchisee's cost, even if additional investment or expenditures are required. The Franchisee shall keep the Franchisee's copy of the Manual current, and shall destroy superseded provisions of the Manual. If there is a conflict between the Franchisee's copy of the Manual and the master copy of the Manual maintained by the Franchisor, then the master copy maintained by the Franchisor shall control.

9.2 Non-Disclosure

The Franchisee and Guarantor acknowledge that they have had no part in the creation or development of nor do they have any property or other rights or claims of any kind in or to any element of

the System, the Proprietary Marks or any matters dealt with in the Manual and that all disclosures made to the Franchisee and the Guarantor relating to the System, including, without limitation, the specifications, standards, procedures, sales information relating to other locations within the System, and the Franchisor's franchise disclosure document, are communicated to the Franchisee and the Guarantor solely on a confidential basis and as trade secrets, in which the Franchisor has a substantial investment and a legitimate right to protect against unlawful disclosure. Accordingly, the Franchisee and the Guarantor covenant to maintain the confidentiality of all such information beginning on the Commencement Date and at any time thereafter and shall not disclose any such information other than as may be required to enable the Franchisee to conduct its business from the Premises, and the Franchisee and Guarantor further agree not to use any such information in any other business or in any manner not specifically approved in writing by the Franchisor.

The Franchisee shall be liable to the Franchisor in the event that any one or more of its shareholders, directors, officers, partners, managers and agents disclose any of the information which is subject to confidentiality on the part of the Franchisee or the Guarantor under this Agreement. It is expressly acknowledged by the parties thereto that this Section 9.2 shall survive a Transfer, the expiration, termination or non-renewal of this Agreement for any reason whatsoever.

Notwithstanding the foregoing, none of the following shall be considered confidential and subject to this Section 9.2, information (i) already known to the receiving party at the time of disclosure; (ii) in the public domain through no fault of the receiving party; (iii) which later becomes known from a third party without restrictions on disclosure; or (iv) required to be disclosed by law or by a court or administrative agency of competent jurisdiction.

9.3 Manual is Property of the Franchisor

The Franchisee hereby acknowledges that the Manual is loaned to the Franchisee and shall at all times remain the sole and exclusive property of the Franchisor, and upon a Transfer, or the expiration, termination or non-renewal of this Agreement for any reason whatsoever, the Franchisee shall forthwith return to the Franchisor any documents or materials containing or referring in any way to the Manual, together with all copies of any portion of the Manual which the Franchisee may have made, and destroy or permanently delete all electronic copies of the Manual, or any electronic portion or related material thereof.

10. ADVERTISING AND TECHNOLOGY

10.1 Local Advertising

The Franchisee agrees that during the Initial Term, it shall expend annually on local advertising and promotions within the Territory, not less than an amount equal to the percentage of Gross Sales set out in Schedule "A" each Accounting Period, and such amount as may be required to be expended for such purposes by the Lease. Subject to abiding by any promotional, advertising and marketing programs instituted by the Franchisor, the Franchisee shall have the right to conduct such advertising and promotion in respect of the Franchised Business as the Franchisee shall, in its reasonable discretion desire, provided that:

- (a) the Franchisee shall advertise only in a manner that will reflect favorably on the Franchisor, the Franchisee, the Products, the Proprietary Marks and the good name, goodwill and reputation thereof;
- (b) the Franchisee shall submit to the Franchisor for its approval, all advertising to be utilized by the Franchisee and until such time as the Franchisor shall give its prior written approval to the use of such advertising, the Franchisee shall not utilize same in any advertising or promotion;

- (c) the Franchisee shall pay for any and all advertising approved by the Franchisor directly to the suppliers of such advertising;
- (d) the Franchisee shall prominently display, at its expense, in and upon the Premises signs of such nature, form, color, number, location and size and containing such information as the Franchisor may direct or approve in writing from time to time and such signs shall be purchased from the Franchisor or, at its option, from suppliers approved by it;
- (e) the Franchisee hereby acknowledges that the Franchisor is the sole and exclusive owner of all copyrights and any and all advertising material prepared by or on behalf of the Franchisor and shall at all times remain the property of the Franchisor; and
- (f) the Franchisee agrees to advertise and list the Franchised Business (at the Franchisee's expense) in the telephone directories, internet advertising or listings, or other sources as the Franchisor may require, using only such materials as may be approved by the Franchisor. The Franchisor shall have the right to require group listings comprised of the Franchisee and other System businesses and to allocate the cost thereof among the applicable System businesses.

The Franchisee shall furnish to the Franchisor such reports as the Franchisor may require from time to time as evidence of the Franchisee's expenditures as required by this Section 10.1. If the Franchisee expended less than as required by this Section 10.1, the Franchisee shall be obligated to pay to the Franchisor the difference of its actual expenditure and the required expenditure, with such amounts to be contributed to the Fund by the Franchisor.

10.2 Advertising Funds

Recognizing the value of uniform advertising and promotion to the goodwill and public image of the System, the Franchisee agrees that the Franchisor shall have the right to create, maintain, administer and discontinue a general advertising fund or multiple funds for advertising and promotional programs in respect of the System as the Franchisor may deem necessary or appropriate (each a "**Fund**"). The Franchisor shall have the right to direct all such advertising and other programs with respect to the creative concepts, materials, endorsements and media used therein, and the placement and allocation thereof.

The Franchisee shall contribute to each Fund an amount equal to the percentage of Gross Sales set out in Schedule "A", the specific amount to be determined by the Franchisor in its discretion from time to time. Any amounts payable hereunder to the Fund, shall be paid at the same time and together with the royalty fees hereunder and shall be based upon Gross Sales for the preceding Accounting Period.

The Fund shall be used and expended, in the Franchisor's discretion, without limitation, for brand awareness programs, brand management costs, marketing department fees, media costs, commissions, market research costs, creative and production costs, special programs or projects that generally benefit the System, initiatives intended to maintain the goodwill of the Proprietary Marks, including, without limitation, the costs of creating promotions and artwork, printing, collateral and point of sale materials, and electronic media and technology costs, and other costs relating to advertising and promotional programs undertaken by the Franchisor. The Franchisor reserves the right to place and develop such advertisements and promotions and to market same as agent for and on behalf of the Franchisee, either directly or through an advertising agency retained or formed for such purpose or through co-operative advertising groups composed of System franchisees designated by the Franchisor. The Fund shall be accounted for separately from the other funds of the Franchisor and shall not be used to defray any of the Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead (calculated on a fully allocated basis), if any, as the Franchisor may incur in activities reasonably related to the administration or direction of the Fund and its advertising programs (including, without limitation, conducting market research). Franchisee may request a

statement of the operations of the Fund for the previous fiscal year, the cost of such statement to be paid by the Fund.

The Franchisee acknowledges and agrees that the Fund is intended to maximize general public recognition and patronage of the businesses using the System, or any other system operated or franchised by the Franchisor, for the general benefit of all restaurants and franchisees, and that the Franchisor undertakes no obligation in administering the Fund to ensure that any particular franchisee, including the Franchisee, benefits directly or pro-rata from the placement or conduct of such advertising and promotion. Without limiting the generality of the foregoing, the Franchisor is under no obligation to administer or distribute the Fund according to any particular geographic area or territory, including the Territory, or exclusively within the United States. The Franchisee further acknowledges and agrees that, if the Franchisor deems appropriate, the Franchisor, together with its affiliates, shall have the right to co-mingle, merge and/or separate funds and the monies therein and the administration thereof to create one or more Funds, and/or to allocate a portion of the Fund to regional advertising co-operatives administered by one or more groups of franchisees, without prior notice to the Franchisee. The Franchisee acknowledges and agrees that the Franchisor may spend in any fiscal year an amount greater or less than the aggregate contributions to the Fund in that year and that the Franchisor may make loans to the Fund bearing reasonable interest to cover any deficits of the Fund and cause the Fund to invest any surplus for future use by the Fund.

10.3 Grand Opening Advertising

In connection with the opening of the Franchised Business, the Franchisee must spend no less than the amount listed in Schedule "A" for grand opening advertising and promotion of the Franchised Business, in accordance with a plan that the Franchisee must submit to the Franchisor for approval. The Franchisor shall have the right to modify the Franchisee's grand opening plan. The Franchisee must provide the Franchisor with supporting documentation evidencing the grand opening expenditures upon request.

10.4 Computer Systems and Required Software

With respect to computer systems and required software for the Franchised Business, the Franchisee hereby acknowledges and agrees as follows:

- (a) The Franchisor has the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between or among the Franchisor, the Franchised Business and other franchised businesses in the System, and in accordance with the Franchisor's standards, including back office systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at Franchised Business; POS Systems; physical, electronic, and other security systems and measures; printers and other peripheral devices; archival back-up systems; internet access mode (e.g., form of telecommunications connection) and speed; technology used to enhance and evaluate the customer experience; front-of-the-house WiFi and other connectivity service for customers; in-store music systems; and supply-chain management software and hardware programs (collectively, all of the above are referred to as the "**Digital System**").
- (b) The Franchisor has the right, but not the obligation, to develop or have developed for the Franchisor, or to designate: computer software programs and accounting system software that the Franchisee must use in connection with the Digital System (including applications, technology platforms, and other such solutions) ("**Required Software**"), which the Franchisee must install; updates, supplements, modifications, or enhancements to the Required Software, which the Franchisee must install; the media upon which the Franchisee must record data; and the database file structure of the Digital

System. If the Franchisor requires the Franchisee to use any or all of the above items, then the Franchisee must do so.

- (c) The Franchisee agrees to install and use the Digital System and Required Software at the Franchisee's expense. The Franchisee agrees to pay the Franchisor or third party vendors, as the case may be, initial and ongoing fees in order to install, maintain, and continue to use the Required Software and the Digital System.
- (d) The Franchisee agrees to implement and periodically make upgrades and other changes at its expense to the Digital System and Required Software as the Franchisor may reasonably request in writing (collectively, "**Computer Upgrades**").
- (e) The Franchisee agrees to comply with all specifications that the Franchisor issues with respect to the Digital System and the Required Software, and with respect to Computer Upgrades, at the Franchisee's expense. The Franchisee agrees to afford the Franchisor unimpeded access to the Digital System and Required Software, including all information and data maintained thereon, in the manner, form, and at the times that the Franchisor may request.

10.5 Data

With respect to all data that the Franchisee collects, creates, provides, acquires, or otherwise develops on the Digital System or otherwise:

- (a) The Franchisee agrees that all such data is and will be owned exclusively by the Franchisor, and that the Franchisor will have the right to access, download, and use that data in any manner that the Franchisor deems appropriate without compensation to the Franchisee.
- (b) The Franchisee agrees that all other data that the Franchisee creates or collects in connection with the System, and in connection with the operation of the Franchised Business (including customer and transaction data), is and will be owned exclusively by the Franchisor at all times.
- (c) In order to operate the Franchised Business under this Agreement, the Franchisor hereby licenses use of such data to the Franchisee, at no additional cost, solely for the Initial Term, or any renewal thereof, and for the Franchisee's use in connection with operating the Franchised Business. The Franchisee acknowledges and agrees that except for the right to use the data under this clause, the Franchisee will not develop or have any ownership rights in or to the data.
- (d) The Franchisee consents to the Franchisor obtaining, using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by the Franchisor or disclosed to the Franchisor in accordance with this Agreement.
- (e) The Franchisee agrees to transfer to the Franchisor all data (in the digital machine-readable format that the Franchisor specifies, and/or printed copies, and/or originals) promptly upon the Franchisor's request whenever made.

10.6 Data Requirements and Usage

The Franchisor may periodically specify in the Manual or otherwise in writing the information that the Franchisee must collect and maintain on the Digital System, and the Franchisee

agrees to provide to the Franchisor such reports as the Franchisor may reasonably request from the data so collected and maintained. In addition:

- (a) Without limitation to anything otherwise in this Agreement, the Franchisee agrees to abide by all applicable laws pertaining to the privacy and mandatory disclosure of consumer, employee, and transactional information in connection with its use of the Digital System and the general operation of the Franchised Business (“**Privacy Laws**”);
- (b) The Franchisee agrees to comply with the standards and policies that the Franchisor may issue (without any obligation to do so) pertaining to the privacy and disclosure of consumer, employee, and transactional information. If there is a conflict between the Franchisor’s standards and policies and Privacy Laws, the Franchisee agrees to: comply with the requirements of Privacy Laws; immediately give the Franchisor written notice of such conflict; and promptly and fully cooperate with the Franchisor and the Franchisor’s counsel in determining the most effective way, if any, to meet the Franchisor’s standards and policies pertaining to privacy within the bounds of Privacy Laws;
- (c) The Franchisee agrees to not publish, disseminate, implement, revise, or rescind a data privacy policy without the Franchisor’s prior written consent as to such policy; and,
- (d) The Franchisee agrees to implement at all times appropriate physical and electronic security as is necessary to secure the Digital System, including complex passwords that the Franchisee changes periodically, and to comply with at least the minimum-level standards and policies that the Franchisor may issue (without obligation to do so) in this regard.
- (e) Franchisee will not, without Franchisor’s prior written consent, utilize any generative artificial intelligence software, tools, or technologies, including, natural language processing, deep learning algorithms, or machine learning models (“**Generative AI**”) directly or indirectly in the operation of the Franchised Business, including without limitation, in advertising, promotion, or marketing of the Franchised Business or the System, communications with customers, business planning, analysis or optimization, or in any social media. Franchisee acknowledges and agrees not to upload or share any data, methods, techniques, formats, marketing and promotional techniques and procedures, specifications, information, Manual, systems, and knowledge of and experience in the operation and franchising of the System that Franchisor communicates to Franchisee or that Franchisee otherwise acquires in operating the Franchised Business under the System (including any inputs of information containing trade secrets, sensitive confidential information or personal information) (collectively, “**Confidential Information**”) with any unapproved third-party platforms, including Generative AI, except as authorized in writing by Franchisor. In addition, Franchisee shall prohibit its employees from using any Confidential Information in Generative AI. In the event Franchisee utilizes any Generative AI, with or without Franchisor’s prior approval from, Franchisee shall comply with all laws applicable to such use, including without limitation, all trademark, copyright, and biometric laws, and shall not infringe upon the intellectual property of a third party, or use such intellectual property without appropriate authorization and attribution.

10.7 Extranet

The Franchisee agrees to comply with the Franchisor’s requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between the Digital System and the Extranet. The term “Extranet” means a private network based that will allow users selected by Franchisor to access certain parts of the Franchisor’s computer network (whether stored on the Franchisor’s servers or elsewhere). The Franchisor may establish an Extranet (but is not required to do so or to maintain an Extranet). If the Franchisor establishes an

Extranet, then the Franchisee agrees to comply with the Franchisor's requirements (as specified in the Manual or otherwise in writing) with respect to connecting to and utilizing the Extranet in connection with operating the Franchised Business. The Extranet may include, without limitation, the Manual, training and other assistance materials, and management reporting solutions (both upstream and downstream, as the Franchisor may direct). The Franchisee agrees to purchase and maintain such computer software and hardware (including telecommunications capacity) as may be required to connect to and utilize the Extranet. The Franchisee agrees to execute and deliver to the Franchisor such documents as the Franchisor may deem reasonably necessary to permit the Franchisee to access the Extranet.

10.8 No Separate Online Sites

Unless the Franchisor has otherwise approved in writing, the Franchisee agrees to neither establish nor permit any other party to establish an Online Site relating in any manner whatsoever to the Franchised Business or referring to the Proprietary Marks. The Franchisor will have the right, but not the obligation, to provide one or more reference or webpage(s), as the Franchisor may periodically designate, within the Online Site. The term "Online Site" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the Internet, World Wide Web, webpages, microsites, social media and/or social networking sites (e.g., Facebook, Twitter, LinkedIn, YouTube, Snapchat, Pinterest, Instagram, TikTok, Reddit, WhatsApp, WeChat, Weibo, etc.), blogs, vlogs, applications to be used on mobile devices (e.g., iOS or Android apps), and other applications, etc. (whether now in existence or developed in the future). However, if the Franchisor gives the Franchisee prior written consent to have some form of separate Online Site (which consent the Franchisor is not obligated to provide), then each of the following provisions will apply:

- (a) The Franchisee agrees not to establish or use any Online Site without the Franchisor's prior written approval. The Franchisee may not use or modify such Online Site without the Franchisor's prior written approval as to such proposed use or modification.
- (b) Any Online Site owned or maintained by or for the Franchisee's benefit will be deemed "advertising" under this Agreement and will be subject to (among other things) the Franchisor's approval.
- (c) Before establishing any Online Site, the Franchisee agrees to submit to the Franchisor, for prior written approval, a sample of the proposed Online Site domain name, format, visible content (including, proposed screen shots, links, and other content), and non-visible content (including, meta tags, cookies, and other electronic tags) in the form and manner the Franchisor may reasonably require.
- (d) In addition to any other applicable requirements, the Franchisee agrees to comply with the standards, policies and specifications for Online Sites that the Franchisor may periodically prescribe in the Manual or otherwise in writing (including requirements pertaining to designating the Franchisor as the sole administrator or co-administrator of the Online Site).
- (e) If the Franchisor requires, the Franchisee agrees to establish links to the Franchisor's Online Site (and others) that the Franchisor may specify in writing.
- (f) The Franchisor may require the Franchisee to make the Franchisor the sole administrator (or co-administrator) of any social networking pages that the Franchisee maintains or that are maintained on the Franchisee's behalf, and the Franchisor will have the right (but not the obligation) to exercise all of the rights and privileges that an administrator may exercise.

10.9 POS Systems

The Franchisee agrees to record all sales on computer-based point of sale systems, or on such other types of cash registers or systems as the Franchisor may designate in the Manual or otherwise in writing (“**POS Systems**”). The Franchisee agrees to utilize POS Systems that are fully compatible with any program, software program, and/or system which the Franchisor, in its discretion, may employ (including mobile or remote device, application and payment systems), and the Franchisee agrees to record all Gross Sales and all sales information on such equipment. The Franchisor may designate one or more third party suppliers or servicers to provide installation, maintenance, and/or support for the POS System, and the Franchisee agrees at its own expense to enter into and maintain such agreements (including making such payments) as the Franchisor or the third party suppliers and/or servicers require in connection with the installation, maintenance, and/or support for the POS System. The POS System is part of the Digital System and accordingly, without limitation to Section 10.4(e), the Franchisee acknowledges and agrees that the Franchisor shall be permitted to maintain exclusive access and administrative control over the POS System, allowing, without limitation, control over inventory management, retail pricing for Products offered and sold by the Franchised Business, and other things. The Franchisee agrees to at all times maintain a continuous high-speed Ethernet-cabled (not wireless) connection to the Internet to send and receive POS data to the Franchisor.

10.10 Electronic Identifiers; E-Mail

Except as part of the email account designated by the Franchisor for use by the Franchised Business, which email account the Franchisee shall exclusively use in the conduct and operation of the Franchised Business, the Franchisee agrees not to use the Proprietary Marks or any abbreviation or other name associated with the Franchisor and/or the System as part of any e-mail address, domain name, social network or social media name or address, and/or any other identification of the Franchisee’s business in any electronic medium. The Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, text message, and/or any other electronic method without obtaining the Franchisor’s prior written consent as to: the content of such electronic advertisements or solicitations; and the Franchisee’s plan for transmitting such advertisements.

10.11 Outsourcing

The Franchisee agrees not to engage any third party or outside vendor to perform any service and/or obligations in connection with the Digital System, Required Software, and/or any other of the Franchisee’s obligations, without the Franchisor’s prior written approval. The Franchisor’s consideration of any proposed outsourcing vendors may be conditioned upon, among other things, such third party or outside vendor’s entry into a confidentiality agreement with the Franchisor and the Franchisee in a form that the Franchisor may reasonably provide and the third party or outside vendor’s agreement to pay for all initial and ongoing costs related to interfaces with the Franchisor’s systems. The provisions of this Section are in addition to and not instead of any other provision of this Agreement. The Franchisee agrees not to install (and/or remove) any software or firmware from the Digital System without the Franchisor’s prior written consent.

10.12 Telephone Service

The Franchisee agrees to use the telephone service for the Franchised Business that the Franchisor may require, which may be one or more centralized vendors that the Franchisor designates for that purpose. The Franchisee agrees that the Franchisor may designate, and own, the telephone numbers for the Franchised Business.

10.13 Changes

The Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, without limitation to anything else in this Agreement, the Franchisee agrees that the Franchisor will have the right to establish, in writing, from time to time, new standards for the

implementation and acquisition of technology in the System, including updated or replacement Digital Systems, Required Software, POS Systems, and/or other technologies or equipment, and the Franchisee agrees that it shall, at its expense, abide by all such new standards from time to time, as established.

10.14 Electronic Communication

The Franchisee acknowledges and agrees that exchanging information with the Franchisor by electronic communication methods is an important way to enable quick, effective, and efficient communication, and that the Franchisor is entitled to rely upon the Franchisee's use of electronic communications. The Franchisee covenants to respond in a timely manner to all communications initiated by the Franchisor, whether electronically or otherwise. In addition, to facilitate the use of electronic communication to exchange information, the Franchisee authorizes the transmission of those electronic communications by the Franchisor and the Franchisor's employees, vendors, and affiliates (on matters pertaining to the business contemplated under this Agreement) (together, "**Official Senders**") to the Franchisee during the Initial Term, or any renewal thereof. In addition, the Franchisee agrees that: Official Senders are authorized to send electronic communications to those of the Franchisee's employees as the Franchisee may occasionally designate for the purpose of communicating with the Franchisor and others; the Franchisee will cause the Franchisee's officers, directors, members, and managers to give their consent to Official Senders' transmission of electronic communication to those persons, and that such persons may not opt-out, or otherwise ask to no longer receive electronic communication, from Official Senders during the time that such person works for or is affiliated with the Franchisee; and the Franchisee will not opt-out, or otherwise ask to no longer receive electronic communications, from Official Senders during the Initial Term, or any renewal thereof. The Franchisor may permit or require the Franchisee to use a specific email address (or address using another communications method) in connection with the operation of the Franchised Business, under the standards that the Franchisor sets for use with such email addresses.

10.15 Disclaimer

The Digital Systems and Required Software are without any warranty, representation, condition, undertaking or term of any kind made or given by or on behalf of the Franchisor or any of its affiliates, whether express or implied, statutory or otherwise, including without limitation, the warranties or conditions of merchantability, non-infringement of intellectual property, or fitness for a particular purpose. In no event shall the Franchisor or any affiliate be liable for any special, indirect or consequential damages or any damages whatsoever, including loss of opportunity, profits or data, whether in an action in contract or tort, arising out of the use or performance of the Digital Systems and/or Required Software.

11. PROPRIETARY MARKS

11.1 No Permanent Interest

Neither this Agreement nor the operation of the Franchised Business shall in any way give or be deemed to give to the Franchisee any interest in the Proprietary Marks except for the right to use the Proprietary Marks solely at and on the Premises and in accordance with the terms and conditions of this Agreement. The Franchisee shall not use the Proprietary Marks in any manner calculated to represent that it is the owner of the Proprietary Marks. The Franchisee, shall not, either directly or indirectly, at any time, dispute or contest the validity or enforceability of the Proprietary Marks, attempt any registration thereof, or attempt to dilute the value of any goodwill attaching to the Proprietary Marks. Any goodwill associated with the Proprietary Marks shall enure exclusively to the benefit of the Franchisor or its affiliate.

11.2 Franchisee's Obligations With Respect to Proprietary Marks

Without in any way restricting or limiting Section 11.1 hereof, the Franchisee covenants and agrees as follows:

- (a) that forthwith upon any request by the Franchisor, the Franchisee will execute such applications or agreements or such other instruments in such form and with such parties, as the Franchisor in its sole discretion shall specify, protecting the interests and rights of the Franchisor or its affiliate in such Proprietary Marks, or complying with any applicable trade name, trademark or other similar legislation;
- (b) that the Franchisee will not use either the Proprietary Marks or any variations thereof as any part of its corporate, firm or business name or for any other purposes, save and except in accordance with the terms and conditions of this Agreement or as may otherwise be specifically authorized by the Franchisor in writing;
- (c) that if the business, partnership or corporate statutes of any jurisdiction require that the Franchisee make application to use the Proprietary Marks within such jurisdiction, such application of the Franchisee shall specify that the Franchisee's use of such Proprietary Marks is subject to and limited by the terms and conditions of this Agreement; and
- (d) forthwith upon a Transfer, or the expiration, termination or non-renewal for any reason whatsoever of this Agreement, the Franchisee shall cease all use of the Proprietary Marks (including any colorable imitations thereof) for any purposes whatsoever and the Franchisee shall not make known, either directly or indirectly, following such Transfer, expiration, termination or non-renewal, that the Franchisee previously conducted business under the Proprietary Marks.

11.3 Affixing of Notice

The Franchisee hereby covenants and agrees that it will affix in a conspicuous location in or upon the Premises, a sign containing the following notice:

"This business is owned and operated independently by *(name of franchisee)* who is an authorized licensed user of the trademark "*(applicable Proprietary Marks listed on Schedule "A" hereto)*", which trademark is owned by D Spot Franchising Inc."

In all written materials, including without limitation, on advertising, promotional materials, invoices, order forms, receipts, letterhead, contracts, and business cards, the Franchisee shall include the information as is specified in the above referenced notice at the Premises.

11.4 Infringement or Change of Proprietary Marks

The Franchisee shall immediately notify the Franchisor of any infringement of, or challenge to, the Franchisee's use of any of the Proprietary Marks and the Franchisor shall have the sole discretion to take such action as it deems appropriate in response thereto. In the prosecution or defense of any such proceeding the Franchisee shall cooperate fully with the Franchisor, and execute any documents deemed necessary in the opinion of counsel to the Franchisor.

If it becomes advisable or necessary at any time in the sole discretion of the Franchisor for the Franchisee to modify, change, discontinue, substitute, combine or separate the Proprietary Marks, or the use of any of them, or use one or more additional certification marks, trade names or trademarks, the Franchisee agrees to do so at its sole cost and expense.

11.5 Registration of Proprietary Marks

The Franchisee recognizes that the Franchisor makes no representations or warranty to the Franchisee that the Franchisor has the exclusive right to use any of the Proprietary Marks, that the Proprietary Marks are registered or registrable, or that the Proprietary Marks do not, and the Franchisee's use of the Proprietary Marks will not, infringe any intellectual property, proprietary or other right of any person.

12. ACCOUNTING, RECORDS, REPORTS, AUDITS AND INSPECTIONS

12.1 Bookkeeping, Accounting and Records

The Franchisee shall establish and continuously use such bookkeeping, accounting and record-keeping and security and surveillance systems, and cost control procedures, mandated by and conforming to the requirements prescribed from time to time by the Franchisor. This shall include, without limitation, the use and retention of cash register, tapes, invoices, cash receipts, inventory records, purchase orders, payroll records, check stubs, bank deposit receipts, sales tax records and returns, cash disbursement journals and general ledgers together with such further and other equipment, records and documents as may from time to time be required by the Franchisor, and including POS Systems, inventory, ordering, bookkeeping and accounting systems established from time to time. The Franchisee and all personnel employed by the Franchisee shall record, at the time of sale, in the presence of customers, all receipts from sales or other transactions, whether for cash or credit, on POS Systems, cash registers or other equipment designated by the Franchisor. If deemed necessary by the Franchisor, the Franchisee agrees to use, at the Franchisee's own expense, the bookkeeper or accountant approved by the Franchisor for the purposes of maintaining the financial records of the Franchised Business.

12.2 Reports and Financial Information

The Franchisee shall furnish to the Franchisor such reports as the Franchisor may require from time to time. Without limiting the generality of the foregoing, the Franchisee shall furnish to the Franchisor in the form from time to time prescribed by the Franchisor and together with such detail and breakdown and copies of supporting records as the Franchisor may from time to time require:

- (a) by the date upon which royalties, Fund contributions and other amounts are then due, pursuant to Section 3.2, a report of the Gross Sales for the preceding Accounting Period, signed and verified by the Franchisee;
- (b) within five (5) days after the end of each Accounting Period, a profit and loss statement for the Franchised Business for such Accounting Period;
- (c) within sixty (60) days after the end of each fiscal year of the Franchised Business, financial statements for the Franchised Business, including a balance sheet, profit and loss statement and a statement of retained earnings for such period, which statements shall be signed and verified by the Franchisee; and
- (d) within thirty (30) days of filing, a true copy of all returns, schedules and reports filed by the Franchisee for income, corporate or sales tax purposes.

The Franchisee hereby authorizes the Franchisor to make inquiry of the Franchisee's bankers, suppliers and other trade creditors as to their dealings with the Franchisee in relation to the Franchised Business, to discuss the affairs, finances and accounts of the Franchised Business (and by its execution hereof the Franchisee authorizes and directs such bankers, suppliers and other trade creditors to discuss with the Franchisor the affairs, finances and accounts of the Franchised Business) and to obtain information and copies of invoices relating to sales or other dealings with all such persons and the Franchisee in any way relating to the Franchised Business. If requested, the Franchisee agrees to execute and deliver such directions and other documents as the Franchisor may require in order to permit such bankers, suppliers or other trade creditors to release or disclose any such information and documents to the Franchisor. If required by the Franchisor, the Franchisee shall have a fiscal year end on a date designated by the Franchisor.

12.3 Inspection and Audit of Books and Records

The Franchisor shall have the right, at any time, and without prior notice to the Franchisee, to inspect or audit, or cause to be inspected or audited the financial books, records, bookkeeping and accounting records, documents or other materials in respect of the Franchised

Business, including the right, without limitation, to require the Franchisee to send the Franchisor electronic records of such materials or have a person on the Premises to check, verify and tabulate Gross Sales, and/or to examine and make copies of all accounting and business records and procedures.

In the event that any such audit or inspection shall disclose an understatement of Gross Sales, the Franchisee shall pay to the Franchisor, within two (2) days after receipt by the Franchisee of the inspection or audit report, the royalty, Fund contributions and other sums due on account of such understatement. Further, if such audit or inspection is made necessary by the failure of the Franchisee to furnish reports, financial statements or any other documentation as herein required, or if it is determined by any such audit or inspection that the Franchisee's records and procedures were insufficient to permit a proper determination of Gross Sales for any Accounting Period or part thereof to be made, or that Gross Sales for the period in question were understated by three percent (3%) or more of the Gross Sales actually received, or that the Franchisee was not complying with each of the provisions of Section 12 hereof, the Franchisee shall immediately take such steps as may be necessary to remedy such default in accordance with the recommendations of such auditor and the Franchisee shall promptly pay to the Franchisor the royalty, Fund contributions and other sums due on account of such understatement, plus fifty percent (50%) of such sums, which amount shall bear interest at the Interest Rate, calculated and payable weekly, not in advance, as well as all costs incurred in connection with such audit or inspection, including, without limitation, charges of an accountant and the travel expenses, room, board and compensation of employees and agents of the Franchisor.

If the Franchisee's records and procedures were insufficient to permit a proper determination of Gross Sales, the Franchisor shall have the right to deliver to the Franchisee an estimate, made by the Franchisor, of Gross Sales for the period under consideration and the Franchisee shall immediately pay to the Franchisor any amount shown thereby to be owing on account of the royalty fees and other sums due on account of any understatement. Any such estimate shall be final and binding upon the Franchisee.

12.4 Auditors Report to be Final

Any report of the Franchisor's auditor rendered from time to time pursuant to this Section 12 shall be final and binding upon all of the parties hereto; provided that, in making any such report, the Franchisor's auditor shall make such report pursuant to generally accepted accounting principles.

12.5 Right to Inspect Franchised Business and Premises

The Franchisor and/or its representatives shall have the right at all times to inspect the Premises and the furnishings, equipment and fixtures thereon, the Products, to take inventory of such Products, and otherwise to examine the manner in which the Franchisee is conducting the Franchised Business; in the event of any such inspection, the Franchisee and its staff shall co-operate fully and comply at the Franchisee's expense with any remedial steps required by the Franchisor and/or its representatives. The Franchisor shall have the right to require that the Franchisee cease to use and immediately remove from the Premises any product, or other item, which the Franchisor determines is not in strict accordance with the applicable standards and specifications, or which has not been duly authorized for use or sale by the Franchisor. In the event the Franchisee fails or refuses to remove such product or other item, then the Franchisor shall be permitted to do so, at the Franchisee's cost.

12.6 Financing by the Franchisee

The Franchisee and Guarantor covenant to produce to the Franchisor, for its prior written approval, any document intended to be issued by or used by the Franchisee for purposes of raising or attracting funds for the Franchisee, whether by way of debt, share issuance or issuance of new partnership interests or other securities or interests of any nature whatsoever (or the transfer of existing shares or partnership interests or other securities or interests) and whether such document be in the form of a security agreement, prospectus, offering memorandum or circular, or any other form of document, and the Franchisee and Guarantor shall not issue such document, nor take any steps to raise such

additional funds, until such time as the Franchisor's prior written approval has been obtained. It is understood and agreed that the provisions of this Section 12.6 shall apply whether or not the effect of such financing is to change the effective voting or other control of the Franchisee.

13. INSURANCE

13.1 Types of Insurance

The Franchisee shall, at its sole cost and expense, take out and keep in full force and effect throughout the Initial Term and any renewal thereof, such insurance coverage as may be required, pursuant to the Lease and as the Franchisor may from time to time require (including, without limitation, product liability insurance, cyber insurance, fire and extended coverage insurance on the equipment, leasehold improvements and stock of the Franchised Business, business interruption insurance, rental insurance, worker's compensation insurance and public liability and indemnity insurance), and/or in such amounts as the Franchisor may from time to time require, fully protecting as named insureds and beneficiaries the Franchisor, its affiliates and the Franchisee against loss or damage occurring in connection with the development and operation of the Franchised Business. Such insurance must, as applicable, include primary and non-contributory endorsement or language in form and content as Franchisor periodically requires. All costs in connection with the placing and maintaining of such insurance shall be borne solely by the Franchisee. The Franchisor makes no representations or warranties about the sufficiency of any insurance placed pursuant to this Section 13. Any placement of insurance policies pursuant to this Section 13 shall only be for purposes of compliance with System standards.

13.2 Policies of Insurance

All policies of insurance obtained pursuant to this Section 13 shall:

- (a) be placed only with insurers designated or reasonably acceptable to the Franchisor;
- (b) be in such form and amounts as is acceptable to the Franchisor;
- (c) contain a waiver of the insurers' right of subrogation against the Franchisor;
- (d) contain a clause that the insurer will not cancel or change or refuse to renew the insurance without first giving to the Franchisor thirty (30) days prior written notice; and
- (e) name the Franchisor and its affiliates as additional named insured.

13.3 Copies

Copies of all policies, endorsements and certificates of insurance and any renewals thereof, shall be delivered promptly to the Franchisor by the Franchisee annually as Franchisor requires.

13.4 Placement of Insurance by the Franchisor

If the Franchisee fails to take out or keep in force any insurance referred to in Section 13.1 above, or should any such insurance not be as provided in Section 13.2 above, and should the Franchisee not rectify such failure within forty-eight (48) hours after written notice is given to the Franchisee by the Franchisor, the Franchisor has the right, without assuming any obligation in connection therewith, to effect such insurance at the sole cost of the Franchisee and all outlays by the Franchisor shall be immediately paid by the Franchisee to the Franchisor on the first day of the next month following such payment by the Franchisor without prejudice to any other rights and remedies of the Franchisor under this Agreement.

14. RESTRICTIVE COVENANTS AND TRADE SECRETS

14.1 Competition During Term of Agreement

The Franchisee and the Guarantor (in consideration of the Franchisor entering into this Agreement), jointly and severally, covenant and agree that, beginning on the Commencement Date, and during the Initial Term and any renewal period thereof, each of the Franchisee, any shareholder of the Franchisee if the Franchisee is a corporation, any partner of the Franchisee if the Franchisee is a partnership, the Guarantor, and any of their respective spouses and children, shall not either individually or in partnership or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, shareholder or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit their names or any part thereof to be used or employed in any business operating, or franchising, as a Competing Business.

14.2 Competition After Transfer, Expiration or Termination

In the event of a Transfer, or the expiration, termination or non-renewal of this Agreement for any reason whatsoever, the Franchisee and the Guarantor (in consideration of the Franchisor entering into this Agreement) jointly and severally covenant and agree that each of the Franchisee, any shareholder of the Franchisee if the Franchisee is a corporation, any partner of the Franchisee if the Franchisee is a partnership, the Guarantor, and any of their respective spouses and children, shall not, at any time during the period of two (2) years from the date of such Transfer, expiration, termination or non-renewal, either individually or in partnership or jointly or in conjunction with any person or persons, firm, association, syndicate, company or syndication as principal, agent, shareholder or in any other manner whatsoever carry on, be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any Restricted Business, or franchising Restricted Businesses, at the Premises, within the Territory, within six (6) miles of the perimeter of the Territory, or within three (3) miles of any other business using the System and Proprietary Marks in existence as of the date of the expiration, termination, non-renewal or Transfer of this Agreement.

14.3 Acknowledgement of Corporate Franchisee

In the event the Franchisee is a corporation, it shall have no other active or passive business interests, other than the Franchised Business. The Franchisee shall be liable to the Franchisor in the event that any one or more of its directors, officers, partners, managers and agents engage in conduct from which the Franchisee has agreed to refrain pursuant to this Section 14, during the period in which such person holds such a position with the Franchisee and for a period of one (1) year from the date such person ceases to hold such position.

15. TRANSFER

15.1 Transfer by the Franchisee

The Franchisee acknowledges that the Franchisor, in granting this franchise and the rights and interests under this Agreement, has relied upon, among other things, the character, background, qualifications and financial ability of the Franchisee and, where applicable, its partners, officers, directors, shareholders, managers and the Guarantor. Accordingly, this Agreement, the Franchisee's rights and interests hereunder, the Lease and the property and assets owned and used by the Franchisee in connection with the Franchised Business shall not be sold, assigned, transferred, shared or encumbered in whole or in part in any manner whatsoever including pursuant to an order of a Court under applicable family law legislation (any or all of which are defined in this Agreement as a "**Transfer**"), and no Transfer shall be marketed or offered by the Franchisee, in either case, without the prior written consent of the Franchisor.

In connection with seeking the Franchisor's consent to the marketing or offering of a Transfer, the Franchisee shall provide to the Franchisor for its approval all materials and information related to the Transfer reasonably requested by the Franchisor, including the sale price. The Franchisor shall evaluate such request for consent within sixty (60) days of receipt of such materials and information and any failure to approve by the Franchisor within such period of time shall be deemed to be a disapproval of such request. Upon any approval of such request, the Franchisee shall be free to market or offer the Transfer in accordance with this Agreement, subject to the Franchisor's right to approve the form and media in which the marketing or offering of the Transfer is made by the Franchisee. In connection with seeking the Franchisor's consent to a Transfer, the Franchisee shall grant the Franchisor a right of first refusal as set forth in Section 15.3 below. Any actual or purported Transfer occurring by operation of law or otherwise without the Franchisor's prior written consent shall be null and void.

15.2 Conditions of Transfer

In considering the request for a Transfer pursuant to Section 15.1 above, the Franchisor may consider, among other things, the information set out in the Franchisee's application, the qualifications, good character, requisite general business experience, apparent ability to operate the Franchised Business and credit standing of the proposed transferee, and its partners, managers, principal shareholders, directors and officers, as appropriate. In addition, the Franchisor shall be entitled to require as a condition precedent to the granting of its consent that:

- (a) the proposed Transfer does not occur within the first twenty-four (24) months following the commencement of operations of the Franchised Business;
- (b) the proposed transferee or an affiliate of the proposed transferee is not, in the discretion of the Franchisor, a competitor of the Franchisor, the System or the Other Brands, nor involved in any way in a Restricted Business;
- (c) the Franchisee shall furnish to the proposed transferee and the Franchisor an accurate, clear and concise report enclosing all material facts related to the Franchised Business;
- (d) the Franchisor is provided with a copy of the agreement of purchase and sale between the Franchisee and the proposed transferee and all documents referred to therein as relied upon by the parties. If any financial statements are included, the Franchisor shall be entitled but not obligated to question any figures relating to matters in respect of which the Franchisee is required to report to the Franchisor under this Agreement;
- (e) as of the date of the Franchisee's request for consent and as of the effective date of Transfer there shall be no default in the performance or observance of any of the Franchisee's obligations under this Agreement or any other agreement between the Franchisee and the Franchisor or any affiliate or supplier thereof, and if the Franchisee intends to transfer its rights of possession of the Premises, that the Franchisee have obtained the consent of all necessary parties to the assignment of the Lease to the proposed transferee;
- (f) the Franchisee shall have settled all outstanding accounts with the Franchisor, its affiliates and all other trade creditors of the Franchised Business up to the date of closing of the proposed Transfer;
- (g) if requested to do so by the Franchisor, the Franchisee and the Guarantor shall have delivered to the Franchisor a release, in the Franchisor's prescribed form, of any and all claims against the Franchisor and its officers, directors, agents and employees, excepting any claims under an applicable franchise law statute that are not permitted to be waived or released under that statute;

- (h) the proposed transferee shall have entered into a new franchise agreement in the form then being used by the Franchisor, which may provide for the then current Proprietary Marks, System royalty and advertising and promotion rates and other fees (which may differ from those in this Agreement) or an altered, geographically reduced or eliminated Territory. The Franchisee and Guarantor shall have executed such other documents and agreements as are then customarily used by the Franchisor in the granting of franchises;
- (i) the proposed transferee providing guarantees from anyone whom the Franchisor may request, guaranteeing the proposed transferee's performance of its obligations under the agreements to be entered into;
- (j) the proposed transferee completing, to the satisfaction of the Franchisor, such training in the operations of the Franchised Business, at the proposed transferee's or the Franchisee's sole expense, as the Franchisor may require;
- (k) the proposed transferee providing, to the satisfaction of the Franchisor, a business plan indicating that the proposed transferee possesses the required level of business experience and acumen necessary in the operation of a restaurant business using the System;
- (l) the purchase price to be paid to the Franchisee by the proposed transferee, or if applicable, the proposed structure, encumbrance and debt associated therewith is reasonable in the circumstances having regard to the debt and interest charges being acquired or already in existence;
- (m) the proposed transferee agreeing to cause or be done all such things as the Franchisor may require to ensure that the Franchised Business and Premises satisfies the then current image, standards and specifications established by the Franchisor for new franchises in the System whether or not such image, standards or specifications reflect a material change in the System in effect during the Initial Term or any renewal thereof. Without limiting the generality of the foregoing, the proposed transferee shall agree to make such capital expenditures as the Franchisor shall determine as being required in connection with the foregoing for the modernization and refurbishing of the Franchised Business and Premises and all fixtures, furnishings, equipment and signs therein or thereon;
- (n) the Franchisee or transferee paying the Franchisor's out of pocket expenses and paying to the Franchisor its then-current transfer fee to the Franchisor, currently equal to the amount listed in Schedule "A"; and,
- (o) the Franchisee otherwise complying with the Franchisor's then-current policies and procedures for Transfers.

The refusal of the Franchisor to consent to the proposed Transfer based upon the non-compliance with any of the foregoing conditions shall not be deemed to be an unreasonable withholding of such consent. The Franchisor's consent to a Transfer shall not operate to release the Franchisee from any liability under this Agreement.

15.3 Right of First Refusal

Without in any way derogating from the Franchisor's right to reject a proposed Transfer pursuant to Section 15.1 above, if at any time or times, the Franchisee obtains a bona fide offer (the "**Offer**") to effect a Transfer, which the Franchisee wishes to accept, the Franchisee shall promptly give written notice thereof to the Franchisor together with a true copy of the Offer. Upon receipt of such notice and Offer, the Franchisor shall have the option of closing on the Offer, upon the same terms and conditions as those set out in the Offer except that:

- (a) there shall be deducted from the purchase price the amount of any commissions, fee or transfer fee that would otherwise have been payable to the Franchisor, any broker, agent or other intermediary in connection with the Transfer;
- (b) the Franchisor shall have the right to substitute cash for any other form of consideration specified in the Offer and to pay in full the entire purchase price at the time of closing.

The Franchisor may exercise its option at any time within thirty (30) days after receipt of the said notice by giving written notice to the Franchisee. If the Franchisor declines to exercise such option and if such Transfer is approved by the Franchisor in accordance with Section 15.1 above, the Franchisee shall be at liberty to complete the Transfer to such third party transferee in accordance with the Offer, provided that, notwithstanding the terms of the Offer, such transaction must be completed within thirty (30) days of the date on which the Franchisor notifies the Franchisee of its approval of such transaction. If the transaction is not completed within thirty (30) days, the foregoing provisions of this Section 15.3 shall apply again in respect of the proposed Transfer and so on from time to time;

In addition to the Offer to be given by the Franchisee to the Franchisor together with the notice described in Section 15.3 above, the Franchisee shall provide the Franchisor with:

- (c) Information relating to the business reputation and qualifications to carry on the Franchised Business of the proposed transferee;
- (d) any credit information the Franchisee may have as to the financial ability and stability of the proposed transferee, including, if the proposed transferee is an individual, his personal net worth statement and if the proposed transferee is a corporation, partnership, or other entity, and its latest financial statements.

15.4 Sale of Shares or Other Interest in the Franchisee

In the event the Franchisee is a corporation or partnership:

- (a) then the respective transfer, sale, assignment, pledge, mortgage or hypothecation of any shares or interest, or any change in the composition of partners, whether by operation of law, pursuant to an order of a Court under applicable family law legislation, or otherwise, or any amalgamation, of the Franchisee, as applicable, shall be deemed to be a Transfer of this Agreement and shall be subject to all of the provisions, terms and conditions precedent specified in this Section 15, which shall apply mutatis mutandis;
- (b) the Franchisee and the Guarantor hereby represent and warrant that Schedule "C" to this Agreement contains a complete and accurate list of Franchisee's current legal and beneficial, direct and indirect, shareholders, directors, officers, members, or partners, as the case may be, and their ownership interests;
- (c) the Franchisee will, upon the Franchisor's request from time to time, deliver to the Franchisor a certificate certifying as to the then current shareholders, directors, officers, members, or partners, as the case may be of the Franchisee; and
- (d) the Franchisee will cause the share certificates representing share ownership in the case of a corporation or the documents of title representing an ownership interest in the case of a partnership or other entity, to have typed or written thereon a legend stating that such shares or documents of title are subject to this franchise agreement among the Franchisor, the Franchisee and the Guarantor, that the said franchise agreement contains restrictions on the sale, assignment, transfer, mortgage, pledge, hypothecation, donation, encumbrance or other dealings with the said shares or documents of title, and that notice of the said agreement is thereby given.

15.5 Assignment

A sale, transfer or assignment by the Franchisor of its interest in the System or the Proprietary Marks or any parts thereof, and/or in the sale, transfer or assignment by the Franchisor of this Agreement or any interest therein, may be completed without the consent of the Franchisee. To the extent that the purchaser or assignee shall assume the covenants and obligations of the Franchisor under this Agreement, the Franchisor shall thereupon and without further agreement, be freed and relieved of all liability with respect to such covenants and obligations. The Franchisee acknowledges that nothing in this agreement shall prevent the Franchisor from granting security over any of its assets, including the Proprietary Marks and any other intellectual property, on terms required by any secured party from time to time, and the Franchisee further acknowledges that any such secured party or any agents acting on behalf of such secured party shall not have any obligations to the Franchisee by reasons only of such security interest.

15.6 Guaranty

All Guarantors of a Franchisee which is a corporation, partnership or other entity, will sign the Guaranty and Assumption Agreement in the form attached to this Agreement as Schedule "D" (the "**Guaranty Agreement**"). Any person or entity that at any time after the date of this Agreement becomes a Guarantor of Franchisee under the provisions of this Section 15.6 or otherwise will, as a condition of becoming a Guarantor, sign the Guaranty Agreement. Franchisee will furnish to Franchisor at any time upon reasonable request a certified copy of the Articles of Incorporation or Articles of Organization and a list, in a form Franchisor reasonably requires, of all shareholders or members of record and all persons having a beneficial interest in any corporation or other entity that is or becomes a Franchisee.

16. TERMINATION

16.1 Events of Termination

The Franchisor shall have the right to terminate this Agreement and the rights granted hereunder (provided however that Sections 9 and 14, and any other provisions which survive termination, shall continue in full force and effect for the periods therein specified), without prejudice to the enforcement of any other legal right or remedy, immediately upon giving written notice of such termination upon the happening of any of the following events:

- (a) if, in the Franchisor's opinion, the Franchisee or any of the Trainees fail to (a) complete the initial training program to the Franchisor's satisfaction; provided that the Franchisor may, at its discretion, require the Franchisee to substitute one or more of the Trainees with another person or persons and arrange for such substitute Trainee(s) to complete the initial training to the Franchisor's satisfaction;
- (b) if default shall be made in the due and punctual payment of any amount payable under this Agreement, or to any affiliate of the Franchisor, or any of the Franchisee's suppliers or creditors, when and as same shall become due and payable, and such default shall continue for a period of seven (7) days after written notice thereof has been given to the Franchisee;
- (c) if the Franchisee or the Franchised Business is in default of any laws or regulations or any directives or guidelines from the Franchisor pertaining to health and safety standards in the operation of the Franchised Business, and the Franchisee fails to remedy such default within twenty-four (24) hours after written notice thereof has been given to the Franchisee;
- (d) if the Franchisee fails to obtain or loses any license, permit or other authorization required to operate the Franchised Business, and the Franchisee fails to remedy such default within twenty-four (24) hours after written notice thereof has been given to the Franchisee;

- (e) if the Franchisee shall breach any other of the terms or conditions of this Agreement or any other agreement or undertaking entered into between the Franchisor and the Franchisee and such breach shall continue for a period of ten (10) days after written notice thereof has been given to the Franchisee;
- (f) if the Franchisee shall breach any of the other terms or conditions of this Agreement, three (3) times in any twenty-four (24) consecutive month period, even if such defaults shall have been cured;
- (g) if the Franchisee shall fail to observe or perform any of the rules, bulletins, directives or other notices set forth in the Manual and any such failure to observe or perform same shall continue for a period of ten (10) days after written notice thereof has been given to the Franchisee;
- (h) if the Franchisee shall fail to observe or perform any of the terms and conditions of the Lease other instruments under which the Franchisee has acquired the right to occupy the Premises, or if the Lease expires or is terminated for any reason whatsoever;
- (i) if the Franchisee fails to develop the Premises in accordance with the terms and conditions hereof, including without limitation, if the Franchisee fails to use designated architects, contractors, subcontractors or other professionals in the development of the Premises;
- (j) if the Franchisee fails to conduct business in, at or from the Premises for a period of five (5) consecutive days without the prior written consent of the Franchisor or if the Premises are used by any party other than such as are properly entitled to use same;
- (k) if there shall be an actual or purported Transfer without the Franchisor's prior written consent sought and given in accordance with this Agreement;
- (l) if the Franchisee ceases or threatens to cease to carry on business, or takes or threatens to take any action to liquidate its assets, or stops making payments in the usual course of business;
- (m) if either the Franchisee or the Guarantor makes or purports to make a general assignment for the benefit of creditors;
- (n) if either the Franchisee or the Guarantor makes or purports to make a bulk sale of their assets;
- (o) if either the Franchisee or the Guarantor shall institute any proceeding under any statute or otherwise relating to insolvency or bankruptcy, or should any proceeding under any such statute or otherwise be instituted against the Franchisee or the Guarantor;
- (p) if a custodian, receiver, manager or any other person with like powers shall be appointed to take charge of all or any part of the Franchisee's or Guarantor's undertaking, business, property or assets;
- (q) if any lessor or encumbrancer or any other person, corporation or entity lawfully entitled, shall take possession of any of the undertaking, business, property or assets of either the Franchisee or the Guarantor;
- (r) if either the Franchisee or the Guarantor shall commit or suffer any default under any contract of conditional sale, mortgage or other security instrument;

- (s) if an order shall be made or a resolution passed for the winding up or liquidation of either the Franchisee or the Guarantor;
- (t) if either the Franchisee or the Guarantor passes or purports to pass, or takes or purports to take any corporate proceedings to enable it to take proceedings for its dissolution, liquidation or amalgamation;
- (u) if either the Franchisee or the Guarantor shall lose its charter by expiration, forfeiture or otherwise;
- (v) if a distress or execution against any of the undertaking, business, property or assets of either the Franchisee or the Guarantor shall not be discharged, varied or stayed within twenty (20) days after the entry thereof or within such time period as action must be taken in order to discharge, vary or stay the distress or execution, whichever shall be the earlier;
- (w) if final judgment for the payment of money in any amount in excess of \$2,500 shall be rendered by any court of competent jurisdiction against either the Franchisee or the Guarantor and such judgment shall not be discharged, varied or execution thereof stayed within twenty (20) days after entry thereof or within such time period as action must be taken in order to discharge, vary or stay execution of the judgment, whichever shall be the earlier;
- (x) if the Franchisee or any agent or representative of the Franchisee:
 - (i) fails to submit any report required to be furnished to the Franchisor pursuant hereto within three (3) days of the date such report is due;
 - (ii) understates Gross Sales by more than three (3%) percent on such report;
- (y) if the Franchisee fails to properly record sales, distorts any material information pertaining to the Franchised Business, or fails to maintain its records in a manner which permits a determination of Gross Sales, unless the Franchisee proves to the satisfaction of the Franchisor that it had no knowledge of such distortion;
- (z) if the Guarantor shall die or otherwise become permanently disabled; or
- (aa) if the Franchisee shall fail to observe or perform any of the terms and conditions of any license or other permit under which the Franchisee has acquired the right to operate the Franchised Business at the Premises.

The Franchisee shall permit the Franchisor, its affiliates, and their respective agents to enter upon the Premises without liability for trespass or other tort, for the purpose of ascertaining whether or not a default by the Franchisee exists under this Agreement. If an inspection reveals any subsisting default of this Agreement, the Franchisee shall remedy such default according to the terms of this agreement, or as otherwise communicated to the Franchisee by written notice from the Franchisor. If the Franchisee fails to remedy any such default, the Franchisor may, without prejudice to its other rights or remedies under this Agreement, at its option, but without obligation to do so, enter the Premises, and itself remedy such default, and bill the Franchisee for all costs and expenses reasonably incurred in doing so. In the exercise of its rights under this Section the Franchisor agrees that it shall act reasonably and the Franchisee agrees that it shall co-operate with the Franchisor in every respect.

16.2 Effect of Termination

Upon the expiration, termination or non-renewal of this Agreement for any reason whatsoever, the following shall apply:

- (a) The Franchisee shall, immediately upon the Franchisor's request (in order that the Franchisor may protect the Proprietary Marks and the Franchisor's other franchisees), permit the Franchisor or its representatives to enter the Premises and, at the Franchisor's option, and at the Franchisee's cost, to cure any default by the Franchisee, to operate the Franchised Business for the Franchisee's or the Franchisor's account or to secure the Franchisee's complete and timely compliance with the other obligations set forth in this Agreement. Provided that the foregoing provisions of this Section 16.2(a) shall also apply upon the happening of any of the events listed in Section 16.1, and prior to and regardless of any actual or purported termination of this Agreement, or delivery of a notice pursuant to Section 16.1, by the Franchisor.
- (b) To the extent not fully satisfied by the Franchisor upon withdrawing amounts directly from the designated account of the Franchisee immediately upon the date of termination, expiration or non-renewal, the Franchisee shall pay to the Franchisor, within seven (7) days after the effective date of termination, expiration or non-renewal, all royalties, advertising fees and other charges then due and unpaid by the Franchisee including, but not limited to the Franchisor's costs and expenses in re-entering the Premises and in completing the acts specified in this Section 16.2;
- (c) The Franchisee shall immediately discontinue the operation of the Franchised Business, use of the System and the use of the Proprietary Marks and other proprietary rights licensed under this Agreement and similar names and marks, or any other designations or marks associating the Franchisee with the Franchisor or the System. The Franchisee shall cease displaying and using all signs, stationery, letterheads, packaging, forms, containers, manuals, bulletins, instruction sheets, printed matter, advertising and other physical objects or software (including the Digital System) used from time to time in connection with the System or containing or bearing any of the Proprietary Marks or other names, marks or designations, and shall not thereafter operate or do business under any name or in any manner in violation of Section 11.2 above or that might tend to give the general public the impression that it is associated with the Franchisor or the System or that it is operating a business similar to a business using the System, or that it previously conducted its business under the Proprietary Marks;
- (d) The Franchisee shall, at the Franchisor's election, vacate the Premises, and at the election of the Franchisor, the Franchisee shall promptly and, at its expense, make such modifications to the interior and/or exterior decor of the Premises as the Franchisor shall require to remove all identification as a business using the System and/or Proprietary Marks;
- (e) The Franchisee shall promptly execute such documents or take such actions as may be necessary to abandon the Franchisee's use of any fictitious business name containing any of the Proprietary Marks adopted by the Franchisee and to remove (in respect of the next publication), at the Franchisor's request, the Franchisee's listing from all telephone, digital trade or business directories, and to assign to the Franchisor or any other party designated by the Franchisor all of the Franchisee's telephone numbers, domain names, email addresses, social media accounts, and listings in connection with the Franchised Business;
- (f) Within three (3) days after the effective date of expiration, termination or non-renewal, the Franchisee shall return to the Franchisor all copies of the Manual, all other confidential material provided to the Franchisee by the Franchisor and all other materials required to be returned in accordance with this Agreement or the Manual; and
- (g) Notwithstanding the expiration, termination or non-renewal of this Agreement, the Franchisee and the Guarantor shall not be released from any of their continuing

obligations hereunder, nor any obligations under any Lease, including without any limitation, any amounts due and payable to the Franchisor, its affiliates, or any suppliers, nor any confidentiality and non-competition covenants, or any other obligations or covenants in any of the foregoing, which expressly or by their nature, continue to apply after expiration, termination or non-renewal.

16.3 Rights of the Franchisor

Upon the expiration, termination or non-renewal of this Agreement for any reason whatsoever, save and except in the event of a purchase pursuant to the provisions of Section 16 of this Agreement, the Franchisor shall have the right, but not the obligation, such right to be exercised by notice in writing delivered to the Franchisee within thirty (30) days of the date of expiration, termination or non-renewal of this Agreement for any reason whatsoever, to purchase from the Franchisee all or any portion of the Products located on the Premises or otherwise held by the Franchisee, and/or all or any part of the fixtures, equipment, furniture or other assets located on, in or at the Premises or otherwise used in connection with the Franchised Business.

16.4 Purchase of Assets

The purchase price payable by the Franchisor to the Franchisee for any assets purchased by the Franchisor under Section 16.3 shall be determined as follows:

- (a) for each of the non-perishable Products so purchased, the Franchisor shall pay an amount equal to the cost (less freight or other shipping charges) thereof to the Franchisee;
- (b) for each fixture, or item of equipment or furniture or other asset so purchased, the Franchisor shall pay an amount equal to the net depreciated book value of each such fixture, item of equipment or furniture or other asset. In calculating "net depreciated book value", all fixtures, equipment, furniture or other assets shall be deemed to have been depreciated at the maximum amount of depreciation allowed in accordance with the provisions of the Internal Revenue Code (IRC). In no event, shall any amount be payable under this Section 16.3 for "goodwill" or "going concern value"; and
- (c) the Franchisor shall deliver to the Franchisee a statement prepared by the Franchisor's accountants setting forth the basis upon which the purchase price has been calculated. Such statement shall be conclusive and binding upon all parties. The purchase price shall be paid in cash at the closing of the purchase transaction, which shall take place no later than thirty (30) days after receipt by the Franchisee of the Franchisor's notice pursuant to Section 16.3 above, at which time the Franchisee shall: (1) deliver all documents and instruments necessary to transfer good and merchantable title to the assets purchased, to the Franchisor or its nominee, free and clear of all liens and encumbrances; and (2) transfer or assign to the Franchisor, or its nominee, all licenses or permits, utilized by the Franchisee in the conduct of the Franchised Business which may be assigned or transferred. The Franchisee shall, prior to closing, comply with any applicable bulk sales legislation or other rules or legislation governing the sale of an enterprise. The Franchisor shall have the right to set off against and reduce the purchase price by any and all amounts owed by the Franchisee to the Franchisor or any of its affiliates or for encumbrances not discharged.

16.5 Additional Remedies

The Franchisee expressly consents and agrees that, in addition to any other remedies the Franchisor may have, at law or under this Agreement, including the right to sue for damages, the Franchisor may obtain an injunction and/or appointment of a receiver which term includes a receiver and manager of the Franchised Business to terminate or prevent the continuation of any existing default, or to prevent the occurrence of any threatened default by the Franchisee of this Agreement. Further, upon the

happening of any of the events listed in Section 16.1, and prior to and regardless of any actual or purported termination of this Agreement, or delivery of a notice by the Franchisor pursuant to Section 16.1, the Franchisor, or its representatives may enter the Premises and, at the Franchisor's option and the Franchisee's cost, cure any default by the Franchisee, discard any unauthorized or unapproved items, or items that do not meet System standards, operate the Franchised Business for the Franchisee's account or secure the Franchisee's complete and timely compliance with the other obligations set forth in this Agreement.

If the Franchisor operates the Franchised Business for the Franchisee's account, the Franchisor shall have the right to pay all expenses of the Franchised Business from the revenues therefrom, including expenses relating to additional staffing deemed necessary by the Franchisor for the operation of the Franchised Business. The Franchisee shall not be relieved of any of its obligations under this Agreement and the Franchisor shall not be liable for any debts, losses, costs or expenses incurred in the operation of the Franchised Business or to any employee or creditor of the Franchisee for any Products purchased during any period in which the Franchised Business is operated by the Franchisor, and all such debts, losses, costs and expenses shall remain the responsibility of the Franchisee. The Franchisor shall have the right to charge a reasonable fee for its services during any period of operation by the Franchisor and to cease to provide such services at any time.

16.6 Non-Compliance Fee

In addition to, and notwithstanding the attorneys fees and costs provision in Section 18.3 of this Agreement, in the event of your default under Section 16.1, or in the event of any instance of Franchisee's non-compliance with this Agreement, the Manual, or other policies and System standards, for which Franchisor notifies Franchisee of such default or non-compliance, Franchisor may require Franchisee to pay an administrative fee to Franchisor in the amount of \$1,000 per occurrence, and \$100 for each week such default or non-compliance remains uncured (collectively the "**Non-Compliance Fee**"). Such Non-Compliance Fee is intended to reimburse Franchisor for its damages and other losses incurred, as well as the time, expense, and other expenditure of resources incurred due to Franchisee's default or non-compliance. The additional weekly charge is Franchisor's best estimate of the ongoing costs to monitor Franchisee's actions until the default or non-compliance is rectified and cured. The Non-Compliance Fee applies to each notice of non-compliance that Franchisor provides to Franchisee, for each separate event, action, or inaction of default or non-compliance. Franchisor's decision to require Franchisee to pay such Non-Compliance Fee shall be without prejudice to Franchisor's right to terminate this Agreement and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement."

16.7 Survival of Covenants

Notwithstanding the Transfer, expiration, termination or non-renewal of this Agreement for any reason whatsoever, all covenants and agreements to be performed and/or observed by the Franchisee and/or the Guarantor under this Agreement or which by their terms or nature survive the Transfer, expiration, termination or non-renewal of this Agreement, including without limitation, those set out in Sections 9, 14.2, 14.3, 15, 16.2, 16.3, 16.4, and 16.5 hereof shall survive any such expiration, termination or non-renewal.

16.8 Failure to Act Not to Affect Rights

The failure of the Franchisor to exercise any rights or remedies to which it is entitled upon the happening of any of the events referred to in Section 16.1 hereof, shall not be deemed to be a waiver of or otherwise affect, impair or prevent the Franchisor from exercising any rights or remedies to which it may be entitled, arising either from the happening of any such event, or as a result of the subsequent happening of the same or any other event or events provided for in Section 16.1 above. The acceptance by the Franchisor of any amount payable by or for the account of the Franchisee under this Agreement after the happening of any event provided for in Section 16.1 above, shall not be deemed to be a waiver by the Franchisor of any rights and remedies to which it may be entitled, regardless of the Franchisor's

knowledge of the happening of such preceding event at the time of acceptance of such payment. No waiver of the happening of any event under Section 16.1 above, shall be deemed to be waived by the Franchisor unless such waiver shall be in writing.

17. ACKNOWLEDGEMENTS

17.1 Independent Investigation

The Franchisee and the Guarantor acknowledge that they have conducted an independent investigation of the Franchised Business and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of the Franchisee and the Guarantor as independent businessperson. The Franchisor expressly disclaims the making of and the Franchisee and the Guarantor acknowledge that they have not received any warranty or guarantee, expressed or implied, as to the potential volume, profits or success of the Franchised Business.

The Franchisee and the Guarantor acknowledge that they have received, have had ample time to read and have read this Agreement and fully understand its provisions. The Franchisee and the Guarantor further acknowledge that they have had an adequate opportunity to be advised by legal counsel and accounting professionals of their own choosing regarding all pertinent aspects of this franchise, the purchase of the Franchised Business and the franchise relationship.

The Franchisor hereby expressly disclaims the making of, and the Franchisee and the Guarantor acknowledge that they have not received nor relied upon, any warranty or guarantee, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement or of the suitability of the proposed location for the Premises. The Franchisee and the Guarantor acknowledge that they have not received or relied on any representations about the Franchised Business by the Franchisor, its affiliates, or their officers, directors, employees or agents, that are contrary to the terms herein, and further represents and warrants to the Franchisor that they have made no misrepresentations in obtaining the rights herein granted, including with respect to the information contained in its franchise application, if furnished to the Franchisor.

17.2 Entire Agreement

This Agreement and the documents incorporated by reference constitute the entire agreement between the parties and supersedes all previous agreements and understandings between the parties in any way relating to the subject matter hereof. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

18. GENERAL PROVISIONS

18.1 Overdue Amounts

All royalty and advertising contributions, all amounts due for products and services purchased by the Franchisee from time to time from the Franchisor or its affiliates and any other amounts owed to the Franchisor or its affiliates by the Franchisee pursuant to this Agreement or otherwise shall bear interest after the due date at the Interest Rate, calculated and payable weekly, not in advance, both before and after default, expiration, termination or non-renewal of this Agreement for any reason whatsoever, with interest on overdue interest at the aforesaid rate. The acceptance of any interest payment shall not be construed as a waiver by the Franchisor of its rights in respect of the default giving rise to such payment and shall be without prejudice to the Franchisor's right to terminate this Agreement in respect of such default.

In addition, to compensate the Franchisor (or its affiliates) for the administrative expenses incurred in connection with delinquent obligations (unless prohibited by law), the Franchisor may also require the franchisee to pay a late charge equal to ten percent (10%) of each payment that is overdue, as a genuine pre-estimate of the foreseeable damages and costs incurred by the Franchisor in

connection with the administrative work to be performed to ensure the breach is corrected, and not as a penalty, and without prejudice to any other right or recourse of the Franchisor under this Agreement. The Franchisor (and its affiliates) shall also be entitled to recover the costs and expenses, including legal fees, incurred in collection of past due amounts. The Franchisee shall also be responsible for payment of any bank charges, late fees, penalties, or similar charges incurred by the Franchisor (or its affiliates) as a result of any dishonored check, stop payment order, electronic funds debit rejection, or similar occurrence in connection with any amount payable under this Agreement. Without limiting the foregoing, the provisions of this Section 18.1 will apply to the Franchisee's purchase of Products from the Franchisor or any of its affiliates.

18.2 Indemnification of the Franchisor

The Franchisee and the Guarantor hereby agree, during and after the Initial Term, including during and after any renewal term thereof, to indemnify and save the Franchisor and its affiliates and their directors, shareholders, officers, employees and agents harmless from any and all liabilities, losses, suits, claims, demands, costs, fines and actions of any kind or nature whatsoever to which they shall or may become liable for, or suffer by reason of any breach, violation or non-performance on the part of the Franchisee or any of its agents, servants or employees of any term or condition of this Agreement and from all claims, damages, suits, costs or rights of any persons, firms or corporations arising from the development and operation of the Franchised Business.

18.3 Legal Fees

In the event the Franchisor or any affiliate shall be made a party to any claim or litigation commenced by or against the Franchisee or the Guarantor, then the Franchisee and the Guarantor shall indemnify and save the Franchisor and its affiliate, as applicable, harmless against any losses, damages or claims whatsoever arising therefrom and shall pay all costs and expenses including reasonable legal fees, accountants and expert witness fees, costs of investigation and travel and living expenses incurred or paid by the Franchisor in connection with such claim or litigation. Further, if it is established that the Franchisee or the Guarantor has breached any of the terms and conditions of this Agreement, the Franchisee hereby agrees to pay all costs and expenses including legal fees that may be incurred or paid by the Franchisor in enforcing the Franchisor's rights and remedies under this Agreement.

18.4 No Liability

The Franchisor shall not be responsible or otherwise liable for any injury, loss, or damage resulting from, occasioned to or suffered by any person or persons or to any property because of any products sold or services provided by it to the Franchisee.

18.5 Legal Relationship

The parties hereto hereby acknowledge and agree, that, except as expressly provided in this Agreement, each is an independent contractor, that no party shall be considered to be the agent, representative, master or servant of any other party hereto for any purpose whatsoever, and that no party has any authority to enter into any contract, assume any obligations or to give any warranties or representations on behalf of any other party hereto. Furthermore, and without limitation to the foregoing, the Franchisor is not (and shall have no responsibility or liability as) an employer, co-employer or otherwise of or to any of the Franchisee's employees, contractors or others who may work for or at the Franchised Business. Nothing in this Agreement shall be construed to create a relationship of partners, joint venturers, fiduciaries, or any other similar relationship among the parties.

18.6 Joint and Several

If two or more individuals, corporations, partnerships or other entities (or any combination of two or more thereof) shall sign or be subject to the terms and conditions of this Agreement as the Franchisee and/or as a Guarantor, the liability of all of them under this Agreement shall be deemed to be joint and several.

18.7 Severability

If for any reason whatsoever, any term or condition of this Agreement or the application thereof to any party or circumstance shall, to any extent be invalid or unenforceable, all other terms and conditions of this Agreement and/or the application of such terms and conditions to parties or circumstances, other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and condition of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

18.8 Franchisee May Not Withhold Payments Due the Franchisor

The Franchisee agrees that it will not, on grounds of the alleged non-performance by the Franchisor of its obligations hereunder, withhold payment of any royalty or other amounts due to the Franchisor or its affiliates, whether on account of goods purchased by the Franchisee or otherwise.

18.9 Notice

All notices, consents, approvals, statements, authorizations, documents, or other communications required or permitted to be given hereunder shall be in writing, and shall be delivered personally, by email, or mailed by registered mail, postage prepaid, to the said parties at their respective addresses set forth hereunder, namely:

To the Franchisor at:	D SPOT FRANCHISING USA INC. 30 Bertrand Avenue, Unit C5, Toronto, Ontario M1L 2P5 Attention: Samir Desai
To the Franchisee at:	the Premises
To the Guarantor at:	the Premises

or at any such other email address, address or addresses as may be given by any of them to the other in writing from time to time. Such notices, if mailed, shall be deemed to have been given on the second business day (except Saturdays and Sundays) following such mailing, or, if delivered by email or personally, shall be deemed to have been given on the day of delivery, if a business day, or if not a business day, on the business day next following the day of delivery; provided that if such notice shall have been mailed and if regular mail service shall be interrupted by strike or other irregularity before the deemed receipt of such notice as aforesaid, then such notice shall not be effective unless delivered.

18.10 Headings, Section Numbers

The headings, Section numbers and table of contents appearing in this Agreement or any schedule hereto are inserted for convenience of reference only and shall not in any way affect the construction or interpretation of this Agreement.

18.11 Applicable Laws

Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act, this Agreement will be governed by and construed under the laws of the state in which the Studio is located, without regard to any conflict of laws principles of such state. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through any state franchise or business opportunity laws, other than those of the state in which the Studio is located.

18.12 Time of the Essence

Time shall be of the essence of this Agreement and of each and every part hereof.

18.13 Waiver of Obligations

The Franchisor may by written instrument unilaterally waive any obligation of or restriction upon the Franchisee under this Agreement. No acceptance by the Franchisor of any payment by the Franchisee and no failure, refusal or neglect of the Franchisor to exercise any right under this Agreement or to insist upon full compliance by the Franchisee with his obligations hereunder, including without limitation, any mandatory specification, standard or operating procedure, shall constitute a waiver of any provision of this Agreement. Any modification or amendment to this Agreement, must be in writing signed by both the Franchisor and the Franchisee.

18.14 Franchisee and Guarantor Defined, Use of Pronoun

The words "Franchisee" and "Guarantor" whenever used in this Agreement shall be deemed and taken to mean each and every person or party mentioned as a Franchisee or Guarantor herein, be the same one or more; and if there shall be more than one Franchisee or Guarantor, any notice, consent, approval, statement, authorization, document or other communication required or permitted to be given by the terms or conditions of this Agreement may be given by or to any one thereof, and shall have the same force and effect as if given by or to all thereof. The use of the neuter, male, female or other pronoun to refer to the Franchisee and/or the Guarantor may be an individual (irrespective of gender), a partnership, a corporation or another entity or a group of two or more individuals, partnerships, corporations or other entities. The necessary grammatical changes required to make the provisions of this Agreement apply in the plural sense, where there is more than one Franchisee or Guarantor and to either individuals (irrespective of gender) partnerships, corporations or other entities, shall in all instances be assumed in each case. The words "hereof", "herein", "hereunder" and similar expressions used in any Section of this Agreement relate to the whole of this Agreement (including any Schedules attached hereto) and not to that Section only, unless otherwise expressly provided for or the context clearly indicates to the contrary.

18.15 Lawful Attorney

Notwithstanding anything herein contained, if the Franchisee or any Guarantor does not execute and deliver to the Franchisor any documents or other instruments which it is so required to execute and deliver pursuant to this Agreement within the time period or periods so specified herein, the Franchisee and the Guarantor does hereby irrevocably appoint the Franchisor as the Franchisee's lawful attorney with full power and authority to execute and deliver in the name of the Franchisee and the Guarantor any such document or instruments and to do all things as may be required from time to time to comply with the provisions pursuant to which the power of attorney is being utilized, and the Franchisee and the Guarantor hereby agrees to ratify and confirm all such acts of the Franchisor as its lawful attorney and to indemnify and save the Franchisor harmless from all claims, losses, or damages in so doing. The Franchisee and the Guarantor hereby declares that the powers of attorney hereby granted may be exercised during any subsequent legal incapacity on his part.

18.16 Default Cumulative

In the event that the Franchisee or the Guarantor, either directly or through another franchisee owned in whole or in part, directly or indirectly, by the Franchisee or the Guarantor, acquires the right to operate another businesses using the System or any of the Other Brands, any default by the Franchisee, the Guarantor, or other franchisee owned in whole or in part, directly or indirectly, by the Franchisee or the Guarantor, under any one such agreement shall be deemed to be an event of default under all other such agreements.

18.17 Set-Off by the Franchisor

Notwithstanding anything contained in this Agreement, upon the failure of the Franchisee or Guarantor to pay to the Franchisor as and when due, any amounts of money provided for herein, the Franchisor shall have the right at its election, to deduct any and all such amounts remaining unpaid from any monies or credits held by the Franchisor for the account of the Franchisee.

18.18 Further Assurances

Each of the parties hereto hereby covenants and agrees to execute and deliver such further and other agreements, assurances, undertakings, acknowledgements or documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote and influence and do and perform and cause to be done and performed any further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part hereof.

18.19 Binding Agreement

Subject to the restrictions on assignment herein contained, this Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

18.20 When Agreement Binding on the Franchisor

This Agreement is not effective until signed by a corporate officer of the Franchisor. No field representative or salesperson is authorized to execute this Agreement on behalf of the Franchisor. The Franchisee is advised not to incur any expense or obligation with respect to the proposed Franchised Business until the Franchisee has received a fully executed copy of this Agreement from the Franchisor.

18.21 Rights of the Franchisor are Cumulative

The rights of the Franchisor hereunder are cumulative and no exercise or enforcement by the Franchisor of any right or remedy hereunder shall preclude the exercise or enforcement by the Franchisor of any other right or remedy hereunder or which the Franchisor is otherwise entitled by law to enforce.

18.22 Force Majeure

In the event that any party hereto is delayed or hindered in the performance of any act required herein by reason of strike, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, disease or pandemic, or other reasons of a like nature not the fault of such party which arise after the Commencement Date, then performance of such act shall be excused for the period of the delay and the period for performance of any such act shall be extended for a period equivalent to the period of such delay, up to a maximum of three (3) months. The provisions of this Section 18.22 shall not operate to excuse the Franchisee from the prompt payment of any fee or other payment due the Franchisor pursuant to the provisions of this Agreement.

18.23 Receipt of Disclosure

Except for filling in the blank provisions and changes made as a result of negotiations that you initiated, you acknowledge that you received a copy of the complete Franchise Agreement, and exhibits attached hereto, at least seven (7) calendar days before the date on which this Agreement was signed. You further acknowledge that you received the disclosure document required by the trade regulation rule of the Federal Trade Commission entitled "Franchise Disclosure Document" at least fourteen (14) calendar days prior to the date on which this Agreement was signed. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with any attorney or other professional advisor. You further represent that you understand the provisions of this Agreement and agree to be bound.

18.24 Waiver of Class Actions

The Franchisee and Guarantor hereby agree to waive any class action proceeding or counterclaim in respect of any Dispute against the Franchisor and/or any of its affiliates or their respective shareholders, directors, partners, officers, employees, agents, attorneys, accountants, associates or guarantors, successors or assigns, whether at law or equity.

19. DISPUTE RESOLUTION

19.1 Arbitration

Any dispute, claims or controversies, including without limitation, any relating in any way or otherwise in connection with or arising out of this Agreement, the franchise relationship, statutory obligations or otherwise (each a “**Dispute**”) between or involving the Franchisee, the Guarantor and the Franchisor (and/or any affiliates of the Franchisee, the Guarantor or the Franchisor, and/or any of their respective shareholders, directors, partners, officers, employees, agents, attorneys, accountants, associates or guarantors, and/or any of their successors or assigns) shall be submitted to binding arbitration, on demand of either party, to the American Arbitration Association (“**AAA**”). The arbitration shall be commenced by way of written notice given to the parties to the Dispute. The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA’s then-current Commercial Arbitration Rules. The arbitrator must have a minimum of five (5) years’ experience in franchising or distribution law. All parties shall bear their own costs for participation in the arbitration, except for any external costs of conducting the arbitration, including the arbitrator’s costs, which shall be borne equally between them. The Franchisee, the Guarantor and the Franchisor agree that all aspects of the arbitration including statements made and documents produced within the arbitration will be confidential in nature and will not be admissible in any subsequent legal proceeding, except for disclosures by the Franchisor required by applicable law.

19.2 Place

The arbitration proceedings will be conducted at a location within the boundaries of the City of Chicago, at an office of the AAA, if AAA has such an office, or another suitable office acceptable to the arbitrator, within Chicago, or within close proximity to Chicago, within the state of Illinois, provided that the location has adequate facilities to handle the hearing and accommodate the parties, witnesses, and evidence.

19.3 No Class Arbitration

To the extent permitted by applicable law, arbitration, and any proceeding permitted under Section 19.6, will not be conducted on a group, class-wide, multiple claimant, consolidated or similar basis, and any such arbitration or other proceeding will not be consolidated with any other arbitration or other proceeding involving any other person.

19.4 Waiver of Class Actions

The Franchisee hereby agrees to waive any class action proceeding or counterclaim in respect of any Dispute against the Franchisor and/or any of its affiliates or their respective shareholders, directors, partners, officers, employees, agents, attorneys, accountants, associates or guarantors, successors or assigns, whether at law or equity.

19.5 Awards and Decisions

The arbitration will be heard by one (1) arbitrator who shall be appointed pursuant to the rules of the designated arbitration body selected by the Franchisor. The arbitrator must have at least five (5) years of experience in franchise law. The arbitrator will have the right to award any relief deemed proper in the circumstances, including, without limitation, monetary damages (with interest on unpaid amounts from their due date(s)), specific performance, injunctive relief, and reimbursement of legal fees and related costs and disbursements to the prevailing party. The arbitrator will not have the authority to award punitive or aggravated damages (except as otherwise permitted by this Agreement), nor the right to declare any trademark generic or otherwise invalid. The parties to the arbitration are bound by the provisions of any limitation period or the time by which claims must be brought under applicable law, or under this Agreement, whichever expires earlier. The award and decision of the arbitrator will be final and binding and judgment on the award may be entered in any court of competent jurisdiction. The parties acknowledge and agree that any arbitration award may be enforced against any party to the

arbitration in a court of competent jurisdiction and no such party shall have any right to contest the validity or enforceability of such award.

19.6 Exclusions from Arbitration

Nothing in this Agreement, including Section 19.1, will prevent either the Franchisor, the Franchisee or the Guarantor from obtaining mandatory or injunctive relief in a court of competent jurisdiction.

Any claims, controversies or disputes arising out of or related to this Agreement that are not subject to arbitration as provided above, will be brought exclusively in the Federal District Court for the District of Delaware. The Franchisor also has the right to file any such suit against Franchisee in the federal or state court where the Franchised Business is located. Each of the Franchisor and the Franchisee irrevocably consents to the jurisdiction of such courts and waive all rights to challenge personal jurisdiction and venue. The provisions of this Section 19.6 will survive the termination of this Agreement.

19.7 Governing Law.

Subject to the Franchisor's rights under federal trademark laws and the parties' rights under the Federal Arbitration Act respecting Section 19.1 above, this Agreement will be governed by and construed under the laws of the state in which the Franchised Business is located, without regard to any conflict of laws principles of such state. Franchisee waives, to the fullest extent permitted by law, the rights and protections that might be provided through any state franchise or business opportunity laws, other than those of the state in which the Franchised Business is located.

19.8 Third Parties

The arbitration provisions of this Agreement are intended to bind any third party non-signatory related or otherwise connected to any Dispute, including such parties provided for in Section 19.1.

19.9 Survival

The agreement to arbitrate provided for in this Section 19 shall continue in full force and effect subsequent to and notwithstanding the expiration, termination, non-renewal or purported rescission of this Agreement, for any reason.

19.10 Summary Judgment

It is hereby acknowledged and agreed that any provision in any applicable arbitration statute that seeks to limit the effect of this Section 19 to any Dispute on the basis that the Dispute is proper for summary judgment shall not be applicable.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

[Signature Page to Follow]


SCHEDULE "A"

DATA SHEET

Provision	Description	Section
Format <small>(Franchisor to designate)</small>	<input type="checkbox"/> FULL MENU CAFÉ <input type="checkbox"/> DESSERT CAFÉ	1.8
Address of Premises	Address	City
	State	Unit #
		1.19
Proprietary Marks	As outlined on the chart included on SCHEDULE "A-1".	1.22
System	D Spot Dessert Café	1.25
Territory	The ● (● mi) mile radius surrounding the Premises or as outlined on the map included on Schedule "A-2".	1.26
Initial Fee	Thirty Five Thousand Dollars (\$35,000).	3.1
Royalty	Five percent (5.0%) of Gross Sales.	3.2
Expiry of Initial Term	The tenth (10th) anniversary of the Commencement Date.	4.1
Renewal Term	One (1) renewal term.	4.2
Duration of Renewal Term(s)	The renewal term shall commence on the expiry of the Initial Term, and unless terminated sooner, shall expire on (a) the fifth (5th) anniversary thereof; or, (b) in the case where the Franchisee's right to occupy the Premises under the Lease shall expire or be terminated before the fifth (5th) anniversary thereof, at the same time as such expiration, termination or non-renewal of the Franchisee's right to occupy the Premises.	4.2
Renewal Fee	Ten Thousand Dollars (\$10,000).	4.2
Local Advertising	At least two percent (2.0%) of Gross Sales.	10.1
Advertising Fund Contribution	Two percent (2.0%) of Gross Sales.	10.2
Grand Opening Advertising	Ten Thousand Dollars (\$10,000).	10.3
Restricted Items	Waffles, crepes, sundaes, hard ice cream, soft ice cream, cakes, chocolate, milk shakes and/or funnel cakes.	1.24
Transfer Fee	Twenty-Five Thousand Dollars (\$25,000).	15.2

SCHEDULE "A-1"

PROPRIETARY MARKS

MARK	REGISTRATION/APPLICATION NUMBER
D SPOT DESSERT CAFE AND DESIGN 	App. No.: 97422215

SCHEDULE "A-2"

TERRITORY MAP

Northern Boundary: the south side of the northern boundary (ie: street(s)) outlined on the map
Southern Boundary: the north side of the southern boundary (ie: street(s)) outlined on the map.
Western Boundary: the east side of the western boundary (ie: street(s)) outlined on the map.
Eastern Boundary: the west side of the eastern boundary (ie: street(s)) outlined on the map.

[INSERT MAP HERE]

SCHEDULE "B"
LEASE ADDENDUM

LEASE ADDENDUM

This Lease Addendum is entered into as of the date of the Lease Agreement by and between _____, Landlord and _____, Tenant.

Landlord and Tenant are parties to that certain Lease of even date (the Lease) covering the premises located at _____, which Tenant will use to operate a D Spot Dessert Café business under a Franchise Agreement between Tenant and D SPOT FRANCHISING USA INC. ("Franchisor" or "we" or "us"). Landlord and Tenant desire to amend the Lease to protect our various interests.

In consideration of the foregoing and the promises contained in the Lease, the parties agree as follows:

1. Permitted Use. Landlord and Tenant agree that so long as the Franchise Agreement remains in effect, Tenant may use the Lease premises only for a D Spot Dessert Café business and Tenant may offer for sale and sell at the premises only those _____ which we approve.

2. Notice of Default. Landlord will provide us, by certified US mail or a recognized overnight delivery service at the address provided in Section 8 below, a minimum 30-day notice of any default under the Lease before Landlord initiates any action to terminate the Lease or exercise any remedy for such default.

3. Cure. Either Tenant or we may cure defaults under the Lease and Landlord will accept performance of obligations due under the Lease, as specified in the Lease, by either us or Tenant. We will not, however, be under any obligation to cure any default and nothing herein will require us at any time to comply with or take any action under the provisions of the Lease.

4. Rights of Franchisor After Cure. If Franchisor commences cure of any default under the Lease within the 30-day notice period described in Section 2 above, and if we thereafter diligently complete cure, we may, but will not be obligated to, give notice to Landlord and become Tenant under the Lease, in which event Landlord will not be entitled to terminate the Lease.

5. Assignment and Renewal. Landlord consents to an assignment or transfer of Tenant's rights under the Lease to Franchisor at any time during the term of the Lease. Landlord will give us notice of expiration of the term of the Lease at least three months in advance thereof and grant us the right, but not the obligation, to exercise any then-existing renewal rights under the Lease.

6. Right of Entry and Subordination. Landlord will give us access to the business at reasonable times on not less than 24 hours' notice (or such shorter notice as may be reasonable when circumstances dictate) either to inspect the business for compliance with our requirements, to remove from the business any items bearing our marks or logos or to take other action permissible under the Agreements between Tenant and us. Landlord specifically subordinates any lien it may have in such items to our rights as licensor of the marks or logos displayed on items.

7. Vacating Premises. Upon vacating the Lease premises, or termination of the Franchise Agreement or Lease (whichever occurs first), Tenant must remove all signs and materials bearing any of the marks or logos.

8. Notices. Any notices to us hereunder will be sent to:
D SPOT FRANCHISING USA INC.
30 Bertrand Avenue, Unit C5
Toronto, Ontario Canada M1L 2P5

9. Benefit. Landlord and Tenant acknowledge that they enter into this Agreement for the express benefit of Franchisor and that we are an intended beneficiary hereof.

10. Supremacy. This Addendum shall control and supersede any inconsistent provision of the Lease.

The parties have signed this Agreement the day and year first above written.

LANDLORD:

TENANT:

By: _____
Title: _____

By: _____
Title: _____

SCHEDULE "C"

OWNERSHIP INFORMATION

1. Form of Entity of Franchisee.

(A) Corporation. The Franchisee was incorporated on _____, _____, under the laws of _____ . It has not conducted business under any name other than its corporate name. The following is a list of all of Franchisee's directors and officers as of the date of this Agreement:

<u>Name of Each Director/Officer</u>	<u>Position(s) Held</u>
_____	_____
_____	_____

(B) Partnership. Franchisee is a [general] [limited] partnership formed on _____, _____ under the laws of the State of _____. It has not conducted business under any name other than its partnership name. The following is a list of all of Franchisee's general partners as of the date of this Agreement:

<u>Name of General Partner</u>

2. Owners.

The Franchisee and each of the Guarantors represents and warrants that the following is a complete and accurate list of all legal and beneficial direct and indirect individual and corporate shareholders, partners and other holders of any equity interest of the Franchisee, including the full name and mailing address of each person, and fully describes the nature and extent of each owner's interest in the Franchisee. The Franchisee, and each Guarantor as to his ownership interest, represents and warrants that each is the sole and exclusive legal and beneficial owner of his ownership interest in the Franchisee, free and clear of all mortgages, charges, liens, restrictions, security interests, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

Owner's Name	Address	Description/Percentage of Ownership Interest

SCHEDULE "D"

GUARANTY AND ASSUMPTION OF OBLIGATIONS

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of D SPOT FRANCHISING USA INC. (the "Franchisor") execution of that certain Franchise Agreement of even date (the "Agreement") with _____ (the "Franchisee"), each of the undersigned (a "Guarantor") jointly and severally agree as follows:

A. Guarantors personally and unconditionally guarantee to Franchisor and its successors and assigns that: (i) Franchisee will timely pay Franchisor and its affiliates all monies Franchisee owes to Franchisor and its affiliated and related entities, including all monies payable by Franchisee under the Agreement; (ii) Franchisee will timely perform all other undertakings, agreements and covenants stated in the Agreement; and (iii) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (collectively, "Franchise Agreement Obligations").

B. Each of the Guarantors waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertaking; (2) notice of demand for payment of any indebtedness; (3) protest and notice of default to any party respecting the indebtedness; (4) any right he/she may have to require that an action be brought against Franchisee or any other person as a condition of liability.

C. Each Guarantor consents and agrees that:

(1) Guarantor's liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, Franchisee and the other Guarantors of Franchisee;

(2) Guarantor will make any payment or perform any Franchise Agreement obligation upon demand if Franchisee fails to do so;

(3) Guarantor's liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of Franchisee or any assignee or successor;

(4) Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time or credit which Franchisor may grant to Franchisee, including the acceptance of any partial payment or performance, or the compromise or release of any claims;

(5) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee or any other Guarantor; and

(6) Guarantors will indemnify, defend and hold harmless Franchisor and its affiliates, and their respective shareholders, directors, employees, and agents, against and from all losses, damages, costs, and expenses, which Franchisor or its affiliates may sustain, incur, or become liable for as a result of:

a. Franchisee's or Guarantor's failure to pay or perform any of the Franchise Agreement Obligations; or

b. any action by Franchisor to obtain performance by Franchisee of any act, matter, or thing required by the Agreement.

(7) Guarantor will pay all reasonable attorneys' fees and all costs and other expenses Franchisor incurs in enforcing this Guaranty against Guarantor or any negotiations relative to the obligations hereby guaranteed.

This Guaranty will terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the Guarantors which arose from events which occurred on or before the effective date of such termination will remain in full force and effect until satisfied or discharged by the Franchisee or the Guarantors, and all covenants which by their terms continue in force after the expiration or termination of the Agreement will remain in force according to their terms. Upon the death of an individual Guarantor, the estate of such Guarantor will be bound by this Guaranty, but only for defaults

and obligations hereunder existing at the time of death; and the obligations of any other Guarantors will continue in full force and effect.

The provisions of Sections 18 and 19 of the Agreement will apply as to any interpretation or enforcement of this Guaranty, and the provisions of Section 18.9 of the Agreement will apply to any notice to either party, except that notice to Guarantors will be provided at the following alternative address (if applicable): _____ . If no address is provided, any notice to Guarantors will be sent to the address designated in Section 18.9 of the Agreement.

Each of the undersigned has signed this Guaranty as of the same day and year as the Agreement was executed.

GUARANTOR(S)

PERCENTAGE OWNERSHIP IN FRANCHISEE

80483063.v3

EXHIBIT C

LIST OF STATE ADMINISTRATORS; AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 st Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492

EXHIBIT D

D SPOT DESSERT CAFÉ FRANCHISEE LIST

D SPOT DESSERT CAFÉ FRANCHISEE LIST
As of December 31, 2024

Franchised Stores

US Franchise Agreements Signed but Not Open		
Franchisee/Owners(s)	Address	Phone Number
Dessert Cravings LLC	GA (4959 Dufour Drive, Lilburn, GA 30047)	Nazmaladhani2013@gmail.com
Shanvi Vaani LLC	NJ (94 Edgefield Drive, Morris Plains, NJ 07950)	(201) 560-3628
Ventura Vista Inc.	TBD Texas	fairtreatsllc@gmail.com
North Lone Star Foods LLC	TX (5910 Frenzel Dr, Parker, TX 75002)	fairtreatsllc@gmail.com
UA Food Management Inc.	IL (711 Kenmare Dr, Des Plaines, IL 60016-8704)	rdpatel1110@gmail.com Nilamp126@gmail.com abrarhussain13@gmail.com
Naserah's Dream LLC	TX (231 Savannah Way, Princeton TX 75407)	(470) 483-3338

Canadian Stores		
Franchisee/ Owner(s)	Address	Phone Number
2720165 Ontario Inc. Rahim Virani and Imtyaz Kotadia	7700 Markham Road, Unit 3B, Markham, ON	416-841-6184

Canadian Stores		
Franchisee/ Owner(s)	Address	Phone Number
2720165 Ontario Inc. Rahim Virani and Imtyaz Kotadia	7700 Markham Road, Unit 3B, Markham, ON	416-841-6184
Point One Inc. Abdul Rahman, Khan Pathan, Mohsin Khan and Abdul Pathan	5165 Dixie Road, Mississauga, ON	905-212-1288
1975866 Ontario Inc. Zahedabanu Ahmed Baggia and Ahmed Farook Baggia	51 Lebovic Ave., Scarborough, ON	647-349-7746

Canadian Stores

Franchisee/ Owner(s)	Address	Phone Number
2549429 Ontario Inc. Rahim Virani	1060, 1062 and 1064 The Queensway, Toronto, ON	416-255-7746
1975866 Ontario Inc. Zahedabanu Ahmed Baggia Ahmed Farook Baggia	832 Bay Street, Unit 2, Toronto, ON	416-546-9656
2092619 Alberta Ltd. Deep Patel, Aditya Merchant, Rashmikant Patel, and Bina Shah	High Street House, 933-17 th Ave SW, Suite 100 Calgary, AB	403-284-4649
2710783 Ontario Inc. Shamim Mulla, Samima Patel, Aiyub Patel, and Ismail Mulla	3 Rossland Rd E, Ajax, ON	905-686-3100
2707351 Ontario Inc. Ahmed Dinani and Noorjahan Dinani	2058 Ellesmere Road, Unit 6, Toronto, ON	416-551-0355
16288847 Canada Inc. Khawaja Ali Awais	5955 Latimer Drive, Unit 4 Mississauga, ON	647-606-5970
2294834 Alberta Ltd. Jaitun Sheth, Nishant Sheth, and Bhavinaben Shah	920 – 36th Street N.E., Calgary, AB	587-896-3561
2309037 Alberta Ltd. Deep Patel, Malde Muliyaasiya, and Rahuljumar Muliyaasiya, 2523854 Alberta Ltd, and Mehulkumar Sindha	3803 Calgary Trail NW #540 Edmonton, AB	780-752-2022
2812955 Ontario Inc. M. Amin, A, S, Variava and Samima Patel	Terry Town Plaza, 2351A, Main Floor, Kingston Road, Toronto, ON	416-265-1000
13288242 Canada Inc. Harsh J. Patel and Smit B. Patel	279 Yonge St, Barrie, ON	306-914-6146
2820123 Ontario Inc. Vishalkumar Joshi and Shruti Pandya	1 Wexford Road, Unit 7, Brampton, ON	416-825-0919

Canadian Stores

Franchisee/ Owner(s)	Address	Phone Number
2821409 Ontario Inc. Rahim Ramzanali Virani and Imtyaz Sadruddi Kotadia	6979-6991 Yonge Street, Toronto ON	647-839-9184
2334186 Alberta Ltd. Jaitun Sheth, Nishant Sheth, Bhavinaben Shah, 2351184 Alberta Ltd., Anuj Chauhan, and Nidhi Parmar	Sage Hill Crossing, 75 Sage Hill Gate NW & 3655, Unit #N120, Sage Hill Dr, Calgary, AB	587-896-3561
12979080 Canada Inc. Urvashiben Darji, Harsh Patel, and Chintankumar Darji	990 Upper Wentworth, Hamilton, ON	289-700-7801
MSD2021 Inc. Deep Patel, Sangeet Kumar, and Meetkumar Patel	2501 Hampshire Gate, Unit 1A-1, Oakville, ON	289-489-9952
2857205 Ontario Limited Mohsin Ali, Maherin Manasiya and Mustaqeem Ali Khoja	12270 Yonge Street, Toronto, ON	705-970-0825
1000883581 Ontario Inc. Raabia Kazmi	6020 Main Street West, Unit 1, Building B, Milton, ON	416-568-4117
2860461 Ontario Inc. Ahmed Dinani, Noorjahan Dinani, Habibullah Gangani, Amin Jiwani, and Nazim Jiwani	3000 Highway 7 East, Unit A14, Markham, ON	647-966-9661
2859968 Ontario Inc. Ismail A. Mulla and Samim Mohamed Mulla	726 Kingston Road, Unit 5, Pickering, ON	416-917-8930
1000045312 Ontario Inc. Amal Ismail and Shan Javed	Appleby Village, 5111 New Street, Unit No. D01001A, Burlington, ON	647-281-0213
2872280 Ontario Inc. Ahmed Amirali Dinani and Amin Jiwani	107 Ferrand Drive, Toronto, ON*	647-867-7860
1000059269 Ontario Inc. Harsh Jagdishbhai Akbari and Ashokkumar Dinubhai Patel	160 University Avenue West, Unit No. 14, Waterloo, ON	519-573-0726

Canadian Stores

Franchisee/ Owner(s)	Address	Phone Number
13662560 Canada Inc. Gaurangkumar Soni and Namrata Soni	Woodhill Centre, 9045 Airport Road, Building M, Unit #10, Brampton, ON	647-393-8788
2414078 Alberta Ltd. Nehalkumar Patel and Sunny Shah	1608 A Mayor Magrath Drive South, Lethbridge, AB	403-977-7717
Al-Aleem Foods Inc. Ifraan Memon	2575 St. Clair Avenue W, Unit 7, Toronto, ON	647-923-9669
2513554 Ontario Inc. Abubakar Abdulkhlek Nakhuda and Husain Nakhuda	6789 Airport Road, Unit A2, Mississauga, ON	647-786-8814
1000186177 Ontario Inc. Kevinkumar Nitinkumar Patel, Mona Kevinkumar Patel, Darsh Dineshkumar Patel, and Priyankaben Prakashkumar Patel	1475 Huron Church Rd., Unit 4, Windsor, ON	204-962-8600
2431353 Alberta Corporation Nehalkumar Tarun Patel and Shailkumar Mrudulkumar Joshi	288 Baseline Road, Unit #340, Sherwood Park, AB	403-977-7717
2419665 Alberta Ltd. Malde Muliyasiya, Rahulkumar Muliyasiya, and Inderpreet Sidhu	15745 – 37 Street NW, Edmonton, AB	587-968-2020
10130882 MANITOBA LTD. 1357353 B.C. Ltd., Akil Momin, Naim Dauva, Shahid Sadruddin, Afiz Momin, Sarfaraz Maredia, Shahbuddin Maknojiya, Javed Manesia And Ranish Karim	749 Sterling Lyon Parkway, Building #4, Unit #7, Winnipeg, MB	306-999-1490
2430637 ALBERTA INC. Marmik Shah, Kunal Surati, Deep Patel And Rajesh Shirpuram	80 Mahogany Road SE, Unit #1170, Calgary, AB	403-200-2242
14098854 Canada Inc. Arif Karim Prasla, Mustaqeem Ali Khoja, Mohsin Pyar Ali And Arman Pyarali Manasiya	480 Hespeler Road, Unit 17A, Cambridge, ON	705-970-0825

Canadian Stores

Franchisee/ Owner(s)	Address	Phone Number
Kingsholm Real Estate Development Limited Mohammed Faisal Mushtaq	6435 Erin Mills, Unit 04, Building C, Mississauga, ON	416-356-2233
1373238 B.C. Ltd. 2388836 Alberta Inc., 2372369 Alberta Inc., Jaitun Sheth, Nishant Sheth, Anita Bhavinkumar Patel, and Bhavinkumar Babulal Patel	426 Bernard Avenue, Kelowna, BC	587-896-3561
1358171 B.C. Ltd. 2351184 Alberta Ltd., 1529734 Alberta Ltd., Jaitun Sheth, Nishant Sheth, Nirajkumar Shah, Bhavinaben Shah, Pulinkumar Shah, Anuj Chauhan, Nidhi Parmar and Saprem Enterprise Inc.	8555 120 th Street, Unit #1, Delta, BC	587-896-3561
1000286873 Ontario Inc. Nadeem Dayani, Ahmed Amirali Dinani, and Karim Kasim Narsingani	132 Bartley Drive, Toronto, ON*	647-966-9661
14249470 Canada Inc. Neeta Kumar Patel	175-181 Lynden Road, Brantford, ON	226-388-4725
2262391 Alberta Inc. Hardikkumar Patel, Chiragbhai Popatlal Patel and Hiren Mahendrabhai Patel	Airdrie Main Street, Unit 104/106, Airdrie, AB	780-370-7725
Saawan Foods Limited Aliya Mushtaq and Muhammad Shoaib	221 Glendale Avenue, 602L, St. Catharine's, Ontario	905-906-3132
HAH Group of Companies Ltd. Armik Dahyabhai Patel, Hardikkumar Amrutbhai Patel, Sachin Ishwarbhai Koli, Abhikumar Vasantbhai Patel, and Jigneshkumar Pravinbhai Patel	790 Kanata Avenue, Kanata, ON	647-949-0255
Harikirtan Groups Inc. Parul Fenilkumar Patel	75 – 81 Billy Bishop Way, Toronto, Ontario	647-216-3007
Navrang Group of Companies Ltd. Armik Patel, Pranaykumar Patel, Dhaval Patel, and Maulikkumar Patel	11666 Stevenston Hwy, Unit No. 7000 Richmond, BC	647-949-0255

Canadian Stores

Franchisee/ Owner(s)	Address	Phone Number
1000328320 ONTARIO INC. Urvashiben Darji, Harsh Patel, and Chintankumar Darji	50 Bastille Street, Hamilton, ON*	289-700-7801
2450045 Alberta Ltd. Amitkumar Patel, Payal Shah, and Meetkumar Patel	3146 Kostash Green SW, Edmonton, AB*	587-834-3534
1000287879 Ontario Inc. Amitkumar Patel, Payal Shah, and Yogesh Patel	1154 Chemong Road, Unit 15, Peterborough, ON	587-834-3534
2451834 Alberta Ltd. Amitkumar Patel, Payal Shah, and Yogesh Patel	5111 22 nd Street, Unit #10A, Red Deer, AB	587-834-3534
1390071 B.C. LTD. Armik Patel, Hardikkumar Patel, Vandan Patel and Akash Patel	Unit 603, 4266 Grange Street, Burnaby, BC*	647-949-0255
1000489067 Ontario Inc. Ahmed Dinani, Rushi Jashwantbhai Patel, Noorjahan Dinani, Riya Jitendrakumar Patel	1280 Clearbrook Drive, Oshawa, ON	647-966-9661
1000497651 Ontario Inc. Muhammad Khawar Khan and Amna Liaqat	Port Credit West Village, Unit No. 5, in Building C1, Mississauga, Ontario	416-460-0519
Banff Ventures Inc. Alberta Venture Holdings Inc., Mihika Inc., Nemy Shah, Deep Patel, Sanketkumar Patel, Rashmikant Patel and Niraj Kakadiya	340 14 Avenue SW, Unit 410, Calgary, AB*	403-200-2242
SREE Desserts Inc. Darsh Patel, Hiteshkumar Vishnulal Patel, Jaiminkumar Jitendrabhai Patel and Yashika Shaileshkumar Pabari	25 Amy Croft Drive, Lakeshore, ON	431-733-2529
A1 Hospitality Ltd. Pranaykumar Patel, Hardikkumar Patel, Armik Patel, Dhaval Patel and Maulikkumar Patel	5949 125 Street, Surrey, BC*	647-949-0255

Canadian Stores

Franchisee/ Owner(s)	Address	Phone Number
A2 Hospitality Ltd. Armik Patel and Hardikkumar Patel	5949 125 Street, Surrey, BC*	647-949-0255
A3 Hospitality Ltd. Armik Patel and Hardikkumar Patel	5949 125 Street, Surrey, BC*	647-949-0255
A4 Hospitality Ltd. Armik Patel and Hardikkumar Patel	5949 125 Street, Surrey, BC*	647-949-0255
1000577635 Ontario Corporation Abhishek Janak Patel and Meet Mukeshbhai Soni	15Luce Drive, Ajax, ON*	226-961-4263
1000175472 Ontario Inc. Hiren Ashokbhai Chaudhary	1960 Hyde Park Road, Unit #5, London, ON	519-473-3111
13348806 Canada Inc. Parul Patel	Major Mackenzie & Mcnaughton Road, Unit 6-7, Building "E", Vaughan, ON	647-216-3007
A5 Hospitality Ltd. Armik Patel	790 Kanata Avenue, Unit M1a, Kanata, ON*	613-599-3828
15258243 Canada Inc. Urvashiben Darji, Chintankumar Darji, Nirav Pravinkumar Dodiya and Harsh Hinalbhai Patel	5685 Victoria Avenue, Niagara Falls, ON	289-700-7801
15332877 Canada Inc. Jatin Bhalla, Mohammad Bilal Ali, Muhammad Tariq and Nadeem Ahmed	110 Bach Avenue, Whitby, ON*	416-829-2904
1000561159 Ontario Inc. Kanza Ghazanfar, Zaeem Ghazanfar, Nabeela Ghazanfar and Ghazanfar Mashkooor Chaudhari	35 Harvard Road, Guelph, ON	519-767-0786

Canadian Stores

Franchisee/ Owner(s)	Address	Phone Number
10175330 Manitoba Ltd. Akil Momin, Javed Manesia, Sohil Dauva, Ranish Karim, Afiz Momin, 1437469 B.C. Ltd, 1437519 B.C. LTD., Shahid Sadruddin and Naim Dauva	178 Douglas Henning Bay, Winnipeg, MB*	306-999-1490
1438802 B.C. Ltd. Niraj Shah, Tirth Patel, Krupesh Jitendrabhai Patel, Jaitun Sheth, Anuj Chauhan, Nidhi Parmar, Bhavinaben Shah, Mihir Amin, Rikin Christian, Pulin Kumar Shah, Dhruvkumar Patel, 2372369 Alberta Inc., 1529734 Alberta Ltd., 2351184 Alberta Ltd., Saprem Enterprise Inc., and Raturikin Ventures Ltd.	6968 144 Street, Surrey, BC*	587-896-3561
A6 Hospitality Ltd. Armik Patel	125 Eagle Ridge Blvd, Fort McMurray, AB	647-949-0255
A7 Hospitality Ltd. Armik Patel	2210-200 Lougheed Drive, Fort McMurray, AB*	647-949-0255
2545508 Alberta Ltd. Muhammad Tayyub Rasool and Saadia Akram	720 Coalbrook Close W, Lethbridge, AB*	780-882-5972
15487099 Canada Inc. Chintankumar Darji, Harsh Hinalbhai Patel, Urvashiben Darji, Nirav Dodiya, and Rutvikkumar Patel	334 Wellington Road, Unit 5C, London, ON	289-700-7801
2410120 Alberta Inc. Jaitun Sheth, Nishant Sheth, Prachi Amin, Bhavyaben Haldaria, Bhavinaben Shah, Pulinkumar Shah, Krupa Tirth Patel, Shivani Dhruvkumar Patel, Patricia Grace Mendoza, Darshin Nitinbhai Shah, 2372369 Alberta Inc., 2388836 Alberta Inc., 2601955 Alberta Ltd., 2601587 Alberta Ltd., 1529734 Alberta Ltd., 2557196 Alberta Inc., And 2557193 Alberta Inc.	Unit #205, 2515 90 Avenue SW, Calgary, Alberta T2V 0L8	587-896-3561
2600570 Alberta Ltd. Malde Muliyaasiya, Rahulkumar Muliyaasiya, Inderpreet Sidhu, Ridham Patel, Sudhir Patel and Priteshkumar Ahir	1555 36 Avenue NW, Edmonton, Alberta T6T 0M5*	403-510-2871

Canadian Stores		
Franchisee/ Owner(s)	Address	Phone Number
VRS Foods Corp. Vivek Saha and Shilpy Kumari	CF Fairview Park, Unit 1002, 225 Fairway Rd South, Kitchener, ON	437-224-0592
Ganesha Food Limited Amit Patel	11666 Steveston Hwy, Richmond, BC, Unit 7000	780-999-4291
Shivshakti Corporation Ankitkumar Dasharathbhai Patel, Harsh Pravinkumar Patel, Savan Maheshbhai Patel, and Varshil Rakeshkumar Shah	5 Greystone Walk Dr, Unit 1813, Scarborough, Ontario M1K 5J5*	204-963-7866
Aroma Splendor Group Inc. Shubham Gandhi, Himanshu Gandhi, and Manpreet Singh	423 Savanna Way NE, Calgary, Alberta T3J 2K9*	403-669-2166
15303656 Canada Inc. Dinesh Bansal, Paras Dhingra, and Akshay Gulati	106 Columbus Gate, Hamilton, Ontario L8J 0L3*	647-625-2670
Kiaah Food Limited Ankit Aka Anilbhai Ghanshyambhai Patel and Bhavikkumar Girishbhai Patel	275 Thakur St, Saskatoon, SK, S7W 1C5*	306-380-9333

* Indicates a Franchise Agreement has been signed, but a location for the Premises has not yet been determined. In such cases, the address included in the chart above represents the Franchisee's registered or principal business address.

**Former Franchisees
As of December 31, 2024**

None.

EXHIBIT E

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EXHIBIT F
STATE ADDENDUM

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Item 5, Amendment:

Item 5 shall be amended to include the following: “Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.”

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

Franchisee Acknowledgment / Compliance Certification:

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

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Section 17.1 of the Franchise Agreement is deleted in its entirety.

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

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

D SPOT FRANCHISING USA INC.

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

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

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

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

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending

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

Item 5, Additional Disclosures.

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

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

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum,” and Item 17(w), titled “Choice of law”:

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

6. Franchise 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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at

the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

D SPOT FRANCHISING USA INC.

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

EXHIBIT G
DISCLOSURE ACKNOWLEDGMENT ADDENDUM

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT ADDENDUM

Applicant _____
(If corporation) State of Incorporation _____
Address of Applicant _____
Location (Territory) Applied For _____

1. I have received all appropriate disclosure documents for the State(s) of _____ at least fourteen (14) calendar days, exclusive of the day I received them and the day I signed them, before signing the Franchise Agreement and/or payment of any monies.

2. I have signed and returned to Franchisor the acknowledgment of receipt for each disclosure document given me.

3. I have had an opportunity to read the Franchise Agreement thoroughly and understand all of Franchisor’s covenants and obligations and my obligations as a franchisee of the D Spot Dessert Café system. I understand that the Franchise Agreement contains all obligations of the parties, and that Franchisor does not grant to me under the Franchise Agreement any right of first refusal.

4. I understand that this franchise business, as in all business ventures, involves risk and despite assistance and support programs, the success of my business will depend primarily upon me and my ability.

5. I acknowledge and agree that the franchise business may be impacted by many risks, including those outside the Franchisor’s or my control such as economic, political, or social disruption, including epidemics or pandemics or similar events, such as COVID-19 (“Events”). In addition, I acknowledge and agree that these Events and any preventative or protective actions that federal, state, and local governments may take in response to an Event may result in a period of business disruption, reduced customer demand, and reduced operations for the franchised business, and that the extent to which an Event impacts the franchised business will depend on future developments which are highly uncertain and which the Franchisor cannot predict.

6. Except for fill in the blank provisions or for negotiated changes that I initiated, I received a copy of the revised Franchise Agreement or related agreement at least seven (7) calendar days before the date on which the Franchise Agreement or related agreement was signed.

7. I understand that Franchisor has an advertising fund which is not directed towards any specific franchise territory but is intended to benefit the entire D Spot Dessert Café system. I further understand that amounts from the advertising fund will be used, among other purposes, to offset in-house expenses incurred in providing marketing services, media planning and network marketing support, and providing market intelligence through analytics to the D Spot Dessert Café system.

8. If I was referred to Franchisor by a franchise broker or referral source, the name of that franchise broker(s) or referral source(s) is _____.

9. I have had no promises, guarantees or assurances made to me and no information provided to me relative to earnings, revenues, profits, expenses, or projected revenues for this franchise, except as disclosed in the disclosure document. If I believe that I have received any such promises, guarantees, assurances or information, I agree to describe it below (otherwise write "None").

The representations under this Franchise Disclosure Acknowledgment Addendum are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act.

Applicants' Acknowledgment:

Name: _____
Date: _____

Name: _____
Date: _____

EXHIBIT H
STATE EFFECTIVE DATES AND RECEIPTS

State Effective Dates

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration as of the Effective Date stated below:

State	Effective Date
Maryland	Pending
New York	Pending

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

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 D Spot Franchising USA Inc. (“**D Spot**”) offers you a franchise, D Spot must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, D Spot or its affiliate in connection with the proposed franchise sale. Iowa and New York require that D Spot gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that D Spot gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If D Spot 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, D.C. 20580, and those state administrators listed on Exhibit C.

Issuance Date: June 25, 2025.

The franchisor is D Spot Franchising USA Inc., located at 30 Bertrand Avenue, Unit C5, Toronto Canada M1L 2P5. Its telephone number is 647-393-7861.

D Spot’s franchise sellers involved in offering and selling the franchise is Samir Desai and Asma Desai, 30 Bertrand Avenue, Unit C5, Toronto Canada M1L 2P5, 647-393-7861 or is listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement:

D Spot authorizes the respective state agencies identified on Exhibit C to receive service of process for D Spot in the particular state.

I have received a disclosure document with an issuance date of June 25, 2025, that included the following Exhibits:

- | | |
|---|--|
| A. Financial Statements | E. Operations Manual Table of Contents |
| B. Franchise Agreement (and exhibits) | F. State Addendum |
| C. List of State Administrators/Agents for Service of Process | G. Disclosure Acknowledgment Addendum |
| D. Franchisee List | H. State Effective Dates and Receipts |

Date: _____
(Do not leave blank)

(Print Name of Prospective Franchisee (For Entity))

By: _____
Its: _____

Signature _____

(Print Name of Prospective Franchisee (For Individuals))

Signature _____

Copy for Franchisee

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By: _____
Its: _____

Signature _____

(Print Name of Prospective Franchisee (For Individuals))

Signature _____

Please sign and date both copies of this receipt, keep one copy (the previous page) for your records, and mail one copy (this page) to the address listed on the front page of this disclosure document or send to Samir Desai by email to samir@dspotdessert.com.

Copy for D Spot Franchising USA Inc.