

FRANCHISE DISCLOSURE DOCUMENT



HANDEL'S ENTERPRISES, LLC
A Delaware Limited Liability Company
3830 Starr Centre Drive
Canfield, Ohio 44406
Phone: 330-702-8270
Email: info@handelsicecream.com
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Handel's Enterprises, LLC offers individual franchises for the operation of ice cream parlors that sell homemade ice cream, sherbet, ices, sorbet, and other ice cream products (the "Handel's Franchise").

The total investment necessary to begin operation of a Handel's Franchise ranges from \$311,000 to \$936,000. This includes between \$240,000 and \$285,000 that must be paid to us or our affiliates.

The minimum number of franchises required to be opened under the area development agreement is three (3) franchises. The total investment necessary to operate multiple Parlors under our form of area development agreement depends on the number of franchises we grant you the right to open. The total investment necessary to enter into a development agreement for the right to develop three (3) Parlors is \$361,000 to \$986,000, which includes (1) an initial development fee of \$100,000 that is paid to us, and (2) the total investment to open and commence operations of your initial Parlor. Under the area development agreement, the Development Fee is equal to \$50,000 for each Parlor that we will grant you the right to open and operate under the Development Agreement.

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 Franchise Relations at 3830 Starr Centre Drive, Canfield, Ohio 44406, 330-702-8270.

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

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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 Ave., NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 26, 2024.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20, Exhibit D or Exhibit E.
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 Handel's Enterprises, LLC 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 franchise 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 Handel's Enterprises, LLC franchisee?	Item 20, Exhibit D or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends that 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 F.

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

Special Risks to Consider About *This Franchise*

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

1. **Out of State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with us by mediation or litigation only in Ohio. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate or litigate with us in Ohio than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliate, or suppliers that the franchisor designates, at prices that the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

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

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

Handel's Enterprises, LLC is referred to in this Disclosure Document as "Franchisor," "we," "us," or "our." "You," "your," or "Franchisee" means the person who buys the franchise and includes your owners and principals if you are a corporation, limited liability company, or other business entity.

The Franchisor

We are a Delaware limited liability company. We were originally organized as a corporation under the laws of the State of Ohio on March 1, 1998, and we converted to a Delaware limited liability company on October 10, 2019 in connection with the ClearLight Transaction discussed below. We maintain our principal place of business at 3830 Starr Centre Drive, Canfield, Ohio 44406. We conduct all general business under our corporate name and registered trade name "Handel's."

We grant qualified individuals and entities the right to establish and operate a business that establishes and operates one ice cream parlor that sells homemade ice cream, sherbet, ices, and other ice cream products under the Handel's trademark (the "Handel's Franchise") and any other proprietary marks and names we use now or may designate in the future (collectively, the "Proprietary Marks"), as well as the proprietary business system that is described more fully below in this Item (the "System"). We have offered Handel's Franchises since 1989. We do not operate businesses of the type being franchised. You must use our trademarks, service marks, trade names, and other commercial symbols for your franchises, which we have designated in Schedule A to the Franchise Agreement. Our agents for service of process are listed in Exhibit F to this Disclosure Document. Other than the aforementioned services, we do not engage in any other business activities and have not offered franchises in any other line of business.

Parents, Predecessors and Affiliates

Our ultimate parent is Handel's Holdco, LLC ("Holdco"). On October 24, 2019, Holdco, through its subsidiary Handel's Intermediate Holdco, LLC ("Intermediate"), and through Intermediate's subsidiary, Handel's Group, LLC ("H Group"), acquired all of the ownership interests in Handel's Enterprises, LLC. Holdco's majority owner is ClearLight Partners III, LLC ("CLP"), a Delaware limited liability company. This transaction is referred to as the "ClearLight Transaction." Holdco, Intermediate, and H Group, are all Delaware limited liability companies, and were formed as a part of the ClearLight Transaction to facilitate the purchase of the ownership interests in Handel's Enterprises, LLC. The principal business address of Holdco, Intermediate, H Group, and CLP is 100 Bayview Circle, Suite 5000, Newport Beach, California 92660. Neither Holdco, Intermediate, H Group nor CLP offer or sell franchises, provide goods or services to any of the Handel's Franchises or franchisees, or own or operate any Handel's Parlors. One of CLP's investment companies owns a majority stake in Austin Fitness Group, LLC, a Delaware limited liability company, which is a multiple unit franchisee and area representative of OrangeTheory Fitness studios in multiple states.

Our affiliate, Handel's Incorporated of Youngstown, LLC ("Handel's of Youngstown"), is a Delaware limited liability company. Handel's of Youngstown was originally formed as an Ohio corporation on January 6, 2005, and as part of the ClearLight Transaction, Handel's of Youngstown converted to a Delaware limited liability company. Its principal place of business is located at 3830 Starr Centre Drive, Canfield, Ohio 44406. Since 2005, Handel's of Youngstown has operated businesses under the "Handel's" mark that are similar to the Handel's franchises offered under this Disclosure Document at various locations in Ohio. As of December 31, 2023, Handel's of Youngstown operated one Handel's Parlor.

Our affiliate, Handel's Bub, LLC ("Bub"), is a Delaware limited liability company. Bub, Inc. was originally formed as an Ohio corporation on June 19, 1995, and as part of the ClearLight Transaction, Bub, Inc. was converted to a Delaware limited liability company under the new entity name of Handel's Bub, LLC. Bub's principal place of business is located at 3830 Starr Centre Drive, Canfield, Ohio 44406. Since 1995, Bub has operated businesses under the Handel's mark that are similar to the Handel's franchises offered under this Disclosure Document at various locations in Ohio. As of December 31, 2023, Bub operated four Handel's Parlors.

Our affiliate, Handel's GiftCo ("GiftCo"), LLC, is an Ohio limited liability company. GiftCo administers the Handel's gift card redemption program. GiftCo was formed on February 8, 2023, and its principal place of business is located at 3830 Starr Centre Drive, Canfield, Ohio 44406.

Our affiliates have not offered franchises in other lines of business.

Except for those stated in this section, we do not have any other parents, predecessors, or affiliates that offer or operate franchises in any line of business or otherwise are involved in any other business activity.

The Franchise Offered

We offer to individuals and entities a franchise agreement (the "Franchise Agreement"), attached to this Disclosure Document as Exhibit B, which grants you the right to establish and operate a Handel's ice cream parlor ("Parlor"). The Parlor is operated from a free standing, end-cap, or in-line structure designed and constructed to our specifications and our unique trade dress. Adequate parking facilities are important to the success of the Parlor. The distinguishing characteristics of a Parlor include distinctive exterior and interior design, color scheme, fixtures and furnishings, menus, recipes, methods, uniform standards, procedures for management control, training and assistance, and advertising and promotional programs, all of which may be changed, improved and further developed by us.

You may acquire franchise rights to operate one Parlor upon the company's approval by executing our then-current franchise agreement and paying our then-current franchise fee.

The ice cream and frozen dessert industry is highly competitive, with national and regional chains, including other franchised brands. There are also many individually-owned ice cream parlors which would be similar to and competitive with us. In addition, there are other frozen dessert brands that are not ice cream, such as frozen yogurt. You will also face competition from ice cream and frozen desserts sold in grocery stores and other retail locations. Ice cream and frozen dessert products are somewhat seasonal and may sell better in warm weather.

Multi-Unit Offering

We also offer qualified individuals and entities the right to open and operate multiple Parlors within a designated geographical area (the "Development Area") under our current form of area development agreement that is attached to this Disclosure Document as Exhibit C (the "Development Agreement"), which will also outline a schedule or defined period of time in which you must open and commence operating each Parlor (a "Development Schedule"). Failure to comply with the Development Schedule is grounds for immediate termination of the Development Agreement.

At our option, you will be required to sign a Franchise Agreement for your initial Parlor at the same time you sign your Development Agreement, and you will eventually need to sign our then-current form of franchise agreement for each of the Parlors you open under the Development Schedule that may be different from the form of franchise agreement in this offering.

Industry-Specific Regulations

Your Parlor will be subject to federal, state, county, and municipality laws and regulations. You must investigate all applicable laws and regulations, and your cost to comply with such laws and regulations, and you should do so before purchasing a franchise from us.

Most locations require a “Food Service License” and a “Vendor’s License” in order to operate the Parlor. Most states require a food service license and other licenses for the preparation and sale of food and drink to the public, and these licenses must be maintained in good standing.

OSHA and health regulations as well as other state and local specific safety and workplace regulations may affect the types of safety devices and equipment you must make available to or be required to offer to your employees. These can vary from jurisdiction to jurisdiction and specific inquiry should be made with your state and local authorities.

We are not presently aware of any other regulations or special permits required for you to operate your Handel’s Franchise. Applicable laws and regulations are subject to change. Specific inquiry should be made with your state and local authorities.

ITEM 2 **BUSINESS EXPERIENCE**

Leonard Jerome Fisher – Chairman

Leonard J. Fisher has been our Chairman since March 2020. Mr. Fisher previously served as our President and Chief Executive Officer since 1986.

Jennifer A. Schuler – Chief Executive Officer

Jennifer A. Schuler has served as our Chief Executive Officer since March 2024. Previously, Ms. Schuler served in the following capacities with Wetzel’s Pretzels, located in Pasadena, California, from September 2014 to April 2023: Chief Marketing Officer; President; and Chief Executive Officer.

James Jude Brown – Senior Vice President, Relationship Management, Senior Advisor

James J. Brown has been our Senior Vice President, Relationship Management, Senior Advisor since January 2023. Mr. Brown previously served as our Chief Operating Officer and Secretary since November 2000.

Jody Lee Nerone – Vice President of Store Development and Product Innovation

Jody L. Nerone has served as our Vice President of Store Development and Product Innovation since February 2024. Prior to that time, Ms. Nerone was our Vice President of Franchise Development since March 1999.

Erin Snyder – Vice President of Franchise Development

Erin Snyder has served as our Vice President of Franchise Development since February 2024. Previously, Ms. Snyder served as Vice President of Franchise Development for GoDog Franchising, located in Atlanta, Georgia, from July 2023 to December 2023. Prior to that time, Ms. Snyder served as Vice President of Franchise Development for Level 5 Capital Partners, located in Atlanta, Georgia, from November 2022 to

July 2023. Ms. Snyder was the Director of North American Business Development for Papa Johns Pizza, located in Atlanta, Georgia, from January 2021 to November 2022. Prior to that time, Ms. Snyder served as its Director of Global Business Development from January 2019 to December 2020, which position she held in Louisville, Kentucky.

Sarah Alice Bradley – Vice President of Operations Services

Sarah A. Bradley has been our Vice President of Operations Services since January 2023. Mrs. Bradley previously served as our VP of Organizational Development since April 1997.

Christopher Michael Langley – Chief Financial Officer

Christopher Langley has served as our Chief Financial Officer since February 2023. Previously, Mr. Langley served as our Controller since August 2020. Mr. Langley served as Director of Accounting and Financial Reporting for EndoChoice Holdings from March 2016 to July 2018, as Assurance Manager at EY from September 2015 to March 2016, as Assurance Senior at EY from September 2013 to September 2015, and as Assurance Staff at EY from September 2011 to September 2013.

Ryan Francis Staver – Vice President of Supply Chain

Ryan Staver has served as our Vice President of Supply Chain since March 2023. Previously Mr. Staver served as Senior Director of Supply Chain since January 2021. Mr. Staver served as Director of Supply Chain for Tropical Smoothie Café from 2018-2021, as well as Senior Manager from 2017-2018; as Distribution Manager at Floor and Décor from 2014-2017, and Transportation Analyst from 2012-2014; and Supply Chain Manager for In2Food from 2009-2012.

David Russell Moon – Vice President of Operations

David Moon has served as our Vice President of Operations since March 2023. Previously, Mr. Moon served as a Leadership Consultant and Franchise Purchasing Consultant. Prior to that Mr. Moon served as VP, Franchise Operations and Training at Zaxby's from 2015-2021, Senior Director of Franchise Operations from 2014-2015, Director of Franchise Operations from 2011-2014, Senior Consultant of Franchise Operations from 2005-2011, and Operations Consultant of Franchise Operations from 2002-2005.

ITEM 3 **LITIGATION**

Commissioner of Business Oversight v. Handel's Enterprises, Inc. and Leonard J. Fisher, Fil. Org. ID 160301, dated December 3, 2018. As part of a larger dispute with a Handel's franchisee in Encinitas, that franchisee sought to rescind his agreement based on the provision to him of a previously approved franchise disclosure document while approval of an amended disclosure was pending with the California Department of Business Oversight ("DBO"). Specifically, the Encinitas franchisee had been given, and made a partial deposit based on, a disclosure document approved by the DBO in 2015. Months later, Handel's made certain changes to the provisions of the disclosure to allow franchisee to apply for Small Business Administration loans. As required, Handel's submitted those changes to the DBO in January 2016. During the pendency of the DBO's review, the Encinitas franchisee executed the earlier-approved disclosure. The DBO denied the request to rescind the franchise agreement and ordered Handel's to not sell franchises in violation of the California Franchise Laws, and that Handel's and Leonard Fisher pay an administrative penalty of \$5,000 per violation to the State of California to pay attorneys' fees and administrative expenses to the DBO in the

amount of \$13,200 as reimbursement for the costs associated with the investigation into this matter. The terms of the DBO Order were satisfied by Handel's in February of 2019.

Other than this action, no other 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

Franchise Agreement

Initial Franchise Fee

Upon execution of the Franchise Agreement, in order to obtain or commence the Franchise operation, you must pay us a lump sum of \$50,000 (the “Initial Franchise Fee”). The Initial Franchise Fee is fully earned and non-refundable in consideration of administrative and other expenses incurred by us in entering into the Franchise Agreement, and for our lost or deferred opportunity to enter into the Franchise Agreement with others. We offer no financing, direct or indirect, for the Initial Franchise Fee. During our past fiscal year ending December 31, 2023, the Initial Franchise Fee was uniform and in the amount of \$50,000.00.

Opening Equipment and Flavorings

Before you open the Business, you must order certain equipment and liquid flavorings from us and/or our affiliates. The estimated range of the initial purchases is between \$190,000 and \$235,000 for the Handel's dipping and holding cabinets, your opening inventory of ice cream and liquid flavorings, and other required equipment and opening inventory you must purchase from us to open your Business.

Development Agreement

If we grant you the right to open multiple Parlors under a Development Agreement, you must pay us a development fee that is based on the number of franchises we grant you the right to open within your Development Area (the “Development Fee”).

Development Fee for Three or More Parlors

The initial portion of the Development Fee (which we refer to as your “Initial Development Fee”) is due upon execution of your Development Agreement and is equal to \$25,000 for each Parlor that you are granted the right to open under the Development Agreement.

Thereafter, you will be required to pay a subsequent portion of the Development Fee amounting to \$25,000 in connection with each Parlor we grant you the right to open within your Development Area (the “Subsequent Development Payment”) when you sign a Franchise Agreement in connection with that Parlor, which in no event will be more than seven days from the date we accept a proposed site for that Parlor. In the event the initial franchise agreement for the right to open and operate the first Parlor under your Development Agreement is executed contemporaneously with the Development Agreement, you will be required to pay the full \$50,000 Development Fee for that Parlor at the time you execute the Development Agreement.

The Development Fee and Initial Development Fee are paid as consideration for the territorial rights you are granted within your Development Area and are not tied to any pre-opening obligations that we must otherwise perform. You will be required to enter into our then-current form of franchise agreement for each Parlor you wish to open under your Development Agreement. You will not be required, however, to pay an Initial Franchise Fee in connection with any Parlor we grant you the right to open as part of your Development Agreement, but the Development Fee must be timely paid as described in this Item. The Development Fee is deemed fully earned and non-refundable upon execution of your Development Agreement.

All fees described herein are non-refundable and are calculated and imposed uniformly on franchisees which enter into our current form of Franchise Agreement.

ITEM 6
OTHER FEES

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Royalty Fee	6% of Gross Revenue	Monthly (or another interval we designate)	See Note 2.
Brand Fund	Up to 2% of Gross Revenue We have not established a Brand Fund and accordingly do not currently collect any Fund contribution	Monthly (or another interval we designate)	We have not yet established a brand fund to promote our Proprietary Marks, System and/or brand generally (a “Fund”). If we create a Fund, we will collect your Fund Contribution at the same time and in the same manner as we collect your Royalty Fee.
Local Store Advertising	A minimum of 1 % of Gross Revenue	Monthly	Payable to Various Third Parties
Regional Advertising Cooperative	If applicable, the then-current fee as determined by the Cooperative.	As determined by the Cooperative	We have the right to designate any geographical area for purposes of establishing a cooperative, and to determine if a cooperative is applicable to your Parlor. You must comply with all guidelines and requirements applicable to the cooperative. All amounts paid to a cooperative will be credited towards your local advertising requirement. Any company/affiliate owned Parlors within the

Type of Fee	Amount (See Note 1)	Due Date	Remarks
			designated cooperative geographic designation will participate in the cooperative on the same basis as franchised Parlors.
Initial Advertising	Up to \$5,000	Prior to Opening	Payable to Various Third Parties
Telephone Listing	Varies	When incurred	Payable to Various Third Parties
Point of Sale Fee	Up to \$600	Monthly	Payable to Various Third Parties
Training Fee	Then-current Training Fee (currently, \$500 per day, plus costs and expenses)	When incurred	If we provide training to your managers or employees, you must pay the Training Fee. See Item 11.
Transfer Fee	\$15,000	Before completion of transfer	Payable to Us
Accounting	Cost of audit plus 10% interest on underpayment	When incurred	Only if audit reveals underpayment of 3% of gross revenue for any month
Renewal Fee	\$15,000	When executing renewal form of franchise agreement	Renewal fee is collected at the same time and in the same manner as the Initial Franchise Fee payable in connection with your initial franchise agreement.
Insurance	Will vary according to circumstances	Upon demand	If you fail to obtain required insurance, we may obtain such insurance at your expense (but are not required to do so) and charge you a service fee to do so. Otherwise, these payments are made directly to your third-party insurance provider.
Indemnification	Amount of claim or judgment	When incurred	You must reimburse us for our attorneys' fees and other costs that we incur in connection with any third-party claims brought against us that arise out of, or are related to, the operation of your Parlor.
Supplier Approval Fee	The greater of the actual costs we incur in evaluating any proposal you submit, or \$3,000 per proposal	As incurred	As discussed more fully in Item 8, you may propose a non-approved item or non-approved supplier that you

Type of Fee	Amount (See Note 1)	Due Date	Remarks
			would like to use in connection with your Parlor. If you make such a proposal, we reserve the right to be reimbursed for the actual expenses/costs we incur in evaluating your proposal, or \$3,000, whichever is greater.
Insufficient Funds/Interest	\$100 insufficient funds fee, plus interest at the Prime Bank Rate plus two percent (2%), calculated and payable weekly	As incurred	You must pay all collection charges associated with our efforts in collecting any amounts owed to you or us under the Franchise Agreement and/or Development Agreement.
Relocation Fee	\$2,000	Upon relocation	If you intend to relocate your Parlor, we have the right, but not the obligation, to provide you with assistance in relocating the Parlor. If we do provide such assistance, you will be required to pay this Relocation Fee.

Notes:

1. Except where otherwise noted, all fees are payable to us, are non-refundable, and are uniformly imposed on franchisees entering into our current form of Franchise Agreement.
2. “Gross Revenue” means the total revenue generated by your Parlor, including all revenue generated from the sale and provision of any and all products and services offered at your Parlor which shall include, without limitation, all take-out, dine-in, delivery and catering orders, all payments in cash, credit or other payment method, as well as all proceeds from any business interruption insurance you receive with respect to the Business, but excluding the face-value of all Handel’s approved promotional discount coupons accepted by you from your customers and all sales and use tax you properly collect and pay to the appropriate government authority. Each installment or credit sale that is made, regardless of when you receive payment, will be treated as a sale at the full sales price. Therefore, you are not allowed deductions for uncollectable accounts, or in any other manner, except as specified above.

ITEM 7
ESTIMATED INITIAL INVESTMENT

A. Franchise Agreement

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (See Note 1)	Method of Payment	When Due	To Whom Payment Made
Initial Franchise Fee (See Note 2)	\$50,000	Lump Sum	When you sign the Franchise Agreement	Us
Real Property (See Note 3)	\$0 to \$39,000 (total for 3 months)	Monthly for Lease	As Arranged	Landlord
Construction Costs (See Note 3)	\$0 to \$420,000	Progress Payments	As Arranged	Landlord, Various Third Parties
Signage and Outdoor Fixtures (See Note 4)	\$24,000 to \$55,000	As Arranged	As Arranged	Approved Suppliers
Equipment (See Note 5)	\$190,000 to \$235,000	As Arranged	As Incurred	Us
Opening Advertising (See Note 6)	\$1,000 to \$5,000	As Arranged	As Incurred	Suppliers
Pre-Opening Salaries and Travel Expenses (See Note 7)	\$2,000 to \$10,000	As Arranged	As Arranged	Suppliers
Start-up Supplies (See Note 8)	\$17,500 to \$30,000	As Arranged	As Incurred	Approved Suppliers
Insurance (See Note 9)	\$500 to \$3,500	As Arranged	As Incurred	Insurers
Utility Deposits (See Note 10)	\$1,000 to \$15,000	As Arranged	As Incurred	Lessor, Utility Companies
Architect Design (See Note 11)	\$3,000 to \$18,500	As Arranged	As Incurred	Approved Architect
Professional Fees (See Note 12)	\$2,000 to \$5,000	As Arranged	As Incurred	Professionals
Additional Funds (See Note 13)	\$20,000 to \$50,000	As Incurred	As Incurred	Various Third Parties
TOTAL (See Note 14)	\$311,000 to \$936,000			

Notes:

1. Amount. 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. We do not offer direct or indirect financing.
2. Initial Fee. You pay us the Initial Franchise Fee as more fully described in Item 5.
3. Real Property and Construction Costs. Our estimate of your initial investment assumes that you are leasing a location and that you are not capitalizing your lease. That is, you are not adding your lease

or rent payments to your initial investment. If you purchase land that we approve, and build to our specifications, your initial investment will increase by the land cost and at least an additional \$300,000.00 for land improvements and building costs. The low-end estimate of \$0 will only be applicable to leasing a newly constructed building, where the landlord has agreed to build out the premises to our specifications at its own expense, such that no additional modifications or construction costs are required. The high-end estimate is based on a 1,900 to 2,300 square foot walk-in facility. The standard size of a walk-up facility is 1,500 to 1,800 square feet. If you require a larger facility, your cost may increase accordingly. Local zoning may restrict your ability to operate a business from certain locations. You should make a specific inquiry. The cost will vary depending on the condition of the location for the Parlor. You will also need to install indoor and outdoor signage, but that cost is not included in this item (see Note 4 below). You must use an approved, licensed general contractor to oversee the construction of the Parlor or obtain our prior written approval of your licensed general contractor. The design of your parlor is important to us, and we have the right to review and accept all plans and specifications and to confirm that the construction is completed in conformance with our architectural and design standards and specifications.

4. **Signage and Outdoor Fixtures.** You will need to install indoor and outdoor signage. At a minimum, this will include at least one illuminated sign on the exterior of your Parlor (subject to local law). Signage requirements will vary depending on whether your location has any interior space accessible to customers. If your location has an outdoor patio/seating area, you will need to install outdoor fixtures, which might include benches, tables, and umbrellas.
5. **Equipment.** You must lease or purchase the furniture, fixtures and equipment, including the point-of-sale system, as we may require in the Manuals (as defined in Item 8). The cost to purchase the furniture, fixtures and equipment depends on the make, model, and whether new or used equipment is required. The size, age and layout of your building is also a significant factor in your cost analysis. You will need to install fixtures, furnishings and items which comply with our specifications. You must purchase or lease certain items of equipment, including specific batch freezers, holding and dipping cabinets, sinks and cooler space. The estimated equipment cost also includes the cost of ice cream flavorings, gift cards, and stickers which you must purchase directly from us.
6. **Opening Advertising.** We will determine your required Opening Advertising spend based on the specific requirements of your territory and market (up to a maximum of \$5,000). You must expend the required amount during a period beginning 30 days prior to opening your Parlor, until the date 60 days thereafter. This expenditure will be used for media buys and promotional items, as well as social media and other online marketing programs. We will provide you with a personalized Opening Advertising schedule setting forth your required expenditure and any other requirements for how such expenditures must be made at least 60 days prior to the scheduled opening of your Parlor.
7. **Pre-Opening Salaries and Travel Expenses.** You will incur salary, travel and lodging expenses for your attendance at our initial training program. Training consists of 10-14 days at a location designated by Handel's Ice Cream, which will include the franchisee (or your principal) and at least one other person for each parlor - who are persons (including the franchisee, if applicable) that will be employed full time at the parlor. The cost will depend on the distance you must travel and the type of accommodations you choose.
8. **Start Up Supplies.** We estimate that the range given will be sufficient to cover supplies of certain ice cream mixes and products, and cleaning, office and general supplies for a ten-day period following the opening of your Parlor. Except as described below, we will not offer, directly or indirectly, any arrangements for financing your initial investment or the operation of your business. The estimated

cost of Start Up Supplies does not include the cost of ice cream flavorings, gift cards, and stickers which you must purchase directly from us. These costs are included under the “Equipment” heading.

9. Insurance. The figures in the chart are annual expenses of \$500 to \$3,500. In rare cases, you will be required to pay the entire annual premium initially.
10. Utility Deposits. You will need to provide deposits for utilities. The amount of such deposits will vary depending upon the practices of the utility companies.
11. Architect Designs. Our approved architect will provide you with a test fit for a location that is under consideration to ensure the potential site will meet our brand standards and is operationally viable. Once we have your test fit approval, you must use a pre-approved, licensed architect or obtain our prior written approval of your licensed architect to prepare preliminary and final architectural and engineering drawings for the Parlor in accordance with our standard plans.
12. Professional Fees. You may desire to employ an attorney, accountant and other consultants.
13. Additional Fees. You will need capital to support ongoing expenses, such as payroll and utilities, to the extent that these costs are not covered by sales revenues. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after.
14. Total. In preparing the figures in Item 7, we relied upon our thirty years’ experience in the industry, including information we gathered from current franchisees that have opened a Handel’s ice cream parlor in the past three years.

B. Development Agreement

YOUR ESTIMATED INITIAL INVESTMENT¹

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Development Fee ²	\$100,000	Lump Sum	Upon execution of Development Agreement	Franchisor
Initial Investment to Open Initial Parlor ³	\$261,000 to \$886,000		See Chart A of this Item 7.	
TOTALS	\$361,000 to \$986,000		This is the total estimated initial investment to enter into a Development Agreement for the right to own a total of three (3) Parlors, as well as the costs to open and commence operating your initial Parlor for the first three (3) months (as described more fully in Chart A of this Item 7).	

Notes

1. **General Note.** All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This Chart details the estimated initial investment associated with executing a Development Agreement for the right to own and operate three (3) Parlors, as well as the initial investment to open your first Parlor under your Development Schedule.
2. **Development Fee.** The Development Fee is described in greater detail in Item 5 of this Disclosure Document, and this Initial Development Fee is for the right to open and operate a total of three (3) Parlors (provided you comply with your development obligations under the Development Agreement), as well as the Subsequent Development Fee for your first Parlor. You will also be required to pay a Subsequent Development Fee equal to another \$25,000 when you sign a Franchise Agreement in connection with that Parlor, which in no event will be more than seven days from the date we accept a proposed site for that Parlor.
3. **Initial Investment to Open Initial Parlor.** This figure represents the total estimated initial investment required to open the initial Parlor you agreed to open and operate under the Development Agreement. You will be required to enter into our then-current form of franchise agreement for the initial Parlor you open under your Development Agreement, either at the time you execute the Development Agreement or once you have found a Premises for the business that we approve. The range includes all the items outlined in Chart 7.A. of this Item, except for the Initial Franchise Fee (because you are not required to pay any Initial Franchise Fee for those Parlors you open under the Development Agreement). It does not include any of the costs or Subsequent Development Fees you will incur in opening any additional Parlor(s) that you are granted the right to open and operate under your Development Agreement.

ITEM 8 **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

To ensure that the highest degree of quality and service is maintained, you must operate all aspects of your Parlor in strict conformance with the methods, standards and specifications of our System. Our methods, standards, and specifications will be communicated to you in writing through our confidential Manuals and other proprietary guidelines and writings that we prepare for your use in connection with the Parlor and System. We may periodically change our System standards and specifications from time to time as we deem appropriate, including without limitation, to reflect the changing market and/or to meet new and changing consumer demands, and to preserve and enhance the image of the System and the operations of Handel's Parlors.

We negotiate purchase arrangements with suppliers of some equipment and supplies for the benefit of franchisees.

Approved Products and Services

You must purchase and install, at your expense, our trade dress, all service mark decals, and equipment (including food service equipment, an 8 X 14 walk in cooler, Handel's batch freezers, Handel's dipping and holding cabinets, ice cream scoops, buckets, containers, Point of Sale system with kitchen display system integration, interior signage, menu boards, uniforms) as we may reasonably direct periodically. You must not install or permit to be installed on any of the public areas of your business, letterhead or advertising, without our prior written consent, any signs, or other items not previously approved as meeting our standards and specifications.

Except as provided in the Franchise Agreement, all products sold or offered for sale at the Business must meet our then-current standards and specifications, as established in our Confidential Operations Manual and Parlor Manual (the “Manuals”) or otherwise in writing. You must purchase all products solely from suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the Manuals or otherwise in writing (“Approved Suppliers”). We will provide you with a list of our then-current Approved Products, along with their corresponding proprietary recipes and standards and specifications for storage/preparation/presentation, as part of the Manuals or otherwise in writing prior to the opening of your Parlor. We may update or modify this list in writing at any time.

At different times of the year, suppliers may or may not offer a rebate program to us or you. You will purchase products from the same Approved Suppliers we and the system use, thus benefiting from our volume buying. Subject to our approval of alternative suppliers, all purchases are made through our distribution channel. The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your “Required Purchases.” We estimate that your Required Purchases will account for approximately 75% of all purchases you will make in establishing the Business and 95% of all purchases in operating the Business.

We may, but are not obligated to, grant your request to offer any products or services in connection with your Parlor that are not Approved Products and Services, or purchase any item or service we require you to purchase from an Approved Supplier from an alternative supplier. If you desire to purchase products from other than Approved Suppliers, you must submit to us a written request to approve the proposed supplier. You must provide us with any additional documentation we require to determine if the alternative product or supplier conforms with our specifications. Specifications and standards of our supplies and equipment are not issued to you, but they are issued to our suppliers. You must pay our then-current supplier or non-approved product evaluation fee when submitting your request. If you make such a proposal, we reserve the right to charge you the greater of the costs/expenses we incur in evaluating/testing your proposal, or \$3,000 per proposal. We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the supplier’s production and delivery capability, overall business reputation and financial condition. We will have the right to require that our representatives be permitted to inspect the supplier’s facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us. A charge not to exceed the reasonable cost of the evaluation and testing must be paid by you. We will, within 30 days after our receipt of the completed request and completion of the evaluation and testing (if required by us), notify you in writing of our approval or disapproval of the proposed supplier.

You must not sell or offer for sale any products of the proposed supplier until our written approval of the proposed supplier is received. We may periodically revoke our approval of particular products or suppliers when we determine, in our sole discretion, that the products or suppliers no longer meet our standards. Upon receipt of written notice of this revocation, you must cease to sell any disapproved products and cease to purchase from any disapproved supplier. You must use products purchased from approved suppliers solely for the purpose of operating your Parlor and not for any other purpose.

Currently, you must purchase the following items from us or our affiliates: our Handel's dipping and holding cabinets, batch freezers, our opening and ongoing inventory of ice cream and liquid flavorings, gift cards, signs and stickers for the Parlor, and other miscellaneous items. You must purchase from Approved Suppliers certain ice cream and topping ingredients, small wares, other required equipment, paper goods, cleaning supplies and other products. You are also required to engage certain professional service providers who we have designated as Approved Suppliers, including architect, engineers, general contractor, and real estate broker.

Your Parlor must be constructed by a general contractor we have designated and approved. We reserve the right to designate or approve alternative contractors in the area where your Parlor is located. You must also purchase fresh fruit and other food ingredients from local suppliers in accordance with our requirements and as detailed in the Manuals.

We receive revenue from our sale of required items from you. In addition, some suppliers will pay us a commission based on sales of products or other items to franchisees. These commissions may be calculated as a percentage of sales or may be a fixed amount per order. Currently, we receive a percentage rebate of up to 2% on certain franchisee purchases, or alternatively, a rebate of up to \$12.72 per unit of certain products purchased by our franchisees. Also, some suppliers may pay a rebate directly to franchisees based on franchisee sales. As of our fiscal year ending December 31, 2023, Handel's Enterprises, LLC derived \$8,417,623, or 54%, of its total revenue of \$15,448,399 as a result of required franchisee purchases and leases.

There are no provisions made on income for any lease agreements. We or our affiliates have not received any other consideration from any purchase agreements.

We do not provide material benefits to a franchisee based on a franchisee's use of designated or approved sources.

We are an approved supplier of liquid flavorings for flavors of ice cream. We reserve the right to derive a profit from the sale of all such products. There are no purchasing or distribution cooperatives for any of the items described above. No officer of the Franchisor owns an interest in any supplier.

Insurance

You must purchase and maintain the types and amounts of insurance as set forth in the Operations Manual, which currently requires comprehensive public liability and property damage insurance including personal and bodily injury liability, contractual liability, owned and non-owned automobile liability (if applicable), employers' liability, and owners and contractors protective insurance coverage with respect to the business and anyone performing services on its behalf, for at least two million (\$2,000,000) dollars per occurrence. You must obtain the requisite insurance from an insurance company with a Best's Insurance Guide minimum rating of A- or better. If you choose to lease office space, you must maintain any additional insurance required by your landlord or under applicable law. You must furnish us with certificates of insurance (or, at our request, copies of all insurance policies), evidencing the existence and continuation of the insurance coverage required by the Franchise Agreement upon the opening of your Franchised Business.

All policies must contain a waiver of subrogation in our favor, and must name us, our affiliates, and any additional parties that we designate as additional insured (except with regards to workers' compensation insurance). You or your insurance carrier must notify us of any reductions in coverage or cancellation 30 days before such reduction or cancellation will be in effect.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligations	Section in Agreement	Section in Development Agreement	Disclosure Document Item
A. Site selection and acquisition/lease	Article II	Section 1 and Exhibit A of the Development Agreement	Item 11
B. Pre-opening purchase/leases	Article III	Nothing Additional (see Franchise Agreements signed)	Item 7
C. Site development and other pre-opening requirements	Article III & IV	Sections 1, 5 and Exhibit A of the Development Agreement	Item 11
D. Initial and ongoing training	Article IV	Nothing Additional (see Franchise Agreements signed)	Item 11
E. Opening	Article IV	Nothing Additional (see Franchise Agreements signed)	Item 11
F. Fees	Articles VIII, IX & X	Section 2	Items 5 and 6
G. Compliance with Operations Manual	Article V	Nothing Additional (see Franchise Agreements signed)	Items 11 and 15
H. Trademarks and proprietary information	Articles I & XIII	Nothing Additional (see Franchise Agreements signed)	Items 13 and 14
I. Restrictions on products/services offered	Article V	Nothing Additional (see Franchise Agreements signed)	Item 16
J. Warranty and customer service requirements	Article V	Nothing Additional (see Franchise Agreements signed)	None
K. Territorial development and sales quotas	Articles I, II & Schedule A	Section 1 and Exhibit A of the Development Agreement	None
L. Ongoing product/service purchases	Article V	Nothing Additional (see Franchise Agreements signed)	Item 8
M. Maintenance, appearance and remodeling requirements	Article V	Nothing Additional (see Franchise Agreements signed)	Item 8
N. Insurance	Article VI	Nothing Additional (see Franchise Agreements signed)	None
O. Advertising	Article X	Nothing Additional (see Franchise Agreements signed)	Item 11
P. Indemnification	Article XIX	Nothing Additional (see Franchise Agreements signed)	None
Q. Owner's participation/management/staffing	Article IV & V	Nothing Additional (see Franchise Agreements signed)	None
R. Records/reports	Article XI	Nothing Additional (see Franchise Agreements signed)	None
S. Inspections/audits	Article XII	Nothing Additional (see Franchise Agreements signed)	None
T. Transfer	Article XVIII	Section 8	Item 17
U. Renewal	Article I	Nothing Additional (see Franchise Agreements signed)	Item 17
V. Post-termination obligations	Article XIV & XVII	Nothing Additional (see Franchise Agreements signed)	Item 17

Obligations	Section in Agreement	Section in Development Agreement	Disclosure Document Item
W. Non-competition covenants	Article IV & XIV	Nothing Additional (see Franchise Agreements signed)	Item 17
X. Dispute resolution	Article XX	Sections 11 through 19	Item 17
Y. Guarantee	Article XIX	Nothing Additional (see Franchise Agreements signed)	Item 15

ITEM 10 **FINANCING**

We do not offer direct or indirect financing, nor do we guarantee your obligations.

ITEM 11

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

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

Pre-Opening Obligations

Before you open your Parlor, we (or our designee) will provide the following assistance and service to you:

1. Provide site-selection assistance and approve the location of your Parlor. Refer to Franchise Agreement Section 2.01.
2. Approve the lease for the Parlor if you are leasing the property. Refer to Franchise Agreement Section 3.01.
3. Lend you one set of standard plans and specifications and provide you with a list of approved suppliers. Refer to Franchise Agreement Section 3.02.
4. Conduct the initial training for you, your operating manager, other managers, and employees. We will provide training to you and your operating manager at no cost to you, however you must pay our then-current Training Fee to train any of your employees. Refer to Franchise Agreement Sections 4.01 and 4.03.
5. Provide you one field representative to assist you opening your Parlor. Refer to Franchise Agreement Section 4.04.
6. Provide, on loan, a hard copy or electronic access to the Manuals. The Table of Contents to the Manuals is attached to this Disclosure Document as Exhibit I. Refer to Franchise Agreement Sections 4.08.
7. Lend you a sample advertising program, flyers, and other promotional materials relating to the programs as we deem appropriate. Refer to Franchise Agreement Section 10.01.
8. Provide you with a personalized opening advertising schedule and approve your opening advertising program and expenditures. Refer to Franchise Agreement Section 10.03

Continuing Obligations

During the ongoing operation of your Parlor, we (or our designee) will provide the following assistance and service to you:

1. We will provide to you periodically, as we deem appropriate, advice and written materials

concerning techniques of managing and operating your Parlor, including required and suggested recipes, serving methods, portion control, sales methods, new developments and improvements in equipment, services and marketing techniques. Refer to Franchise Agreement Sections 4.06, 4.08, 5.05, and 10.01–10.04.

2. We will conduct, as we deem advisable, inspections of your Parlor. Refer to Franchise Agreement Section 12.01.
3. We will make available to you, for sale on such terms and conditions as we deem appropriate, equipment, supplies, forms, and signs and decals. We provide these items directly, or through our affiliates. We or our affiliates will deliver these items. See Item 8 for a description of equipment and products for which we provide specifications. Refer to Franchise Agreement Sections 4.06–4.08, 5.02, 5.08, 5.10 and 10.01.
4. We will make available to you occasionally, at your expense, advertising plans and promotional materials, including newspaper, coupons, merchandising materials, sales aids, special promotions, direct mail materials, and similar advertising and promotional materials. Refer to Franchise Agreement Section 10.01.
5. During the first week of operation, we will furnish to you, at your request and at our expense, one (1) of our representatives for the purpose of facilitating the opening of your Parlor. That representative will also assist you in establishing and standardizing procedures and techniques essential to the operation of your distinctive Parlor, and, if necessary and requested by you, will assist in hiring and training your personnel. Refer to Franchise Agreement Section 4.04.
6. We will also provide a continuing advisory service which will include, but not be limited to, consultation on technical, business or operational problems. Refer to Franchise Agreement Section 4.07.
7. We will initially and occasionally when available, offer to you materials and bulletins on food preparation, marketing developments, products, and techniques either without charge or according to then current price lists. Refer to Franchise Agreement Sections 4.06–4.07.
8. Franchise will be required to purchase the point of sale (“POS”) system that we designate from time to time, as described in the Manuals. This will include the addition of a kitchen display system (“KDS”), and the current estimated cost to purchase the POS system, and KDS will range from \$13,000 to \$22,000.00. You will be responsible for maintenance of both systems, and there is no limit on the costs you may incur to maintain them. We will have independent access to information and data that is electronically collected. Refer to Franchise Agreement Section 11.02.
9. Conduct ongoing or additional training for your managers and your employees, at your expense. Refer to Franchise Agreement Sections 4.03 and 4.05.
10. Lend you a sample advertising program, flyers, and other promotional materials relating to the programs as we deem appropriate. Refer to Franchise Agreement Section 10.01.
11. We reserve the right to establish pricing of products offered by your Parlor to the fullest extent permitted by then-applicable law to enhance the competitive position and consumer acceptance of such products consistent with the long-term interest of the System. Refer to Franchise Agreement Section 5.06.

We are not obligated to provide any other supervision, assistance, or services in connection with the ongoing operation of your Parlor. Any duty or obligation imposed on us by the Franchise Agreement may be performed by us or any of our designees, employees, or agents.

Computer Hardware and Software

Before opening your parlor, you must obtain the then-current computer hardware and software we require all franchisees to have and use in their Business. Generally, we require you have a POS system for use in the Business, one desktop or laptop computer for general business use, and certain computer software, as we determine and describe in the Manuals. We may change the computer hardware and software that you are required to use in your Business from time to time (including, without limitation, the required POS and KDS system), and there is no limit to the costs you will incur in any calendar year for these expenses. You must employ a qualified bookkeeper we approve or use QuickBooks or any other accounting/bookkeeping software we designate from time to time, and provide all reports generated by such software or bookkeeper in the standardized format and with such data as we require.

You are also required to participate in any System-wide area computer network, intranet system, or extranet system that we implement, and may be required to use such networks or system to, among other things, submit your reports due under the Franchise Agreement to us online, view and print portions of the Manuals, download approved local advertising materials, communicate with us and other System franchisees, and complete certain components of any ongoing training we designate.

Training Programs

Prior to the opening of your Parlor, you (or, if you are a corporation or partnership, your principal acceptable to us), and your manager (if you or your principal will not manage the Parlor), must attend and complete to our satisfaction the initial training program we offer. Any persons subsequently employed by you in any such management or supervisory position must also attend and complete our training program, to our satisfaction. You and your manager must also attend such additional courses, seminars, and other training programs as we may reasonably require periodically.

All training programs will be at such times and places as may be designated by us. You will be required to pay our then-current Training Fee for all additional training courses, as well as all costs and expenses for our instructors and/or your attendees to attend additional training. You or your employees will be responsible for all other expenses incurred by you or them in connection with any such courses, seminars, and programs, including the costs of transportation, lodging, meals, and wages. At our option, you must also reimburse us for any expenses incurred by our employees in providing training at your location.

The initial training program will be no more than 30 to 45 days prior to opening and will be approximately 10-14 days in duration, consisting of both personal instruction and on-the-job training, and is conducted on an as-needed basis. The initial training program will be conducted at our headquarters (or another training Parlor we designate) and in your Designated Territory (as defined in Item 12) during the initial opening of your business. The instructional materials include the Manuals, handouts, and written presentations.

The initial training program will be conducted by (1) Leslie Christiansen, who has been with us for 22 years; (2) Tiffany Dugan, who has been with us for 14 years; (3) Rachel Gobep, who has been with us for 10 years; (4) Hunter Silveus who has been with us for 6 years; and (5) Kaylee Davis, who has been with us for 7 years.

We may use third-party resources or suppliers for any of the training so that we may provide you with relevant and timely training.

In addition to our initial training program, if you are opening your first Parlor, we will provide on-site assistance immediately prior to or during your grand opening period for no additional fee. We will be responsible for travel, lodging, meals and all related expenses of the training personnel we send to provide this on-site assistance. Typically, we will provide support staff for seven to ten days, depending on the independent judgment of our staff on site. This time is not included in the total time disclosed in the chart below, which describes the subjects covered in the initial training program:

TRAINING PROGRAM

Subject	Hours of Class Room Training	Hours of On the Job Training	Location
Personnel Management	0	2	Canfield, OH or other training facility we designate (which may include your Parlor).
Business Systems	2	4	Canfield, OH or other training facility we designate (which may include your Parlor).
Forms and Documents	2	2	Canfield, OH or other training facility we designate (which may include your Parlor).
Customers Service Techniques	0	38	Canfield, OH or other training facility we designate (which may include your Parlor).
Ice Cream Preparation	0	38	Canfield, OH or other training facility we designate (which may include your Parlor).
Equipment Maintenance and Operation	0	2	Canfield, OH or other training facility we designate (which may include your Parlor).
TOTAL	4	86	

Upon your reasonable request, we will attempt to provide additional training or other assistance as needed in order to help you handle unanticipated problems as they arise. You must pay our then-current Training Fee (currently, \$500 per day, plus costs and expenses) and reimburse us for our expenses in providing this assistance.

Advertising and Promotion

You must spend up to \$5,000 on advertising of the opening of your Parlor during the 30 days immediately before and 60 days immediately following the opening of your Parlor. We will notify you of your required opening advertising expenditure at least 60 days prior to your opening date in a personalized opening advertising schedule, which may also set forth additional guidelines or requirements in connection with this expenditure. All opening advertising expenditures must be approved by us. Recognizing the importance of promoting your Franchised Business within your Designated Territory and surrounding area, you must expend no less than one percent (1%) of the Gross Revenue of your Parlor each calendar month (based on the Gross Revenue of the Parlor during the preceding calendar month) on local advertising and marketing (the "Local Advertising Requirement"). You must use only those materials that we have previously approved or designated, and we may require that you provide us with reports and other evidence of your local advertising expenditure each month.

All advertising and promotion by you must be in such media and of such type and format as we may approve, must be conducted in a dignified manner, and must conform to such standards and requirements as we may specify. You may not use any advertising or promotional plans or materials unless and until

you have received written approval from us, pursuant to the procedures and terms set forth in the Franchise Agreement. We are not required to spend any amount on advertising in your Designated Territory.

You must submit samples of all advertising and promotional plans and materials to us, for our prior approval (except with respect to prices to be charged) if such plans and materials have not been prepared or previously approved by us. You must not use the plans or materials until they have been approved in writing by us.

We will have the right, in our discretion, to designate any geographic area for purposes of establishing a “Cooperative” for advertising purposes, and to determine whether a Cooperative is applicable to the Parlor. We also have the power to require a Cooperative to be changed, dissolved, or merged. If a Cooperative has been established applicable to your Parlor at the time you commence operations under the Franchise Agreement, you must immediately become a member of the Cooperative. If a Cooperative applicable to your Parlor is established at any later time during the term of the Franchise Agreement, you must become a member of the Cooperative no later than 30 days after the date on which the Cooperative commences operation. If your Parlor is within the territory of more than one Cooperative, you are required to be a member of only one Cooperative. Any contributions you are required to make as part of a Cooperative will be credited against your required Local Advertising Requirement. All businesses owned and controlled by us and our affiliates, and located within the geographic area of the Cooperative, will also become a member of the Cooperative and will contribute to the Cooperative on the same basis as other members.

We reserve the right to establish a System-wide Brand Fund (the “Fund”) for the benefit of the entire System. We intend to use the Fund to meet certain costs related to maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System. As of the issuance date of this Disclosure Document we have not yet created a Fund, and therefore you are not required to make any contribution towards the Fund. If a Fund is created, you may be required to contribute up to two percent (2%) of Gross Revenue to the Fund (the “Fund Contribution”). Certain Affiliate-owned Parlors will contribute to the Fund in the same manner that each franchised Parlor is required to contribute, however not all Affiliate-owned Parlors will be required to contribute to the Fund. The Fund may be used for advertising materials/campaigns in printed materials or on radio or television for local, regional or national circulation, internet regional or national advertising, as we deem appropriate in our discretion. We may use the fund to develop or implement training programs, outreach, or technologies that will enhance the reputation and strengthen the goodwill of the Handel’s brand. We and/or a regional or national advertising agency may be used to produce all advertising and marketing.

We will not be required to spend any of your Fund Contributions in the Designated Territory you are granted under your Franchise Agreement. Upon your written request, we may provide you with an unaudited financial statement accounting for the operation of the Fund. We are not required to have the Fund audited, but we may do so and use the Fund Contributions to pay for such an audit. We do not presently intend to use the Fund primarily to solicit new franchise sales. If we do not spend all Fund Contributions in a given year, any excess funds will rollover into the Fund for use during the following year. We will have the right to modify or discontinue the Fund (if established), as we deem appropriate in our sole discretion. In the past fiscal year, we did not collect any Fund Contributions because we have not yet established a Fund and, as a result, we cannot provide a breakdown of how such Fund Contributions were spent.

Except as approved in advance in writing by us, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Parlor, including any profile on Facebook, TikTok,

LinkedIn, Instagram, Pinterest, Twitter, YouTube or any other social media and/or networking site. If we grant you the right to maintain a social media profile for your Parlor, you must provide us with administrative access, including all user names and passwords, which are associated with the controlling account. We have the unlimited right to change, remove, add or make any other modification to the social media page(s) we deem appropriate or necessary in our sole discretion. We may revoke your right to maintain a social media account at any time, and will have full authority to shut down the relevant web pages. Any such Internet website or presence is considered “advertising” and must be approved by us prior to use, as described in this Item. If we do permit you to establish one or more of the above presences on the Internet, you must establish and operate your Internet site in accordance with System standards and any other policies we designate in the Manuals or otherwise in writing from time to time, and utilize any templates that we provide to you to create and/or modify such site(s).

We have the right to establish and maintain a website, that may, without limitation, promote the Proprietary Marks and/or the System (the “Website”), including the contact information of your Parlor. We agree to display the Premises and contact information associated with the Parlor for so long as the Parlor is open and actively operating, and the Franchise Agreement governing that Parlor is not subject to termination. We have sole control over all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. We also have the right to discontinue operation of the Website at any time without notice to you. We have the right to modify our policies regarding your use of social media and Internet websites in connection with your Parlor as we deem necessary or appropriate in the best interest of the System. We (or our affiliate) are the sole registrant of the Internet domain name www.handelsicecream.com, as well as any other Internet domain names that we or our affiliates register in the future. You must not register any Internet domain name that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

Site Selection

We will provide you with specifications and a list of approved suppliers of furnishings, fixtures and equipment. Our approved architect will provide you with a test fit for a location that is under consideration to ensure the potential site will meet our brand standards and is operationally viable. Once we have your test fit approval, you must use a pre-approved, licensed architect to prepare preliminary and final architectural and engineering drawings for the Parlor in accordance with our standard plans. You must buy all inventory, furnishings, equipment and supplies only from suppliers we approve in writing. We have the right to designate one supplier for any given item, product, good or service, and we have the right to approve, disapprove or change suppliers at any time in our sole discretion. We may inspect your Parlor both during and after construction. When your Parlor is completed, you must deliver to us a layout drawing and ten (10) standard size color print photographs of the interior and exterior. If we notify you of any construction, design or appearance deficiencies, you will have thirty (30) days to cure such deficiencies. If you fail to cure the deficiencies, we may terminate the Franchise Agreement.

You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a Premises for your Parlor, and constructing, equipping, remodeling and/or building out the Premises for use as a Parlor, all in accordance with our System standards and specifications. We may provide you with our current written site selection guidelines, to the extent such guidelines are in place, and any other site selection counseling and assistance we believe is advisable. Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location.

We may then use these factors in determining the suitability of your proposed site for the Premises of your Parlor.

We require a high profile, easily accessible location with ample parking slots, including appropriate handicapped slots. Site costs may vary widely from \$20,000 to greater than \$100,000 depending on whether you are operating a free standing, end-cap, or in-line structure; local market prices; whether you are leasing and remodeling a location; or building a new facility or leasing a facility built to our specifications. In deciding whether to approve a site, we may also consider, among other things, the demographic characteristics, traffic patterns, allowed design and building, parking, visibility, allowed signage, and the predominant character of the neighborhood surrounding the proposed site. We may also consider competition from other businesses selling similar products and services within the area and the proximity of the site to these businesses, as well as the nature of all other businesses in proximity to the site, zoning restrictions, soil and environmental issues, and other commercial characteristics, as well as the size, appearance, and other physical characteristics of the proposed site. We will assist you in evaluating your location and make suggestions concerning your location; however, the final decision of any location is solely yours, and our approval of a location only indicates minimum compliance with our site selection criteria.

We must also have the opportunity to review and approve/reject any lease or purchase agreement for a proposed Premises before you enter into such an agreement. We may condition our approval on a number of conditions, including an agreement by you and the landlord of the Premises to enter into our prescribed form of Lease Assignment and our then-current form of lease addendum (if any), and receiving a written representation from the landlord of the Premises that you will have the right to operate the Parlor throughout the term of your Franchise Agreement. Under the Lease Assignment, we will have the option, but not the obligation, to assume or renew the Lease for all or part of the remaining term of the Lease only if your Franchise Agreement or Lease is terminated, or subject to termination, for cause, or either your Franchise Agreement or Lease expires (and you do not renew in accordance with the respective terms of those agreements). The Lease Assignment is attached to the Franchise Agreement as Schedule C.

We will use reasonable efforts to approve or reject any proposed location (and corresponding lease/purchase agreement) within thirty (30) days of the date you provide us with all requested materials. If we determine that an on-site evaluation is necessary, then you must submit to us in the form we specify a description of the site prior to our representative conducting its on-site evaluation, including evidence that the site satisfies our site selection guidelines and any other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site. If we do not provide our specific approval of a proposed location within this 30-day period, the proposed location will be deemed rejected. Our approval only means that the site meets our minimum requirements for a Parlor. We reserve the right to terminate the Franchise Agreement if we do not agree on a site and you fail to open your Parlor within the time frame set out below.

Deadline to Begin Operations

Franchise Agreement

You must submit a proposed site for your Parlor and receive our approval within 180 days of signing the Franchise Agreement. You must complete the development of your Parlor and open for business within 365 days of signing the Franchise Agreement. In the event that you have a site identified and approved at the signing of the Franchise Agreement, you must complete the development of your Parlor and open for business within 180 days of signing the Franchise Agreement.

We estimate that it will take between two (2) to four (4) months for site selection and between four (4) and (6) months for construction. Your total timeframe may be shorter or longer depending on the time necessary to obtain an acceptable Premises, to obtain financing, to obtain the permits and licenses for the construction and operation of the Parlor, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Parlor, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the parlor, including purchasing any inventory or supplies needed prior to opening. If you do not open or operate your Parlor within the time period described above, then we may terminate your Franchise Agreement upon written notice.

Development Agreement

If you have entered into a Development Agreement to open and operate multiple Parlors, your Development Agreement will include a Development Schedule containing a deadline by which you must have each of your Parlors open and operating. Your Development Schedule may depend on the number of Parlors you are granted the right to open and operate. (Development Agreement, Section 4).

If you fail to open any Parlor within the appropriate time period outlined in the Development Agreement, we may terminate your Development Agreement. You will not have any further development rights within the Development Area upon termination of your Development Agreement, except to continue operating the Parlor(s) that were already open and operating as of the termination date.

You must enter into our then current form of Franchise Agreement for each additional Parlor that you are required to open under the Development Agreement and enter into such Franchise Agreements at such times that are required for Developer to timely meet, and strictly adhere to, its obligations under the agreed upon Development Schedule. We must approve the Premises you choose for each Parlor you are required to open under the Development Agreement.

ITEM 12 **TERRITORY**

Premises and Relocation

You may only operate your Parlor from the Premises we approve. Once we agree on the Premises, we will designate it in Schedule A attached to your Franchise Agreement. If you do not have a Premises for your Parlor at the time of signing the Franchise Agreement, Schedule A to the Franchise Agreement will specify a geographic area in which the location of the Parlor will be established (“Site Selection Area”). Schedule A will then be completed after the Premises have been selected and approved.

You may not relocate your Parlor without our written consent, which we will not unreasonably withhold provided the new location is located within your Designated Territory and meets our then-current criteria for a Premises, and you pay our then-current relocation fee. When considering a request for relocation, we may take into account the desirability of the proposed new location, its distance from other and future-planned franchised locations, the traffic patterns, security, cost, and the demographics of the area, as well as any other related factors we deem appropriate. We will not unreasonably withhold our approval of your relocation request, provided the location meets our site selection criteria.

Designated Territory

Once you have secured the Premises of your Parlor, we will define the Designated Territory in Schedule A attached to your Franchise Agreement. While for some franchisees, this area will correspond to an entire

population center or city, we retain the option to divide a population center or city into two or more Designated Territories. We will determine the Designated Territory based upon our belief as to the area's sales potential, including current and projected market demand, demographics and population based on our research and experience, median household income, presence of other businesses, location of competitors, traffic patterns, access and visibility, location of other Parlors, our future development and other market conditions.

The specific size of the Designated Territory will vary based on the location and demographics surrounding the Premises, with boundaries determined by zip codes, streets, landmarks, and/or county, state and major highway lines, or as otherwise delineated on a map attached to Schedule A of the Franchise Agreement. We may, but are not required to, consider demographic criteria when determining your Designated Territory, and if applicable the sources we use to determine the population within your Designated Territory will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources). We may restrict your right to solicit orders from consumers outside of the Designated Territory without our prior written consent. Depending on the demographic, commercial and geographic characteristics of the area surrounding your Parlor, the size of your Designated Territory may vary significantly from designated territories we grant elsewhere.

Except as set forth below and otherwise provided in the Franchise Agreement, during the term of the Franchise Agreement, we will not establish, nor license any other person to establish any other Parlor utilizing the Proprietary Marks and System within your Designated Territory, provided that you are in substantial compliance with your Franchise Agreement. Your Designated Territory cannot be modified except by mutual written agreement signed by both parties. We retain the right, among others, on any terms and conditions we deem advisable, and without granting you any rights to establish and operate, and license others to establish and operate, a Handel's business at any location outside the Designated Territory.

There are no territorial restrictions from accepting business from individuals or entities that reside/work or are otherwise based outside of your Designated Territory if these persons or entities contact you and are not located within another franchisee's designated territory, and we do not typically restrict our other franchisees or Affiliate-owned parlors in this manner. Currently, if you are contacted by an individual or entity located within another franchisee's designated territory, we require that you must first refer the business to the franchisee within whose territory the delivery or catering services are requested. If this franchisee declines the business, you may service this customer yourself and are not required to pay any consideration to the affected franchisee. We reserve the right to change this policy from time to time and will provide you with advance notice of any such change via an update to the Manuals or otherwise. Currently, other parlors may accept delivery and catering orders from persons located within your Designated Territory, but (a) may not solicit customers inside your territory and (b) must give you a right of first refusal to accept any business to be transacted within your territory. These restrictions are subject to change, and accordingly you may face competition from other franchisees soliciting and accepting catering or delivery orders within your Designated Territory. With that said, you may not use alternative channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing, to make any sales of Approved Products or Services outside of your Designated Territory. As of the Issue Date of this Disclosure Document, we have approved DoorDash, Uber Eats and Postmates as third-party delivery services for use by System franchisees, but reserve the right to add or remove any other delivery service at our discretion. If we approve or require any third-party delivery service(s), any deliveries thereby may not be subject to any territorial restrictions set forth in this Item, and Affiliate-owned parlors and/or other franchised parlors may accept orders via third party delivery platforms within your Designated Territory.

The Franchise Agreement does not provide you with any options, rights of first refusal, or similar rights to acquire additional franchises within the Designated Territory or areas contiguous to the Designated Territory. The Designated Territory you are granted under the Franchise Agreement is not “exclusive” because we have the right to open and operate Parlors at Non-Traditional Sites within your Designated Territory.

We may authorize or require you to provide off-Premises catering and/or delivery services within your Designated Territory (defined below), provided you have operated your Parlor without material default for a period of time we designate, attend any additional training we require in connection with providing such services, and comply with the System standards and specifications we develop regarding the provision of such services.

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.

Development Agreement: Development Area

If you are granted the right to open multiple Parlors under our form of Development Agreement, then we will provide you with a Development Area upon execution of this agreement. The size of your Development Area will substantially vary from other System developers based on the number of Parlors we grant you the right to open and operate and the location and demographics of the general area where we mutually agree you will be opening these locations. The boundaries of your Development Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Data Sheet.

You must enter into our then-current form of Franchise Agreement for each additional Parlor that you are required to open under the Development Agreement and enter into such Franchise Agreements at such times that are required for Developer to timely meet, and strictly adhere to, its obligations under the agreed upon Development Schedule as set forth in the Development Agreement. We must approve the Premises you choose for each Parlor you are required to open under the Development Agreement.

Each Parlor you timely open and commence operating under our then-current form of franchise agreement will be operated from a distinct Premises located within the Development Area and within its own Designated Territory that we will define once the Premises for that Parlor has been approved.

We will not own or operate, or license a third party the right to own or operate, a Parlor utilizing the Proprietary Marks and System within the Development Area until the earlier of the date we define the Designated Territory of the final Parlor you were granted the right to operate under the Development Agreement, or the expiration or termination of the Development Agreement for any reason. Your Development Area will be exclusive during this time period.

Upon the occurrence of any one of the events described in the preceding paragraph, your territorial rights within the Development Area will terminate, except that each Parlor that you have opened and are continuously operating as of the date of such occurrence will continue to enjoy the territorial rights within their respective Designated Territories that were granted under the Franchise Agreement(s) you entered into for those Parlor(s).

You must comply with your development obligations under the Development Agreement, including your Development Schedule, in order to maintain your exclusive rights within the Development Area. If you do not comply with your Development Schedule, we may terminate your Development Agreement and any further development rights you have under that agreement. Otherwise, we will not modify the size of your

Development Area except by mutual written agreement signed by both parties.

Reserved Rights

We and our affiliates reserve the exclusive right to conduct the following activities under the Franchise Agreement and/or Development Agreement (as appropriate): (i) establish and operate, and license any third party the right to establish and operate, other Parlors using the Proprietary Marks and System at any location outside of your Designated Territory(ies) and, if applicable, Development Area; (ii) market, offer and sell products and services that are similar to the products and services offered by the Parlors under a different trademark or trademarks at any location, within or outside the Designated Territory(ies) and, if applicable, Development Area; (iii) use the Proprietary Marks and System, other such marks we designate, to distribute our Approved Products and/or Services in any alternative channel of distribution, within or outside the Designated Territory(ies) and, if applicable, Development Area (including the Internet and other e-commerce channels, wholesale stores, grocery stores, catalog sales, etc.); (iv) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to those offered by you through your Parlor (but under different marks), within or outside your Designated Territory(ies) and, if applicable, Development Area; (v) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement and, and, if applicable, Development Agreement; (vi) develop a catering program (as discussed below); and (vii) own and operate Parlors in “Non-Traditional Sites” including, but not limited to, amusement parks, military bases, college campuses, hospitals, airports, sports arenas and stadia, train stations, travel plazas, toll roads and casinos, both within or outside your Designated Territory(ies) and, if applicable, Development Area.

The Franchise Agreement does not grant you any right to engage in any of the activities outlined in the preceding paragraph, or to share in any of the proceeds received by us, our affiliates or any third party from these activities, unless we otherwise agree in writing. Further, we have no obligation to provide you any compensation for soliciting or accepting orders inside your territory. We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to operate Parlors at Non-Traditional Sites, either directly or through our affiliates, licensees, or designees, and you will not be entitled to any compensation as a result of our operation of Parlors at Non-Traditional Sites.

ITEM 13 **TRADEMARKS**

You will be licensed by the Franchise Agreement to use the trademarks specified in this Item 13 and any other proprietary marks and names we use now or may designate in the future. Under the terms of the Franchise Agreement, you are prohibited from using the Proprietary Marks as part of your corporate or other legal name. The following service marks are on file with the U.S. Patent and Trademark Office:

Principal Trademarks	U.S. Registration Or Serial No.	Registration Or Application Date	Principal/ Supplemental Register
HANDEL'S	Registration No. 5,942,622	Registered December 24, 2019	Principal

Principal Trademarks	U.S. Registration Or Serial No.	Registration Or Application Date	Principal/ Supplemental Register
	Registration No. 6,125,702	Registered August 11, 2020	Principal
	Registration No. 5,936,495	Registered December 17, 2019	Principal

We will file all affidavits and other documents with the USPTO to maintain the federal registration described above.

There are no currently effective determinations of the United States Patent and Trademark Office or the trademark administrator of this state, nor is there any pending interference, opposition or cancellation proceeding involving the Proprietary Marks.

You must strictly comply with our standards, specifications, rules, requirements, and instructions regarding the use of the Proprietary Marks. The goodwill associated with our Proprietary Marks will remain our exclusive property, and you will receive no tangible benefit from our goodwill, except from the operation or possible sale of the Parlor during the term of the Franchise Agreement. Any increase in the goodwill associated with our Proprietary Marks during the term of the Franchise Agreement will benefit us. All rights to use our Proprietary Marks will automatically revert to us without cost and without the execution or delivery of any documents, upon the expiration or termination of your Franchise Agreement.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to the Affiliate's ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by you.

There are no infringing uses actually known to us that could materially affect your use of the Proprietary Marks in this state or elsewhere except for those stated in this Item 13.

We reserve the right to substitute different proprietary marks for use in identifying food service systems using our Proprietary Marks, methods and techniques and the businesses operating under them, at our sole discretion, and you must modify or discontinue the use of a trademark if we modify or discontinue it. If this happens, you will be responsible for your tangible costs of compliance (for example, changing exterior and interior signage, advertisements and promotional material, etc.). We are not obligated to reimburse you for any loss of revenue attributable to the modified or discontinued mark or for any expenditure you incur to promote a modified or substitute mark.

ITEM 14 **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

Patents and Copyrights

We do not currently own any patents.

We own the copyright to the Handel's Ice Cream Recipe Manual, which is provided to Handel's franchisees in the operations of the Parlor. The effective date of the registration was January 21, 1993 by Mer Len, Inc. at registration number TX0003467330. This registration was assigned to us on November 13, 2019. There are no determinations by the United States Copyright Office respecting this copyright.

Operation Manuals

You must operate your Parlor in accordance with the standards, methods, policies, and procedures specified in the Manuals, one copy of which will be made available to you for the term of the Franchise Agreement upon completion by you and your manager of our initial training program to our satisfaction.

You must treat the Manuals, any other manuals created for or approved for use in the operation of the Parlor, and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Manuals will remain our sole property and access to the Manuals must be kept in a secure place in the Parlor.

We may periodically revise the contents of the Manuals, and you must comply with each new or changed standard. You must ensure that the Manuals are kept current at all times. In the event of any dispute as to the contents of the Manuals, the terms of the master copies maintained by us at our home office will be controlling.

Confidential Information

You must not, during and after the term of the Agreement, communicate, divulge, use, or otherwise disseminate any confidential information, knowledge, or know-how concerning the methods of operation of your Parlor which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of the Franchise Agreement (including information, knowledge, or know-how concerning the sale of food and beverages). You may divulge this confidential information only to those of your employees as must have access to it in order to operate the Parlor. Any and all information, knowledge, know-how, techniques, and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

At our request, you must require your manager, crew supervisor, and any personnel having access to any of our confidential information to execute covenants that they will maintain the confidentiality of

information they receive in connection with their employment by you at the Parlor. The covenants must be in a form satisfactory to us, including specific identification of us as a third-party beneficiary of the covenants with the independent right to enforce them.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

While we recommend that you personally participate and manage the day-to-day operations of your Parlor, you may hire a Designated Manager to manage daily operations with our approval. Both you and your Designated Manager will be required to complete the Initial Training Program to our satisfaction (prior to undertaking any management responsibilities). We will not unreasonably withhold our approval of any Designated Manager you propose, provided the Designated Manager (a) has relevant industry experience, (b) attended and successfully completed our Initial Training Program to our satisfaction, and (c) otherwise demonstrated that he or she has a good handle on our System standards and specifications for daily operations of a Parlor (the “Management Criteria”). We may revoke our approval of a Designated Manager at any time if, in our sole discretion, we determine the Designated Manager no longer satisfies the Management Criteria.

We do not require your Designated Manager to own any interest in the Parlor or Franchisee (if Franchisee is a business entity), but any and all Designated Manager(s) must sign our prescribed form of Confidentiality and Non-Competition Agreement. If and when a Designated Manager leaves his or her employment at your Parlor, you must recruit a new Designated Manager within thirty (30) days and submit the replacement’s qualifications to us for our review and approval (which may be conditioned on completion of all Management Criteria) before substituting a new Designated Manager at any of your locations (unless you resume taking over the day-to-day operations of the Parlor on a full-time basis).

Your Parlor must, at all times, be managed and staffed with at least one (1) individual who either (a) has successfully completed our Initial Training Program, or (b) has completed a shift manager training program provided by you or your Designated Manager (a “Shift Manager”). In the event that you operate more than one Parlor, you must have a properly trained Designated Manager at each Parlor you own and operate.

You and your managers and employees must comply with the confidentiality provisions described in Item 14. You must execute a personal guaranty concurrently with the signing of the Franchise Agreement. If you are a legal entity, having more than one owner, all owners, shareholders, partners, joint venturers, and any other person who directly or indirectly owns an interest in the franchised business must execute a personal guaranty. Note that spouses of interest holders in the franchised business are required to execute a personal guaranty.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate your Parlor in strict conformity with such methods, standards, and specifications as we may from time to time require in the Manuals or otherwise in writing. You must refrain from deviating from such standards, specifications, and procedures without our prior written consent.

You must sell or offer for sale only such services and products as have been expressly approved for sale in writing by us; must sell or offer for sale all types of services and products specified by us; must refrain from any deviation from our standards and specifications without our prior written consent; and must discontinue selling and offering for sale any services or products which we may, in our discretion, disapprove in writing

at any time. We have the right to change the types of authorized goods and services, and there are no limits on our right to make changes.

You must offer our gift cards and participate in our designated gift card program in your Parlor, and you must purchase your cards from us or an approved supplier. You are also required to honor any gift cards for payment of services at your Parlor, even if the gift card was purchased at another Handel's location. We reserve the right to change this policy from time-to-time. If we discontinue any Approved Product offered by the Parlor, then you must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard (in which case you must immediately comply upon receipt of notice from us).

You must operate the Parlor in strict conformity with all applicable federal, state, and local laws, ordinances, and regulations. Such laws, ordinances, and regulations vary from jurisdiction to jurisdiction and are amendable or may be implemented or interpreted in a different manner from time to time. It is your sole responsibility to apprise yourself of the existence and requirements of all laws, ordinances, and regulations applicable to the Parlor, and to adhere to them and to the then-current implementation or interpretation of them. You may not use the Premises of your Parlor for any other business purpose other than the operation of your Parlor.

As a service to you and our other franchisees, we may, but are not obligated to, utilize our experience and the data obtained from our affiliates and franchisees to establish and maintain a suggested schedule of prices for products sold at your Parlor and, subject to applicable law, we may designate certain pricing and pricing policies with respect to the products offered, provided and sold at your Parlor, which prices and policies with which you will be required to comply (subject to applicable law). In addition, we may establish, or have established, required minimum and/or maximum prices for products at your Parlor and, if so established, you will be required to comply with those minimum and/or maximum prices (subject to applicable law). We will be entitled to exercise the maximum level of control over resale prices and practices permitted by applicable law and, to the extent that we exercise this right, you will be required to comply with those controls.

All of our business methods and Proprietary Marks may be supplemented, improved, and otherwise modified from time to time by us. You must comply with all of our reasonable requirements in that regard, including offering and selling new or different products or services as specified by us.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

A. Franchise Agreement

THE FRANCHISE RELATIONSHIP

Provision	Franchise Agreement Section	Summary
A. Term of the Agreement	Article I	10 years
B. Option to Renew the Agreement	Article I	2 renewal terms of 5 years each

Provision	Franchise Agreement Section	Summary
C. Requirements for you to renew the Agreement	Article I	Notice, compliance with Franchise Agreement, execute the then-current form of the Franchise Agreement, whose terms may be materially different from the terms of the original Franchise Agreement, provide proof you may occupy the Parlor for both renewal terms, pay a Renewal Fee equal to \$15,000, sign our general release of claims, complete required renovation and modernization of your Parlor and deliver executed documents to us.
D. Termination by you	Not Applicable	Not applicable
E. Termination by us without cause	None	Not applicable
F. Termination by us with cause	XVI	We may terminate your Franchise Agreement with cause as described in (G) and (H) of this Item 17 Chart.
G. "Cause" defined - defaults which can be cured	Article XVI	You have 2 hours to correct any health or safety hazard. You have 5 days to submit required information, or to pay us after we demand payment. You have 14 days to comply with any other provision of the agreement.
H. "Cause" defined - defaults which cannot be cured	Article XVI	If one of the following occurs: you fail to obtain an approved site for your Parlor within 180 days of signing the Franchise Agreement; you fail to begin operations of your Parlor within 365 days of signing the Franchise Agreement, or, if you have a site identified and approved at signing the Franchise Agreement, if you fail to begin operations within 180 days of signing the Franchise Agreement; you become insolvent; you make an assignment for the benefit creditors; you file for bankruptcy; you are adjudicated bankrupt or insolvent; a receiver is appointed over your assets; a judgment is unsatisfied for 30 days or more; if execution is levied against the business, the property, or your capital stock; you breach the terms of your lease; you fail to cure any default under any other agreement you have with us, our affiliates or any Approved Supplier within the appropriate cure period, provided however a default under any development agreement for the right to open and operate multiple Parlors shall not be grounds for default or termination of this Agreement; you default under your lease for the Parlor and fail to timely cure; you abandon your Parlor; you engage in conduct that reflects unfavorably on the Marks and may adversely affect the System; or if we give you 3 or more notices in a 12 month period.
I. Your obligations on termination and non-renewal	Article XVII	Obligations include complete de-identification and payment of amounts due, return of confidential materials/Manuals, cancellation of assumed names, and assignment of your Parlor's telephone number and any social media accounts.
J. Assignment of contract by us	Article XVIII	No restriction on right to transfer

Provision	Franchise Agreement Section	Summary
K. "Transfer" by you - definition	Article XVIII	Includes transfer of interest in Franchise Agreement, Franchise, Franchisee or all or substantially all of the assets of your business
L. Our approval of transfer by you	Article XVIII	We have the right to approve or deny transfers for any reason
M. Conditions for our approval of transfer	Article XVIII	Includes payment of money owed, non-default, execution of release, transferee qualifications and execution of new agreement
N. Our right to first refusal to acquire your business	Article XVIII	We can match any offer
O. Our option to purchase your business	Articles XVII	Upon expiration or termination, we can buy certain assets
P. Your death or disability	Article XVIII	Franchise must be sold or assigned to an approved buyer
Q. Non-competition covenants during the term of the franchise	Article XIV	Includes prohibition on diverting or attempting to divert business or customers to a competitor, and owning or operating a business which sells similar services.
R. Non-competition covenants after the franchise is terminated or expires	Article XIV	Includes 2-year prohibition on diverting or attempting to divert business or customers to a competitor, and owning or operating business which sells similar services and is located within 30 miles of a unit under the System
S. Modification of the agreement	Article XX	The Franchise Agreement will not be modified except in writing signed by you and us.
T. Integration/merger clause	Article XX	Any representations or promises outside of the Disclosure Document and franchise agreement may not be enforceable.

Provision	Franchise Agreement Section	Summary
U. Dispute resolution by arbitration or mediation	Article XX	<p>You must first submit all disputes and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally.</p> <p>At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation, which will take place in or around Canfield, Ohio. You must notify us of any potential disputes, and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation.</p>
V. Governing law	Article XX	<p>Subject to Sections 20.18 and 20.19 of the Franchise Agreement, all claims and causes of action arising out of the Franchise Agreement must be initiated and litigated to conclusion (unless settled) in the state court of general jurisdiction that is within or closest to Canfield, Ohio or, if appropriate, the USDC for the Northern District of Ohio (subject to state law).</p>
W. Choice of forum	Article XX	<p>The Franchise Agreement is governed by the laws of the state of Ohio, without reference to this state's conflict of laws principles (subject to state law).</p>

B. Development Agreement

THE FRANCHISE RELATIONSHIP

	Provision	Section in Development Agreement	Summary
a.	Term of franchise	6.1	The Development Agreement will commence on the date it is fully executed and end on the earlier of (a) the last day of the calendar month that the final Parlor is required to be opened and operating under the Development Schedule or (b) the day that the final Parlor is opened.
b.	Renewal or extension of the term	Not Applicable	Not Applicable.
c.	Requirements for you to renew or extend	Not Applicable	Not Applicable.
d.	Termination by you	Not Applicable	Not Applicable.
e.	Termination by us without cause	Not Applicable	Not Applicable.
f.	Termination by us with cause	6.2	We may terminate your Development Agreement with cause.

	Provision	Section in Development Agreement	Summary
g.	Cause defined - default which can be cured	Not Applicable	Not Applicable.
h.	Cause defined - default which cannot be cured	6.2	Your Development Agreement can be terminated by us if: (i) you cease to actively engage in development activities in the Development Area or otherwise abandon your development business for three (3) consecutive months, or any shorter period that indicates an intent by you to discontinue development of the Parlors within the Development Area; (ii) you become insolvent or are adjudicated bankrupt, or if any action is taken by Franchisee, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of creditors or a receiver is appointed by you; (iii) you fail to timely sign additional franchise agreements or otherwise fail to meet your development obligations under the Development Schedule for any single Development Period, and fail to cure such default within 30 days of receiving notice thereof; and (iv) any Franchise Agreement that is entered into in order to fulfill your development obligations under the Development Agreement is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement.
i.	Your obligations on termination/non-renewal	Not Applicable	Not Applicable.
j.	Assignment of contract by us	8	We have the right to assign our rights under the Development Agreement.
k.	“Transfer” by you - definition	8	Any transfer in you (if you are an entity) or your rights/obligations under the Development Agreement.
l.	Our approval of transfer by franchisee	8	You may not transfer any rights or obligations under the Development Agreement without our prior written consent.
m.	Conditions for our approval of transfer	Not Applicable	Not Applicable.
n.	Our right of first refusal to acquire your business	Section 8.2	We can match any offer.
o.	Our option to purchase your business	Not Applicable	Not Applicable.
p.	Your death or disability	Not Applicable	Not Applicable.

	Provision	Section in Development Agreement	Summary
q.	Non-competition covenants during the term of the franchise	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
r.	Non-competition covenants after the franchise is terminated or expires	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
s.	Modification of the Franchise Agreement	27	Any modification of the Development Agreement must be in writing and signed by both parties.
t.	Integration/ merger clauses	27	Only the terms of the Development Agreement are binding (subject to state law). Any representations or promises made outside of the disclosure document and the Development Agreement may not be enforceable.
u.	Dispute resolution by mediation	13	At our option, all claims or disputes between you and us must be submitted first to mediation in or around Canfield, Ohio in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect and if mediation is not successful, then by litigation.
v.	Choice of forum	15	Subject to Sections 13 and 14 of the Development Agreement, all claims must be brought before a court of general jurisdiction nearest to Canfield, Ohio, or the United States District Court for the Northern District of Ohio. You consent to the personal jurisdiction and venue of these courts (subject to state law).
w.	Choice of law	11	The Development Agreement is governed by the laws of the State of Ohio (subject to 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 Disclosure 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 information that differs from that included in Item 19 may only be given if: (1) 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.

PART I: AFFILIATE OWNED HANDEL'S PARLORS

The table below presents certain costs and expenses as a percentage of Revenue for our 5 affiliate owned Parlors located in Ohio that were open for the full 2023 calendar year (the “Measurement Period”). It excludes Parlors that were not open for the full Measurement Period and units that are owned by Handel’s executives or employees.

	No. of Stores	
	Average as a % of Revenue	that Attained or Exceeded the Average
Cost of Goods Sold	35.6%	3 out of 5
Gross Profit	64.4%	2 out of 5
Payroll and Payroll-Related Costs	25.3%	3 out of 5
Rent and Occupancy Costs	6.9%	2 out of 5
Estimated Royalty	6.0%	5 out of 5
Other Expenses	6.8%	3 out of 5
Total Operating Expenses	45.0%	2 out of 5
Net Income	19.4%	2 out of 5

Notes to Part I

“Revenue” is defined as the revenue generated by the operation of each Parlor, primarily through the sale of ice cream and ice cream-related products. Revenue amounts reported on our internal records at a single affiliate-owned Parlor but applicable to multiple affiliate-owned Parlors have been allocated using a reasonable allocation basis.

“Cost of Goods Sold” is defined as all direct costs including ingredients and packaging. The percentage presented above is determined by dividing the Cost of Goods Sold at each Parlor by the Parlor’s Revenue and then averaging the store-level percentages. For the Measurement Period, the high Cost of Goods Sold was 39.9%, the low was 31.8%, and the median was 36.0%.

“Gross Profit” is defined as Revenue minus Cost of Goods Sold. The percentage presented above is determined by dividing the Gross Profit at each Parlor by the Parlor’s Revenue and then averaging the store-level percentages. For the Measurement Period, the high Gross Profit was 68.2%, the low was 60.1%, and the median was 64.0%.

“Payroll and Payroll-Related Costs” is defined as the cost of hourly employees, store manager labor, manager salary or bonus payments, payroll taxes, and payroll-related processing fees. The percentage presented above is determined by dividing the Payroll and Payroll-Related Costs at each Parlor by the Parlor’s Revenue and then averaging the store-level percentages. For the Measurement Period, the high Payroll and Payroll-Related Costs was 32.7%, the low was 18.8%, and the median was 26.3%.

"Rent and Occupancy Costs" is defined as the sum of base rent, percentage or additional rent, common area maintenance charges, real estate taxes, and building insurance. The percentage presented above is determined by dividing the Rent and Occupancy Costs at each Parlor by the Parlor's Revenue and then averaging the store-level percentages. For the Measurement Period, the high Rent and Occupancy Costs was 10.7%, the low was 3.7%, and the median was 6.3%.

"Estimated Royalty" is defined as Revenue multiplied by 6.0% which is the royalty payable by franchised Parlors offered in this disclosure document. The percentage presented above is determined by dividing the Estimated Royalty at each Parlor by the Parlor's Revenue and then averaging the store-level percentages. For the Measurement Period, the high Estimated Royalty was 6.0%, the low was 6.0%, and the median was 6.0%.

"Other Expenses" is defined as the sum of other operational costs required to operate the store, including but not limited to utility costs, repair and maintenance costs, bank and credit card merchant fees, advertising and marketing costs, office supplies, and other expenses. It does not include depreciation & amortization expense or interest expense. The percentage presented above is determined by dividing the Other Expenses at each Parlor by the Parlor's Revenue and then averaging the store-level percentages. For the Measurement Period, the high Other Expenses was 7.2%, the low was 6.2%, and the median was 7.1%.

"Total Operating Expenses" is defined as the sum of Payroll and Payroll-Related Costs, Rent and Occupancy Costs, Estimated Royalty, and Other Expenses. The percentage presented above is determined by dividing the Total Operating Expenses at each Parlor by the Parlor's Revenue and then averaging the store-level percentages. For the Measurement Period, the high Total Operating Expenses was 54.0%, the low was 35.7%, and the median was 44.6%.

"Net Income" is defined as Gross Profit minus Total Operating Expenses. The percentage presented above is determined by dividing the Net Income at each Parlor by the Parlor's Revenue and then averaging the store-level percentages. For the Measurement Period, the high Net Income was 32.5%, the low was 6.1%, and the median was 18.1%.

PART II: INDIVIDUAL UNIT HANDEL'S FRANCHISED PARLORS

The following tables provide historical sales information for the 86 Handel's franchised Parlors that were open at least one full year as of December 31, 2023. As of December 31, 2023, there were a total of 117 franchised Parlors open and operating. 30 Parlors commenced operating during calendar year 2023 and therefore were not operating for one full year as of December 31, 2023. One Parlor that does not disclose sales information to us has been excluded. The information presented is not a forecast of future potential performance. The gross revenue figures are based on the same computation for computing royalties such as required under the Franchise Agreement.

The tables provide the average gross revenues for the following categories of Parlors in 2023 on a category and cumulative basis: (a) our top and bottom 10% revenue producing Parlors (meaning the average gross revenue for the number of stores that were in the top or bottom 10% of gross revenues for that year); (b) our top and bottom 25% revenue producing Parlors (which includes the stores that are in the top or bottom 10%); (c) our top and bottom 50% revenue producing Parlors (which includes the Parlors that are in the top or bottom 10% and 25%); and (d) our top and bottom 75% revenue producing Parlors (which respectively include all of the Parlors in the foregoing categories). We represent the average gross revenue for the year

in each category, the average gross median for the year in each category, as well as the number and percentage achieving or surpassing the average gross revenue for the year in each category.

AVERAGE GROSS REVENUES IN 2023

	Top 10%	Top 25%	Top 50%	Top 75%	Total
No. of Stores	8	21	43	64	86
Average Gross Revenues	\$1,879,386	\$1,596,742	\$1,351,941	\$1,182,462	\$1,025,334
Median Gross Revenues	\$1,863,366	\$1,491,617	\$1,316,223	\$1,093,382	\$958,714
No. that Attained or Surpassed Average Gross Revenue in Category (Cumulative)	3	9	17	27	38
Percent that Attained or Surpassed Average Gross Revenue in Category (Cumulative)	38%	43%	40%	42%	44%

	Bottom 10%	Bottom 25%	Bottom 50%	Bottom 75%	Total
No. of Stores	8	21	43	64	86
Average Gross Revenues	\$438,604	\$560,579	\$698,727	\$833,296	\$1,025,334
Median Gross Revenues	\$456,941	\$587,895	\$729,026	\$817,741	\$958,714
No. that Attained or Surpassed Average Gross Revenue in Category (Cumulative)	5	12	23	30	38
Percent that Attained or Surpassed Average Gross Revenue in Category (Cumulative)	63%	57%	53%	47%	44%

Notes to Part II

The lowest revenue location of the disclosed franchised Parlors was \$179,402, and the highest revenue Parlor was \$2,431,504. The Average Gross Revenue for all disclosed Parlors was \$1,025,334, and the Median Gross Revenue was \$958,714.

The term “Gross Revenue” means all revenues generated by the Parlor conducted upon, from or with respect to the Parlor, whether such sales are evidenced by cash, credit, or check. “Average Gross Revenue” is defined as the Total Gross Revenue generated by Parlors in a category divided by the total number of Parlors in that category. “Median Gross Revenue” is defined as the Gross Revenue of the Parlor that falls exactly in the middle (center point) of a specific category.

The financial performance representations above do not reflect the costs of sales, operating expenses, or other costs of expenses that must be deducted from the gross revenue or gross sales figure to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Parlor. Current and former franchisees may be one source of this information, and their contact information is listed in Exhibits D and E.

Examples of a wide variety of expenses that will reduce the store's income from the revenue levels shown include, without limitation, rent and occupancy expenses, food and beverage product and supply costs; salaries, wages and other personnel-related expenses; federal, state and local taxes and fees; utilities; financing costs (including on loans and leases); royalties and other amounts due us. See also Items 5, 6 and 7.

We obtained these historical financial results from the information gathered based on the data collected from our cash register system.

Notes to Parts I and II

All Handel's Parlors offer substantially the same products and services to the public. None of the Handel's affiliate owned or franchised Parlors received any services not generally available to other franchisees and substantially the same services will be offered to new franchisees.

Neither we nor an independent certified public accountant has independently audited or verified the information. Some stores have sold the amounts shown in the tables.

Some stores have sold these amounts. Your individual results may differ. There is no assurance that you'll sell as much.

We have written substantiation in our possession to support the information appearing in this financial performance representation. Written substantiation will be made available to you on reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of our future income, you should report it to our management by contacting Franchise Relations at 3830 Starr Centre Drive, Suite 1, Canfield, Ohio and (888) 292-2552, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1: Systemwide Outlet Summary
For Years 2021, 2022, 2023¹

Business Type	Year	Businesses at the Start of the Year	Businesses at the End of the Year	Net Change
Franchised	2021	52	66	+14
	2022	66	87	+21
	2023	87	117	+30
Company-Owned²	2021	10	9	-1
	2022	9	7	-2
	2023	7	7	0
Total Businesses	2021	62	75	+13
	2022	75	94	+19
	2023	94	124	+30

Notes:

- (1) All numbers are as of December 31 for each year.
- (2) “Company-Owned” outlets, for purposes of this Item 20, include Parlors owned by Handel’s, its affiliates, or any Handel’s executives or employees.

Table 2: Transfers of Outlets from Franchisees to
New Owners (other than Franchisor)
For Years 2021, 2022, 2023¹

State	Year	Number of Transfers
CA	2021	0
	2022	0
	2023	2
OH	2021	3
	2022	1
	2023	0
PA	2021	0
	2022	1
	2023	0
UT	2021	0
	2022	2
	2023	0
Total	2021	3
	2022	4
	2023	2

Table 3: Status of Franchised Outlets
For Years 2021, 2022, 2023¹

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired By Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
AL	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
AZ	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	3	0	0	0	0	7
CA	2021	11	8	0	0	0	0	19
	2022	19	10	0	0	0	0	29
	2023	29	12	0	0	0	0	41
IN	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	2	0	0	0	0	6
NC	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	2	0	0	0	0	4
NV	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	2	0	0	0	0	3
OH	2021	15	2	0	0	0	0	17
	2022	17	2	0	0	0	0	19
	2023	19	1	0	0	0	0	20
OR	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired By Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
PA	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
TX	2021	5	1	0	0	0	0	6
	2022	6	1	0	0	0	0	7
	2023	7	4	0	0	0	0	11
UT	2021	5	1	0	0	0	0	6
	2022	6	4	0	0	0	0	10
	2023	10	3	0	0	0	0	13
Total	2021	52	14	0	0	0	0	66
	2022	66	21	0	0	0	0	87
	2023	87	30	0	0	0	0	117

Table 4: Status of Company-Owned Outlets²
For Years 2021, 2022, 2023¹

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Ohio	2021	9	0	0	0	1	8
	2022	8	0	0	0	1	7
	2023	7	0	0	0	0	7
Pennsylvania	2021	1	0	0	0	0	1
	2022	1	0	0	1	0	0
	2023	0	0	0	0	0	0
Total	2021	10	0	0	0	1	9
	2022	9	0	0	1	1	7
	2023	7	0	0	0	0	7

Table 5: Projected Openings as of December 31, 2023

State	Franchise Agreements Signed But Unit Not Opened	Projected Franchised New Units in the Next Fiscal Year	Projected Company Owned Openings in the Next Fiscal Year
Arizona	4	4	0
Arkansas	1	1	0
California	16	13	0
Colorado	1	0	0
Florida	2	0	0
Georgia	2	1	2
Maryland	1	0	0
Nevada	3	2	0
North Carolina	1	0	0
Ohio	1	0	0
Pennsylvania	2	1	0
South Carolina	3	3	0
Tennessee	2	1	0
Texas	3	1	0
Total	42	27	2

A list of Handel's franchisees is included on [Exhibit D](#). A list of Handel's franchisees who have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement is included on [Exhibit E](#).

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

There are currently no franchisee organizations associated with the franchise system that have been created, sponsored, or endorsed by Handel's, nor are there any independently organized franchisee associations that have asked to be included in this Disclosure Document.

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

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit A are our audited financial statements as of December 31, 2021, December 31, 2022, and December 31, 2023. Our fiscal year end is December 31 of each year.

ITEM 22
CONTRACTS

The following agreements are attached as Exhibits to this Franchise Disclosure Document:

Franchise Agreement (and Exhibits)	Exhibit B
Area Development Agreement (and Exhibits)	Exhibit C
State Specific Addenda	Exhibit G
Compliance Certification	Exhibit H

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this offering circular appear at the end of this document. Please return one copy to us and retain the other for your records.

EXHIBIT A
FINANCIAL STATEMENTS

Financial Statements

HANDEL'S ENTERPRISES, LLC

December 31, 2023 and 2022

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April 17, 2024

To the Board of Directors
Handel's Enterprises, LLC
Canfield, Ohio

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of Handel's Enterprises, LLC, which comprise the balance sheets as of December 31, 2023 and 2022, the related statements of income and member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Handel's Enterprises, LLC as of December 31, 2023 and 2022, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Handel's Enterprises, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Handel's Enterprises, LLC'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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements 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 generally accepted auditing standards, 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 Handel's Enterprises, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Handel's Enterprises, LLC's ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in black ink, appearing to read "Schrödel, Scullin & Bestic, LLC".

BALANCE SHEETS

HANDEL'S ENTERPRISES, LLC

December 31, 2023 and 2022

	2023	2022
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 7,427,410	\$ 7,649,363
Accounts receivable	1,563,522	2,347,153
Due from affiliated companies	444,572	351,921
Inventories	126,854	130,599
Opening order equipment	1,014,780	2,081,270
Prepaid expenses	107,825	82,277
TOTAL CURRENT ASSETS	<u>10,684,963</u>	12,642,583
<u>PROPERTY AND EQUIPMENT - NET</u>	71,194	45,190
<u>OTHER ASSETS</u>		
Operating lease right-of-use assets	1,026,749	668,207
Goodwill	10,516,426	10,516,426
TOTAL OTHER ASSETS	<u>11,543,175</u>	11,184,633
<u>\$ 22,299,332</u>	<u>\$ 23,872,406</u>	
<u>LIABILITIES AND MEMBER'S EQUITY</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 1,091,932	\$ 1,652,867
Customer deposits	1,785,669	3,747,256
Due to affiliated companies	465,779	589,099
Accrued liabilities:		
State and local taxes	7,512	7,512
Miscellaneous expenses	72,864	20,332
Current portion of operating lease liabilities	86,326	355
TOTAL CURRENT LIABILITIES	<u>3,510,082</u>	6,017,421
<u>LONG-TERM LIABILITIES</u>		
Operating lease liabilities	940,423	667,852
Deferred franchise fees	1,932,500	1,912,500
TOTAL LONG-TERM LIABILITIES	<u>2,872,923</u>	2,580,352
<u>MEMBER'S EQUITY</u>	<u>15,916,327</u>	15,274,633
<u>\$ 22,299,332</u>	<u>\$ 23,872,406</u>	

The accompanying notes are an integral part
of these financial statements

STATEMENTS OF INCOME AND MEMBER'S EQUITY

HANDEL'S ENTERPRISES, LLC

For the years ended December 31, 2023 and 2022

	2023	%	2022	%
<u>OPERATING INCOME</u>				
Revenue	\$ 15,448,399	100.0	\$ 11,487,082	100.0
Costs and expenses	<u>12,964,831</u>	<u>83.9</u>	<u>8,615,067</u>	<u>75.0</u>
INCOME FROM OPERATIONS	<u><u>2,483,568</u></u>	<u><u>16.1</u></u>	<u><u>2,872,015</u></u>	<u><u>25.0</u></u>
<u>OTHER INCOME (DEDUCTIONS)</u>				
Interest income	286,700	1.8	16,623	0.1
Miscellaneous - net	<u>(33,574)</u>	<u>(0.2)</u>	<u>0</u>	<u>0.0</u>
TOTAL OTHER INCOME (DEDUCTIONS)	<u><u>253,126</u></u>	<u><u>1.6</u></u>	<u><u>16,623</u></u>	<u><u>0.1</u></u>
NET INCOME	<u><u>2,736,694</u></u>	<u><u>17.7</u></u>	<u><u>2,888,638</u></u>	<u><u>25.1</u></u>
<u>MEMBER'S EQUITY</u>				
Balance at beginning of year	15,274,633		12,985,995	
Distributions	<u>(2,095,000)</u>		<u>(600,000)</u>	
Balance at end of year	<u><u>\$ 15,916,327</u></u>		<u><u>\$ 15,274,633</u></u>	

The accompanying notes are an integral part
of these financial statements

STATEMENTS OF CASH FLOWS

HANDEL'S ENTERPRISES, LLC

For the years ended December 31, 2023 and 2022

	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income	\$ 2,736,694	\$ 2,888,638
Adjustments to reconcile net income to net cash provided (used) from operating activities:		
Depreciation	7,067	9,923
(Acrease) decrease in assets:		
Accounts receivable and other current assets	1,731,922	(2,515,667)
Inventories	3,745	(54,010)
Increase (decrease) in liabilities:		
Accounts payable, accrued liabilities and other current liabilities	(2,593,310)	2,826,213
Deferred franchise fees	20,000	1,065,000
	TOTAL ADJUSTMENTS	(830,576)
	NET CASH PROVIDED (USED) FROM OPERATING ACTIVITIES	1,906,118
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(33,071)	(12,611)
	NET CASH PROVIDED (USED) FROM INVESTING ACTIVITIES	(33,071)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Distributions to member	(2,095,000)	(600,000)
	NET CASH PROVIDED (USED) FROM FINANCING ACTIVITIES	(2,095,000)
	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(221,953)
Cash and cash equivalents balance at beginning of year	7,649,363	4,041,877
Cash and cash equivalents balance at end of year	\$ 7,427,410	\$ 7,649,363
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>		
Cash paid during the year for:		
Interest	\$ 0	\$ 0
Income taxes	\$ 0	\$ 0

SCHEDULE OF NONCASH OPERATING ACTIVITIES - SEE NOTES A AND D

The accompanying notes are an integral part
of these financial statements

NOTES TO FINANCIAL STATEMENTS

HANDEL'S ENTERPRISES, LLC

December 31, 2023 and 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of business - Handel's Enterprises, LLC (the "Company") is a franchisor of retail ice cream parlors, offering franchises primarily in the United States. The Company's offices are located in Canfield, Ohio. The Company had a total of 124 and 94 franchises at December 31, 2023 and 2022, respectively, located in Alabama, Arizona, California, Indiana, Nevada, North Carolina, Ohio, Oregon, Pennsylvania, Texas and Utah.

The latest Franchise Disclosure Document had an issuance date of April 28, 2023, as amended subsequent to the balance sheet date on March 12, 2024.

Estimates and subsequent events - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. In preparing the financial statements, including estimates and disclosures, management has considered the effects of subsequent events through April 17, 2024—the date the financial statements were available to be issued.

Revenue recognition - Under ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) and related amendments, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

Franchise fees and royalty income - The Company receives an initial nonrecurring franchise fee from new franchisees for the right to use the Handel's name, products, trade secrets and proprietary processes in a specific geographic area for a 10-year period. The franchise agreements typically require the franchisee to pay initial nonrefundable franchise fees prior to opening the respective store and continuing fees or royalty income, on a monthly basis, based upon a percentage of franchisee gross sales. Prior to the end of the franchise term, or as otherwise provided by the Company, a franchisee may elect to renew the term of a franchise agreement and, if approved, will typically pay a renewal fee upon execution of the renewal term.

The Company recognizes franchise fee revenue over the time it takes to establish the individual franchise store. The Company's performance obligations are to provide the franchise right, to assist the franchisee with site selection, which includes lease negotiations or developing building plans, and training. Therefore, initial franchise fees for each individual store are allocated and recognized when each performance obligation is met. Franchise fee revenue for the years ended December 31, 2023 and 2022, was \$1,280,000 and \$2,060,000, respectively. Deferred revenue was \$1,932,500 and \$1,912,500 at December 31, 2023 and 2022, respectively, which represents deposits on 95 and 99 individual franchise stores, respectively, for which all performance obligations had not been met.

The Company receives a monthly franchise fee (royalty) from operating franchisees, excluding stores owned and operated by related parties, calculated at 6% of gross sales of the franchisee. Royalty income is recognized over the term of the respective franchise agreement based on the royalties earned each period as the underlying sales occur.

Sales of ice cream flavors and other products - The Company distributes ice cream flavors and other products, including opening order equipment, to franchisees. Revenue from the sale of ice cream flavors and other products is recognized when title and risk of loss transfers to the buyer, which is generally upon delivery. Payment for ice cream flavors and other products is generally due within a relatively short period of time subsequent to delivery. Accordingly, the Company recognizes revenue at a point in time in an amount that reflects the consideration which the Company expects to receive in exchange for those products.

NOTES TO FINANCIAL STATEMENTS

HANDEL'S ENTERPRISES, LLC

December 31, 2023 and 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company's timing of revenue as of December 31, 2023 and 2022, is as follows:

	2023	2022
Revenue recognized at a point in time	\$ 8,440,477	\$ 5,107,396
Revenue recognized over time	7,007,922	6,379,686
TOTAL REVENUE	<u>\$ 15,448,399</u>	<u>\$ 11,487,082</u>

Accounts receivable are recognized in the period when the Company's right to consideration is unconditional. The accounts receivable balance as of January 1, 2023 and 2022, was \$2,347,153 and \$1,024,423, respectively.

Various economic factors affect revenues and cash flows. The Company has no significant financing components because its payment terms generally range from 30 to 90 days after the invoice is billed to the franchisee. The Company does not offer extended payment terms. Shipping and other transportation costs charged to customers are reported within revenue.

Allowance for credit losses - The Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification (ASC) 326, *Measurement of Credit Losses on Financial Instruments*), which significantly changed how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

Effective January 1, 2023, the Company adopted the standard, and related amendments, using a modified retrospective approach for all financial assets measured at amortized cost. The impact of the adoption was not considered to be material to the financial statements and primarily resulted in new and/or enhanced disclosures only. As such, there was no cumulative effect adjustment upon adoption. Credit loss disclosures for the year ended December 31, 2022, were made under previously applicable incurred loss guidance.

The Company is exposed to credit losses primarily through sales of products and services. The Company's expected loss allowance methodology for accounts receivable is developed using historical collection experience, current and future economic and market conditions and a review of the current status of customers' trade accounts receivable. Due to the short-term nature of such receivables, the estimated accounts receivable that may not be collected are based primarily on historical loss rates.

NOTES TO FINANCIAL STATEMENTS

HANDEL'S ENTERPRISES, LLC

December 31, 2023 and 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for credit losses (continued) - The Company has a long history of no significant credit losses related to its accounts receivable. In the opinion of management, there is currently zero loss expectation for accounts receivable at December 31, 2023, and therefore no allowance for credit losses is required. The total amount of credit loss write-offs was \$0 for the year ended December 31, 2023.

Prior to January 1, 2023, the Company utilized the allowance method to account for uncollectible accounts receivable. Under this method, the Company evaluated its receivables for the purpose of determining those that were doubtful and allowed for the doubtful amounts using a specific identification method. Accounts receivable were then recognized net of an allowance for doubtful accounts. In the opinion of management, the accounts receivable at December 31, 2022, were fully collectible and no allowance for doubtful accounts was required.

Concentration of risk and extension of credit - Cash and cash equivalents are defined as deposits or investments in local banks or other credit institutions. At times, current balances include amounts in excess of FDIC limits.

Concentrations of credit with respect to trade receivables are limited due to the large number of customers comprising the Company's franchise base. Credit terms are granted to customers of the Company based upon terms and conditions at management's discretion. The Company evaluates contract terms and conditions and may require prepayment to mitigate risk of loss. Generally, management requires no collateral prior to the extension of credit.

The Company does not believe that it is exposed to any significant credit risk in connection with cash and cash equivalents or the extension of credit to its franchisees.

Inventories - Inventories are stated at the lower of cost or net realizable value determined by the first-in, first-out method. Inventories consist of proprietary flavorings and operational supplies.

Depreciation - For financial statement purposes, depreciation is computed on either the straight-line method or modified cost recovery system using the 200% declining-balance method, over the estimated useful lives of the assets. For tax purposes, at times, the Company takes advantage of accelerated depreciation elections available for property and equipment. Depreciation expense for the years ended December 31, 2023 and 2022, was \$7,067 and \$9,923, respectively.

Goodwill - Goodwill is the result of the application of push-down accounting. Goodwill represents the amount by which the cost to acquire the Company exceeded the fair value of individual acquired assets less liabilities of the business at acquisition. Goodwill was generated primarily based on the growth potential of the Company due to the existing franchise branding at acquisition. FASB ASC 805-50-50 allows the controlling company to push down the acquisition adjustments to the acquired companies' separate financial statements. The total amount of goodwill pushed down to the Company was \$10,516,426 at both December 31, 2023 and 2022.

The Company evaluates goodwill for impairment when a triggering event occurs. During each of the years ended December 31, 2023 and 2022, no triggering events occurred requiring impairment testing. As such, no impairment loss was recorded. The Company has elected to not amortize goodwill for financial statement purposes.

NOTES TO FINANCIAL STATEMENTS

HANDEL'S ENTERPRISES, LLC

December 31, 2023 and 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal income taxes - No provision for federal income taxes has been made in the financial statements because the Company is a single member LLC, which is a disregarded entity for federal tax purposes. The parent company, also an LLC, has elected to be treated as a U.S. Small Business Corporation, whereby the Company's income, in general, is taxable only at the member's level.

Accounting for uncertainty in income taxes - FASB ASC 740-10-05 allows the Company to record benefits resulting from tax positions taken only if an evaluation of the technical merits of these tax positions results in a more likely-than-not determination. The Company's evaluation on December 31, 2023 and 2022, revealed no tax positions that would have a material impact on the financial statements. All open tax years remain subject to examination by the Internal Revenue Service. The Company does not believe that any reasonably possible changes will occur within the next 12 months that will have a material impact on the financial statements.

Advertising - Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2023 and 2022, were \$657,818 and \$236,578, respectively.

Leases - FASB issued guidance (ASC 842, *Leases*) to increase the transparency and comparability among organizations by requiring the recognition of the right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

The Company adopted the standard effective January 1, 2022, and recognized and measured leases at, or entered into after, January 1, 2022, using a modified retrospective approach. The Company elected the package of practical expedients permitted under the transition guidance within the new standard which, among other things, allowed the Company to carry forward the historical lease classification.

The adoption had a material impact on the Company's balance sheet but did not have a material impact on the statement of income or statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. As a result of adopting the new standard effective January 1, 2022, the Company recorded additional operating lease assets and operating lease liabilities of approximately \$668,541.

NOTES TO FINANCIAL STATEMENTS

HANDEL'S ENTERPRISES, LLC

December 31, 2023 and 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued) - The Company assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Operating leases are included in other assets, current liabilities and long-term liabilities on the balance sheet. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The Company recognizes operating lease ROU assets and lease liabilities at commencement date based on the present value of lease payments over the lease term. In determining the discount rate to measure the ROU assets and lease liabilities, the Company uses the rates implicit in the lease or, if not readily available, the Company uses its incremental borrowing rate based on information available at commencement date in determining the present value of the lease payments. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain it will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease and nonlease components, which are generally accounted for separately. The nonlease components are primarily comprised of common area maintenance and real estate taxes that are passed on from the lessor in proportion to the space leased and are recognized in operating expenses in the period in which the obligation for those payments was incurred.

The Company has elected to apply the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

NOTE B - PROPERTY AND EQUIPMENT - NET

Property and equipment consists of the following:

	2023	2022	ESTIMATED USEFUL LIVES
Building improvements	\$ 46,745	\$ 46,745	15 years
Office equipment	69,804	35,562	5 to 7 years
Vehicles	29,862	29,862	5 years
Construction in progress	0	1,171	
	146,411	113,340	
Less accumulated depreciation	75,217	68,150	
NET PROPERTY AND EQUIPMENT	\$ 71,194	\$ 45,190	

NOTES TO FINANCIAL STATEMENTS

HANDEL'S ENTERPRISES, LLC

December 31, 2023 and 2022

NOTE C - LINE OF CREDIT

The Company has a line of credit with a local bank for \$500,000, all of which is available for use at December 31, 2023. Interest is payable monthly at the Bloomberg Short-Term Bank Yield Index rate plus 2%. The rate at December 31, 2023, was 5.37%. The line is collateralized by the business assets of the Company.

NOTE D - LEASES

The Company has two operating building leases, one of which is with a related party (see NOTE E). The leases have remaining lease terms of 45 to 310 months, which includes the Company's anticipation of exercising renewal options.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following summarizes the line items in the statements of income which include the components of lease expense for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating lease cost	<u>\$ 96,273</u>	<u>\$ 40,905</u>
Short-term lease cost	<u>\$ 21,389</u>	<u>\$ 62,896</u>

The following summarizes cash flow information related to leases for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 96,273</u>	<u>\$ 40,905</u>
Reduction to right-of-use assets resulting from reductions to lease liabilities:		
Operating leases	<u>\$ 32,090</u>	<u>\$ 334</u>
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	<u>\$ 390,633</u>	<u>\$ 0</u>

NOTES TO FINANCIAL STATEMENTS

HANDEL'S ENTERPRISES, LLC

December 31, 2023 and 2022

NOTE D - LEASES (CONTINUED)

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Weighted average remaining lease term (in years):		
Operating leases	<u>18.11</u>	<u>26.83</u>
Weighted average discount rate:		
Operating leases	<u>6.08%</u>	<u>6.07%</u>

The following summarizes the maturities of operating lease liabilities as of December 31, 2023:

2024	\$ 146,467
2025	152,952
2026	156,208
2027	123,705
2028	44,996
2029 and following	1,186,479
TOTAL FUTURE OPERATING LEASE PAYMENTS	<u>1,810,807</u>
Less interest	784,058
PRESENT VALUE OF OPERATING LEASE LIABILITIES	<u>1,026,749</u>
Current portion of operating lease liabilities	86,326
NONCURRENT PORTION OF OPERATING LEASE LIABILITIES	<u>\$ 940,423</u>

NOTE E - RELATED-PARTY TRANSACTIONS

The Company's activities with related parties include management fees for administrative services received, selling flavoring products and equipment, making and receiving short-term loans and leasing offices under an operating lease. These entities are affiliated through common ownership or are with entities affiliated with the sole member of the Company. Following is a summary of related-party transactions as of and for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Total sales to affiliates	<u>\$ 25,606</u>	<u>\$ 29,936</u>
Total lease payments to affiliate (see NOTE D)	<u>\$ 40,905</u>	<u>\$ 40,905</u>
Total management fees paid to affiliate	<u>\$ 3,838,181</u>	<u>\$ 3,090,180</u>
Total amounts due from affiliates	<u>\$ 444,572</u>	<u>\$ 351,921</u>
Total amounts due to affiliates	<u>\$ 465,779</u>	<u>\$ 589,099</u>

Financial Statements

HANDEL'S ENTERPRISES, LLC

December 31, 2022 and 2021

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April 5, 2023

To the Board of Directors
Handel's Enterprises, LLC
Canfield, Ohio

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of Handel's Enterprises, LLC, which comprise the balance sheets as of December 31, 2022 and 2021, the related statements of income and member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Handel's Enterprises, LLC as of December 31, 2022 and 2021, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Handel's Enterprises, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Handel's Enterprises, LLC'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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements 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 generally accepted auditing standards, 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 Handel's Enterprises, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Handel's Enterprises, LLC's ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in black ink, appearing to read "Schrödel, Scullin & Bestic, LLC".

BALANCE SHEETS

HANDEL'S ENTERPRISES, LLC

December 31, 2022 and 2021

	2022	2021
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 7,649,363	\$ 4,041,877
Accounts receivable	2,347,153	1,024,423
Due from affiliated companies	351,921	271,724
Inventories	130,599	76,589
Opening order equipment	2,081,270	961,939
Prepaid expenses	82,277	88,868
TOTAL CURRENT ASSETS	<u>12,642,583</u>	<u>6,465,420</u>
<u>PROPERTY AND EQUIPMENT - NET</u>	<u>45,190</u>	<u>42,501</u>
<u>OTHER ASSETS</u>		
Operating lease right-of-use assets	668,207	0
Goodwill	10,516,426	10,516,426
TOTAL OTHER ASSETS	<u>11,184,633</u>	<u>10,516,426</u>
	<u>\$ 23,872,406</u>	<u>\$ 17,024,347</u>
<u>LIABILITIES AND MEMBER'S EQUITY</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 1,652,867	\$ 792,790
Customer deposits	3,747,256	1,737,414
Due to affiliated companies	589,099	648,636
Accrued liabilities:		
State and local taxes	7,512	7,512
Miscellaneous expenses	20,332	4,500
Current portion of operating lease liabilities	355	0
TOTAL CURRENT LIABILITIES	<u>6,017,421</u>	<u>3,190,852</u>
<u>LONG-TERM LIABILITIES</u>		
Operating lease liabilities	667,852	0
Deferred franchise fees	1,912,500	847,500
TOTAL LONG-TERM LIABILITIES	<u>2,580,352</u>	<u>847,500</u>
<u>MEMBER'S EQUITY</u>	<u>15,274,633</u>	<u>12,985,995</u>
	<u>\$ 23,872,406</u>	<u>\$ 17,024,347</u>

The accompanying notes are an integral part
of these financial statements

STATEMENTS OF INCOME AND MEMBER'S EQUITY

HANDEL'S ENTERPRISES, LLC

For the years ended December 31, 2022 and 2021

	2022	%	2021	%
<u>OPERATING INCOME</u>				
Revenue	\$ 11,487,082	100.0	\$ 7,531,780	100.0
Costs and expenses	<u>8,615,067</u>	<u>75.0</u>	<u>6,231,201</u>	<u>82.7</u>
INCOME FROM OPERATIONS	<u><u>2,872,015</u></u>	<u><u>25.0</u></u>	<u><u>1,300,579</u></u>	<u><u>17.3</u></u>
<u>OTHER INCOME</u>				
Interest income	16,623	0.1	0	0.0
Miscellaneous - net	<u>0</u>	<u>0.0</u>	<u>3,150</u>	<u>0.0</u>
TOTAL OTHER INCOME	<u><u>16,623</u></u>	<u><u>0.1</u></u>	<u><u>3,150</u></u>	<u><u>0.0</u></u>
NET INCOME	<u><u>2,888,638</u></u>	<u><u>25.1</u></u>	<u><u>1,303,729</u></u>	<u><u>17.3</u></u>
<u>MEMBER'S EQUITY</u>				
Balance at beginning of year	12,985,995		11,682,266	
Distributions	<u>(600,000)</u>		<u>0</u>	
Balance at end of year	<u><u>\$ 15,274,633</u></u>		<u><u>\$ 12,985,995</u></u>	

The accompanying notes are an integral part
of these financial statements

STATEMENTS OF CASH FLOWS

HANDEL'S ENTERPRISES, LLC

For the years ended December 31, 2022 and 2021

	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income	\$ 2,888,638	\$ 1,303,729
Adjustments to reconcile net income to net cash provided (used) from operating activities:		
Depreciation	9,923	9,305
(Increase) decrease in assets:		
Accounts receivable and other current assets	(2,515,667)	(710,498)
Inventories	(54,010)	(5,342)
Increase (decrease) in liabilities:		
Accounts payable, accrued liabilities and other current liabilities	2,826,213	672,315
Deferred franchise fees	1,065,000	496,250
TOTAL ADJUSTMENTS	<u>1,331,459</u>	<u>462,030</u>
NET CASH PROVIDED (USED) FROM OPERATING ACTIVITIES	<u>4,220,097</u>	<u>1,765,759</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(12,611)	(35,305)
NET CASH PROVIDED (USED) FROM INVESTING ACTIVITIES	<u>(12,611)</u>	<u>(35,305)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Distributions to member	(600,000)	0
NET CASH PROVIDED (USED) FROM FINANCING ACTIVITIES	<u>(600,000)</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>3,607,486</u>	<u>1,730,454</u>
Cash and cash equivalents balance at beginning of year	4,041,877	2,311,423
Cash and cash equivalents balance at end of year	<u>\$ 7,649,363</u>	<u>\$ 4,041,877</u>
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>		
Cash paid during the year for:		
Interest	\$ 0	\$ 0
Income taxes	<u>\$ 0</u>	<u>\$ 0</u>
<u>SCHEDULE OF NONCASH OPERATING ACTIVITIES - SEE NOTES A AND D</u>		

The accompanying notes are an integral part
of these financial statements

NOTES TO FINANCIAL STATEMENTS

HANDEL'S ENTERPRISES, LLC

December 31, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of business - Handel's Enterprises, LLC (the "Company") is a franchisor of retail ice cream parlors, offering franchises primarily in the United States. The Company's offices are located in Canfield, Ohio. The Company had a total of 94 and 75 franchises at December 31, 2022 and 2021, respectively, located in Alabama, Arizona, California, Indiana, Nevada, North Carolina, Ohio, Oregon, Pennsylvania, Texas and Utah.

The latest Franchise Disclosure Document had an issuance date of April 15, 2022.

Estimates and subsequent events - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. In preparing the financial statements, including estimates and disclosures, management has considered the effects of subsequent events through April 5, 2023—the date the financial statements were available to be issued. See NOTE D for a subsequent event which was significant and requires additional disclosure.

Revenue recognition - Under ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) and related amendments, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

Franchise fees and royalty income - The Company receives an initial nonrecurring franchise fee from new franchisees for the right to use the Handel's name, products, trade secrets and proprietary processes in a specific geographic area for a 10-year period. The franchise agreements typically require the franchisee to pay initial nonrefundable franchise fees prior to opening the respective store and continuing fees or royalty income, on a monthly basis, based upon a percentage of franchisee gross sales. Prior to the end of the franchise term, or as otherwise provided by the Company, a franchisee may elect to renew the term of a franchise agreement and, if approved, will typically pay a renewal fee upon execution of the renewal term.

The Company recognizes franchise fee revenue over the time it takes to establish the individual franchise store. The Company's performance obligations are to provide the franchise right, to assist the franchisee with site selection, which includes lease negotiations or developing building plans, and training. Therefore, initial franchise fees for each individual store are allocated and recognized when each performance obligation is met. Franchise fee revenue for the years ended December 31, 2022 and 2021, was \$2,060,000 and \$1,083,750, respectively. Deferred revenue was \$1,912,500 and \$847,500 at December 31, 2022 and 2021, respectively, which represents deposits on 99 and 41 individual franchise stores, respectively, for which all performance obligations had not been met.

The Company receives a monthly franchise fee (royalty) from operating franchisees, excluding stores owned and operated by related parties, calculated at 6% of gross sales of the franchisee. Royalty income is recognized over the term of the respective franchise agreement based on the royalties earned each period as the underlying sales occur.

NOTES TO FINANCIAL STATEMENTS

HANDEL'S ENTERPRISES, LLC

December 31, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales of ice cream flavors and other products - The Company distributes ice cream flavors and other products, including opening order equipment, to franchisees. Revenue from the sale of ice cream flavors and other products is recognized when title and risk of loss transfers to the buyer, which is generally upon delivery. Payment for ice cream flavors and other products is generally due within a relatively short period of time subsequent to delivery. Accordingly, the Company recognizes revenue at a point in time in an amount that reflects the consideration which the Company expects to receive in exchange for those products.

The Company's timing of revenue as of December 31, 2022 and 2021, is as follows:

	2022	2021
Revenue recognized at a point in time	\$ 5,107,396	\$ 3,488,955
Revenue recognized over time	6,379,686	4,042,825
TOTAL REVENUE	<u>\$ 11,487,082</u>	<u>\$ 7,531,780</u>

Accounts receivable are recognized in the period when the Company's right to consideration is unconditional. The Company utilizes the allowance method to account for uncollectible accounts receivable. Under this method, the Company evaluates its receivables for the purpose of determining those that are doubtful and allows for the doubtful amounts using a specific identification method. Accounts receivable are then recognized net of an allowance for doubtful accounts. In the opinion of management, the accounts receivable at December 31, 2022 and 2021, are fully collectible and no allowance for doubtful accounts is required. Accounts receivable was \$1,024,423 and \$522,414 on January 1, 2022 and 2021, respectively. Total bad debt expense was \$0 for each of the years ended December 31, 2022 and 2021.

Various economic factors affect revenues and cash flows. The Company has no significant financing components because its payment terms generally range from 30 to 90 days after the invoice is billed to the franchisee. The Company does not offer extended payment terms. Shipping and other transportation costs charged to customers are reported within revenue.

Concentration of risk and extension of credit - Cash and cash equivalents are defined as deposits or investments in local banks or other credit institutions. At times, current balances include amounts in excess of FDIC limits.

Concentrations of credit with respect to trade receivables are limited due to the large number of customers comprising the Company's franchise base. Credit terms are granted to customers of the Company based upon terms and conditions at management's discretion. Generally, management requires no collateral prior to the extension of credit. The Company classifies receivables as being past due or delinquent based on how frequently payments have been made.

The Company does not believe that it is exposed to any significant credit risk in connection with cash and cash equivalents or the extension of credit to its franchisees.

Inventories - Inventories are stated at the lower of cost or net realizable value determined by the first-in, first-out method. Inventories consist of proprietary flavorings and operational supplies.

NOTES TO FINANCIAL STATEMENTS

HANDEL'S ENTERPRISES, LLC

December 31, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation - For financial statement purposes, depreciation is computed on either the straight-line method or modified cost recovery system using the 200% declining-balance method, over the estimated useful lives of the assets. For tax purposes, at times, the Company takes advantage of accelerated depreciation elections available for property and equipment. Depreciation expense for the years ended December 31, 2022 and 2021, was \$9,923 and \$9,305, respectively.

Goodwill - Goodwill is the result of the application of push-down accounting. Goodwill represents the amount by which the cost to acquire the Company exceeded the fair value of individual acquired assets less liabilities of the business at acquisition. Goodwill was generated primarily based on the growth potential of the Company due to the existing franchise branding at acquisition. Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 805-50-50 allows the controlling company to push down the acquisition adjustments to the acquired companies' separate financial statements. The total amount of goodwill pushed down to the Company was \$10,516,426 at both December 31, 2022 and 2021.

The Company evaluates goodwill for impairment when a triggering event occurs. During each of the years ended December 31, 2022 and 2021, no triggering events occurred requiring impairment testing. As such, no impairment loss was recorded. The Company has elected to not amortize goodwill for financial statement purposes.

Federal income taxes - No provision for federal income taxes has been made in the financial statements because the Company is a single member LLC, which is a disregarded entity for federal tax purposes. The parent company, also an LLC, has elected to be treated as a U.S. Small Business Corporation, whereby the Company's income, in general, is taxable only at the member's level.

Accounting for uncertainty in income taxes - Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10-05 allows the Company to record benefits resulting from tax positions taken only if an evaluation of the technical merits of these tax positions results in a more likely-than-not determination. The Company's evaluation on December 31, 2022 and 2021, revealed no tax positions that would have a material impact on the financial statements. All open tax years remain subject to examination by the Internal Revenue Service. The Company does not believe that any reasonably possible changes will occur within the next 12 months that will have a material impact on the financial statements.

Advertising - Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2022 and 2021, were \$236,578 and \$151,961, respectively.

NOTES TO FINANCIAL STATEMENTS

HANDEL'S ENTERPRISES, LLC

December 31, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases - The Financial Accounting Standards Board (FASB) issued guidance (ASC 842, *Leases*) to increase the transparency and comparability among organizations by requiring the recognition of the right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

The Company adopted the standard effective January 1, 2022, and recognized and measured leases at, or entered into after, January 1, 2022, using a modified retrospective approach. Lease disclosures for the year ended December 31, 2021, were made under prior lease guidance (ASC 840). The Company elected the package of practical expedients permitted under the transition guidance within the new standard which, among other things, allowed the Company to carry forward the historical lease classification.

The adoption had a material impact on the Company's balance sheet but did not have a material impact on the statement of income or statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. As a result of adopting the new standard effective January 1, 2022, the Company recorded additional operating lease assets and operating lease liabilities of approximately \$668,541.

The Company assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Operating leases are included in other assets, current liabilities and long-term liabilities on the balance sheet. ROU assets represent the Company's right to use an underlying asset for the lease term and ROU liabilities represent the Company's obligation to make lease payments arising from the lease. The Company recognizes operating lease ROU assets and liabilities at commencement date based on the present value of lease payments over the lease term. In determining the discount rate to measure the ROU assets and lease liabilities, the Company uses the rates implicit in the lease or, if not readily available, the Company uses its incremental borrowing rate based on information available at commencement date in determining the present value of the lease payments. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain it will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease and nonlease components, which are generally accounted for separately. The nonlease components are primarily comprised of common area maintenance and real estate taxes that are passed on from the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

The Company has elected to apply the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term. The short-term lease cost recognized and disclosed for these leases in 2022 and 2021 was \$62,896 and \$29,157, respectively.

NOTES TO FINANCIAL STATEMENTS

HANDEL'S ENTERPRISES, LLC

December 31, 2022 and 2021

NOTE B - PROPERTY AND EQUIPMENT - NET

Property and equipment consists of the following:

	2022	2021	ESTIMATED USEFUL LIVES
Building improvements	\$ 46,745	\$ 35,305	15 years
Office equipment	35,562	35,562	5 to 7 years
Vehicles	29,862	29,862	5 years
Construction in progress	1,171	0	
	<u>113,340</u>	<u>100,729</u>	
Less accumulated depreciation	68,150	58,228	
NET PROPERTY AND EQUIPMENT	<u>\$ 45,190</u>	<u>\$ 42,501</u>	

NOTE C - LINE OF CREDIT

The Company has a line of credit with a local bank for \$500,000, all of which is available for use at December 31, 2022. Interest is payable monthly at the Bloomberg Short-Term Bank Yield Index rate plus 2%. The rate at December 31, 2022, was 6.36%. The line is collateralized by the business assets of the Company.

NOTE D - LEASES AND SUBSEQUENT EVENT

The Company has an operating building lease with a related party. The lease has a remaining lease term of 322 months, which includes the Company's anticipation of exercising renewal options.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following summarizes the line items in the statements of income which include the components of lease expense for the year ended December 31, 2022:

Operating lease cost \$ 40,905

Short-term lease cost \$ 62,896

The following summarizes cash flow information related to leases for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases \$ 40,905

Reduction to right-of-use assets resulting from reductions to lease liabilities:

Operating leases \$ 334

NOTES TO FINANCIAL STATEMENTS

HANDEL'S ENTERPRISES, LLC

December 31, 2022 and 2021

NOTE D - LEASES AND SUBSEQUENT EVENT (CONTINUED)

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022:

Weighted-average remaining lease term (in years):

Operating leases	26.83
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Weighted-average discount rate:

Operating leases	6.07%
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The following summarizes the maturities of operating lease liabilities as of December 31, 2022:

2023	\$ 40,905
2024	41,675
2025	44,996
2026	44,996
2027	44,996
2028 and following	1,231,475
TOTAL FUTURE OPERATING LEASE PAYMENTS	1,449,043
LESS INTEREST	780,836
PRESENT VALUE OF OPERATING LEASE LIABILITIES	668,207
CURRENT PORTION OF OPERATING LEASE LIABILITIES	355
NONCURRENT PORTION OF OPERATING LEASE LIABILITIES	\$ 667,852

Subsequent to December 31, 2022, the Company entered into a new operating lease which will add a right-of-use asset and liability of \$389,180. The lease will commence in March 2023 with a lease term of four years.

NOTE E - RELATED-PARTY TRANSACTIONS

The Company's activities with related parties include management fees for administrative services received, selling flavoring products and equipment, making and receiving short-term loans and leasing offices under an operating lease (see NOTE D). These entities are affiliated through common ownership or are with entities affiliated with the sole member of the Company. Following is a summary of related-party transactions as of and for the years ended December 31:

	2022	2021
Total sales to affiliates	\$ 29,936	\$ 53,744
Total management fees paid to affiliate	<u>\$ 3,090,180</u>	<u>\$ 2,749,799</u>
Total amounts due from affiliates	<u>\$ 351,921</u>	<u>\$ 271,724</u>
Total amounts due to affiliates	<u><u>\$ 589,099</u></u>	<u><u>\$ 648,636</u></u>

EXHIBIT B

FRANCHISE AGREEMENT

HANDEL'S ENTERPRISES, LLC

UNIT FRANCHISE AGREEMENT



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HANDEL'S UNIT FRANCHISE AGREEMENT

This Agreement ("Agreement") made the _____ day of _____ 20____ (the "Effective Date"), among HANDEL'S ENTERPRISES, LLC, a Delaware limited liability company with its principal business address at 3830 Starr Centre Drive, Canfield, Ohio 44406, ("Franchisor," "Handel's," "us," or "we") and _____, formed and operating under the laws of the State of _____, or _____ an individual with a principal residence at _____ ("Franchisee" or "you").

RECITALS

1. We have developed a successful and distinctive method of developing and operating retail ice cream parlors ("System") under the name "Handel's".
2. We and our affiliates own the rights to certain trade names, trademarks, service marks, and logos, including the mark "Handel's Homemade Ice Cream" and such other trade names, service marks, and trademarks as are now designated (and may hereinafter be designated by Franchisor in writing) for use in connection with the System (the "Marks").
3. You have applied to us for a franchise to operate a Handel's ice cream parlor, and we have approved your application in reliance on representations you have made to us, including those concerning your financial resources.

Therefore, for valuable consideration, the parties agree as follows:

AGREEMENT

Article One

GRANT OF FRANCHISE

1.01 Grant of Franchise Subject to the terms of this Agreement we grant you, and you accept, a franchise ("Franchise") to use our System to establish and operate one Handel's ice cream parlor ("Parlor") at the location described in Schedule A ("Premises") for ten (10) years, beginning the Effective Date (the "Initial Term"). If the parties have not agreed on a Premises as of the date this Agreement is executed, we will designate a general marketing area (the "Site Selection Area") on the data sheet attached to this Agreement as Exhibit A, wherein you must locate and secure the Premises as detailed more fully in Section 2.01 of this Agreement. You acknowledge and agree that: (i) you do not have any territorial rights within the Site Selection Area; (ii) we may permit other new franchisees to search for the location of their franchised Parlor within the same Site Selection Area that is assigned to you under this Agreement if we determine in our discretion that the Site Selection Area is large enough to contain additional franchises; and (iii) potential locations for each franchised Parlor, and resulting Territories (as defined below), within the Site Selection Area will be reviewed and rejected/granted on a first-to-propose basis. Your establishment and operation of the Parlor is called the "Business". You must submit a proposed site for your Parlor and receive our approval within 180 days of signing the Franchise Agreement. You must complete the development of your Parlor and open for business within 365 days of signing the Franchise Agreement. In the event that you have a site identified and approved at the signing of the Franchise Agreement, you must complete the development of your Parlor and open for business within 180 days of signing the Franchise Agreement.

1.02 Exclusivity As long as you are not in default under this Agreement, we will not establish, or grant the right to another to establish, a Handel's ice cream parlor within the area described in Schedule A (your "Territory"). The Territory will be designated and defined after you have located and secured an approved Premises. You do not have the right to subfranchise or sublicense any of your rights under this Agreement. We may from time-to-time issue territorial restrictions on your right to solicit customers outside of your Territory, or to provide delivery or catering services outside of your Territory. You must comply with all extraterritorial restrictions and requirements set forth

in the Operations Manual or that we otherwise designate in writing. We reserve the right to (a) adjust the scope and nature of these restrictions at any time upon providing you with written notice of such changes, and (b) create policies and procedures governing your right to use any third-party delivery services and any conditions or restrictions thereupon.

1.03 Renewal You will have the right to enter into a successor agreement for the Franchise for two (2) additional terms of five (5) years each (each a “Renewal Term”), provided you meet the following conditions:

- (a) You give us written notice of your intent to renew this Agreement between nine (9) and six (6) months before this Agreement will expire;
- (b) You must be in full compliance with any agreements you and we have entered into together at the end of the initial term;
- (c) You must sign our then-current franchise agreement, whose terms may be materially different from the terms contain in this Agreement;
- (d) You must make any necessary remodeling requirements to bring your Parlor Premises up to our standards at that time, at least three (3) months before this Agreement will expire;
- (e) You provide us written documentation that you have extended your lease for an additional 5 years and that you have the option to renew your lease for one (1) additional term of five (5) years;
- (f) You sign our then-current form of our general release of claims;
- (g) You pay a renewal fee equal to \$15,000; and
- (h) You deliver to us executed copies of the franchise agreement, general release, and any other agreements, addenda, or exhibits we may require at least thirty (30) days before this Agreement will expire.

1.04 Rights We Reserve We retain all other rights, and may, among other things, on any terms and conditions we deem advisable, and without granting you any rights therein:

- (a) establish, and license others to establish, Handel’s ice cream parlors at any location outside the Territory, notwithstanding their proximity to the Territory or the Location or their actual or threatened impact on sales at your Parlor;
- (b) establish, and license others to establish, Handel’s ice cream parlors at any institutional or captive audience facilities, including, without limitation, military bases, airports and other public transportation facilities, government offices or institutions, educational institutions, health care facilities, toll road or highway rest stops, parks, stadiums, museums, art centers, contract or institutional food service operators, in theaters, warehouse clubs, theme parks, amusement centers, truck stops, or casinos (“Institutional Facilities”) within or outside the Territory, notwithstanding such Handel’s ice cream parlors’ proximity to the Premises or their actual or threatened impact on sales at your Parlor;
- (c) establish, acquire or operate, or license others to establish and operate, restaurants or stores under other systems or other proprietary marks, which restaurants or stores may offer or sell products or services that are different from the products and services offered from the Parlor, and which restaurants or stores may be located within or outside the Territory, notwithstanding such stores’ proximity to the Premises or their actual or threatened impact on sales at your Parlor;
- (d) in the event we or our affiliates acquire another chain or system, or we or our affiliates are acquired by another chain or system, that operates and/or franchises restaurants or stores

that are the same or similar to Handel's ice cream parlors in that they have a substantially similar menu or similar theme or concept, we or our affiliates may establish, acquire or operate, or license others to establish and operate, restaurants or stores under other systems or other marks, which restaurants or stores may offer or sell products or services that are the same as, or similar to, the products and services offered from the Parlor, and which restaurants or stores may be located within or outside the Territory, despite these restaurants' or stores' proximity to the Premises or their actual or threatened impact on sales at your Parlor;

- (e) sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products, services or merchandise, from any location or to any purchaser (including, but not limited, to sales made at retail locations, supermarkets, gourmet shops, mail order, and on the Internet); and
- (f) conduct catering sales, and/or permit affiliates, licensees and/or other franchisees to conduct catering sales, to customers located in your Territory if you (a) are not certified or qualified under our then-current rules, policies, and conditions to conduct catering, or (b) decline to service a particular catering customer or job.

Article Two

LOCATION OF THE PARLOR

2.01 Location During the Initial Term and for each Renewal Term, you must operate the Business only at the Premises. You must only use the Premises for purposes permitted under this Agreement. If, before this Agreement terminates, through no fault of your own, your lease terminates or your Premises is otherwise rendered unusable for operating an ice cream parlor, you will be allowed to move to another location if:

- (a) We first give our written consent to your proposed new Premises;
- (b) The proposed new Premises is subleased to us if we so require;
- (c) You develop the new Premises, solely at your expense, in the way described in Article 3.
- (d) You pay us a relocation fee equal to \$2,000; and
- (e) We have been released from any obligations under the lease of the Premises.

Article Three

DEVELOPMENT AND OPENING THE PARLOR

3.01 Lease of Premises

- (a) If we have not agreed on a site by the time you sign this Agreement, the parties will use their reasonable best efforts to find a mutually acceptable location;
- (b) The lease must give us the first right of refusal to assume the lease, but must not obligate us in matters of lease transfers or terminations;
- (c) You must execute our prescribed form of Collateral Assignment of Lease and our then-current form of lease addendum (if any);
- (d) The lease must be in form and on terms acceptable to us; and
- (e) If we approve the lease, then you must sign and deliver the lease to the landlord of the Premises, and after the landlord accepts, you agree not to alter or amend the lease in any way without our prior written approval. A clause must be in the lease that any attempt to do so on your part would be null and void.

3.02 Development of Parlor by Franchisee We will provide you with specifications and a list of approved suppliers of furnishings, fixtures and equipment. Our approved architect will provide you with a test fit for a location that is under consideration to ensure the potential site will meet our brand standards and is operationally viable. Once we have your test fit approval, you must use a pre-approved, licensed architect to prepare preliminary and final architectural and engineering drawings for the Parlor in accordance with our standard plans. You must buy all inventory, furnishings, equipment and supplies only from suppliers we approve in writing. We have the right to designate one supplier for any given item, product, good or service, and we have the right to approve, disapprove or change suppliers at any time in our sole discretion. We may inspect your Parlor both during and after construction. When your Parlor is completed, you must deliver to us a layout drawing and ten (10) standard size color print photographs of the interior and exterior. If we notify you of any construction, design or appearance deficiencies, you will have thirty (30) days to cure such deficiencies.

3.03 Opening for Business You must submit a proposed site for your Parlor and receive our approval within 180 days of signing the Franchise Agreement. You must complete the development of your Parlor and open for business within 365 days of signing the Franchise Agreement. In the event that you have a site identified and approved at the signing of the Franchise Agreement, you must complete the development of your Parlor and open for business within 180 days of signing the Franchise Agreement. You may not open or commence operations of the Parlor without our prior approval, which shall be conditioned on your full compliance with all obligations set forth in this Agreement including, without limitation, all training, construction, appearance, licensure and other pre-opening obligations.

Article Four **TRAINING AND OPERATING ASSISTANCE**

4.01 Training of the Principal We will train the Principals and Operating Manager (if different from the Principals) in the operation of the Parlor at no charge before you open the Parlor. The training period will be approximately ten (10) to fourteen (14) days, and you must successfully complete the training to our satisfaction.

4.02 Hiring of Employees You will hire all employees of the Parlor, and you will be exclusively responsible for the terms of their hiring, firing, compensation, scheduling, benefits, discipline, and all other personnel decisions without any influence or advice from us. You will communicate to all employees that you, not we or us, are their employer; and you will ensure that no payroll checks or other employment-related documents contain any reference to the Marks or our name.

4.03 Training of Employees To ensure your customers enjoy a consistent experience at each Handel's location, each of your employees must successfully complete training courses that meet our standards and specification at your expense. We reserve the right to update or revise the criteria and specifications for employee training contained in the Operations Manual.

4.04 Opening Assistance If you are opening your first Parlor, we will provide one (1) of our field representatives to assist you in the opening of your business during the period before, during and/or shortly after the initial opening. The length of time we will provide this assistance is within our discretion and the independent judgment of our staff member on site.

4.05 Training of Managers Each of your proposed managers must successfully complete the training required of all employees, as described in Section 4.03, and our managerial training program. If a manager receives managerial training at a time other than during the period set forth in Section 4.01, you will pay the reasonable costs of this training at the location we designate, along with our then-current training fee. We reserve the right to require you to provide this training to your proposed manager from instructional materials we provide to you.

4.06 Operating Assistance At no additional cost, we will provide you with guidance in operating your Parlor as is reasonably required in our opinion, including but not limited to the following:

- (a) The selection, stocking, display, use and sale of products and equipment we have approved for your use;
- (b) Ongoing training for employees to maintain System standards;
- (c) The use of advertising material prepared for or developed by us;
- (d) The establishment and maintenance of administrative, bookkeeping, accounting and general operating procedures of your Parlor.

We provide ongoing operating assistance to help you comply with the System, promote the goodwill of the Marks, and provide a consistent experience at each Handel's location for our and your customers.

4.07 **Additional Assistance** If you reasonably request, we may help you with problems beyond those contemplated by Section 4.06.

4.08 **Operations Manuals** We have prepared and will provide access to our electronic copy of our operating manual containing specifications, standards, and procedures ("Operations Manual") all of which may be periodically revised. The Operations Manual will contain mandatory and suggested specifications, standards, and operating procedures that we develop for and information relating to your other obligations. Any required specifications, standards and operating procedures exist to protect our interests in the System and the Marks, to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. You must keep the Operations Manual currently updated, and you agree to keep the contents confidential. You must promptly return any hard copies of the Operations Manual to us when this Agreement expires or is terminated for any reason. We will maintain the master copy of the Operations Manual at our principal office or on our website, and will control if there is a dispute involving the contents of the Operations Manual.

4.09 **Hours of Operation** To ensure your customers enjoy a consistent experience at each Handel's location, your Parlor must be open twelve (12) months a year. The minimum hours of operation from March 1 to October 31 are 11a.m. to 10 p.m., seven (7) days a week, subject to state and local laws and ordinances and your lease requirements. The minimum hours of operation from November 1 to February 28 (or 29) are 12 p.m. to 9 p.m., seven (7) days a week, subject to state and local laws and ordinances and your lease requirements. Failure to operate under these guidelines does not prohibit Handel's from collecting royalties for mandated hours of operation. Royalties for any period during which you fail to operate the Parlor for the minimum hours of operation may, at our option, be based on past year sales or sales from like volume store(s).

4.10 **Personal Participation by Franchisee**. Franchisee, or if Franchisee is an entity, the principal identified as the Operating Principal in Exhibit A, must personally participate in the direct management operation of the Franchised Business on a full-time basis, unless Franchisee engages an Operating Manager that we approve in writing to manage the day-to-day operations of the Parlor when Franchisee or the Operating Principal is not present. If Franchisee designates a manager at any time, that manager must successfully complete the Initial Training Program prior to assuming any management responsibilities in connection with the Franchised Business. Regardless, Franchisee is solely responsible for all aspects of the operation of the Franchised Business and ensuring that all the terms, conditions, and requirements contained in this Agreement and in the Manuals are met and kept. Notwithstanding the foregoing, your Parlor must, at all times, be managed and staffed with at least one (1) individual who either (a) has successfully completed our Initial Training Program, or (b) has completed a shift manager training program provided by you or your Operating Manager (a "Shift Manager"). In the event that you operate more than one Parlor, you must have a properly trained Operating Manager designated for each Parlor you own and operate.

5.01 **Condition and Appearance of the Parlor** You agree to maintain the condition and appearance of the Parlor consistent with our standards as communicated to you through the Operations Manual or otherwise in writing. You agree to do any remodeling, repair or redecorating we may require including replacing furniture, fixtures, equipment and signs. If we so notify you in writing, you must make a bona-fide, diligent effort to comply. If you do not, Handel's has the right, but not the obligation, to enter the Premises and effect such improvements, and you must pay the entire cost to us on demand.

5.02 **Authorized Products and Services** You must use, sell or display only those items, and offer only those services, we specify to you in writing as approved, immediately drop any item for which we withdraw approval, and add any new products we approve within a reasonable time. Certain products used or sold at the Parlor must be purchased from Handel's or our approved suppliers under the provisions of Section 3.03. We will provide advance notice of any change to the approved products or suppliers, and you must comply with such changes in a commercially reasonable period of time not to exceed 30 days. You must offer our gift cards and participate in our designated gift card program in your Parlor, and you must purchase your cards from us or an approved supplier. You are also required to honor any gift cards for payment of services at your Parlor, even if the gift card was purchased at another Handel's location. We reserve the right to change this policy from time-to-time. You are solely responsible for obtaining all required licenses and permits to operate the business.

5.03 **Terms of Purchase for Goods** The following provisions apply to your purchases from us:

- (a) If you are not in default under this Agreement, we will use our reasonable efforts to fill all orders placed as promptly as possible. However, in no event will we be liable for loss or damage due to delay in delivery resulting from any cause whatsoever beyond our reasonable control. We will never be liable for your financial losses due to any delay for any reason.
- (b) You understand that if you use your own form of purchase order, it will still impose only the obligations on us as seller, or rights to you as buyer, that would be imposed by this Agreement.
- (c) You are not allowed to return any products to us until we grant you written approval, which we agree not to unreasonably withhold in the case of defective products. Handel's sole responsibility in such instance is to replace such product or credit your account for the amount paid for such product.
- (d) We reserve the right to periodically adjust prices without prior notice. You must pay in full on delivery, unless the invoice provides otherwise. To not make you pay on delivery is not a waiver of our right to do so. If we do not require you to pay in full on delivery, title of the goods remains with Handel's until fully paid. Receipt of your check does not constitute payment until the full amount is received in cash.

5.04 **Minimum Inventory** You must maintain an adequate inventory representative of all products as detailed in the Operations Manual in sufficient quantity to cover your customer's needs, and always equal to or greater than the minimum quantity we require you to carry, which may vary depending on characteristics of the particular market you serve.

5.05 **Standards of Service** To ensure your customers enjoy a consistent experience at each Handel's location, you and your employees must give prompt, courteous service and abide by the highest standards of ethics, honesty, and integrity at all times when dealing with customers. You must ensure that you and your employees always follow the required policies and procedures for operating your Parlor, including but not limited to:

- (a) procedures for buying, displaying, storing and selling approved products and providing approved services;
- (b) the safety, maintenance, cleanliness, function and appearance of the Parlor;
- (c) apparel to be worn by, and appearance of, your employees;
- (d) your hours of business having regard to local laws;
- (e) keeping adequate working capital on hand; and
- (f) method of displaying signs, posters and similar items.

5.06 **Prices to be Charged by the Franchisee** We reserve the right to establish pricing of products offered by your Parlor to the fullest extent permitted by then-applicable law to enhance the competitive position and consumer acceptance of such products consistent with the long term interest of the System, which may include without limitation, any or all of the following: prescribing the maximum and/or minimum retail prices which you may charge customers for the products offered and sold at your Parlor; recommending retail prices; advertising specific retail prices for some or all products or services sold at your Parlor, which prices you will be required to observe; engaging in marketing, promotional and related campaigns which you must participate in and which may directly or indirectly establish your retail prices for products and services offered at your Parlor; and, otherwise mandating, directly or indirectly the maximum and/or minimum retail prices which you may charge the public for the products and services offered by you. All rights and obligations created by this Section 5.06 shall be subject to and limited by applicable state, local and federal law.

5.07 **Management and Conflicting, Competing Interests** You covenant and agree that you will always faithfully and diligently perform your obligations under this Agreement, and continuously exert your best efforts to promote and enhance the Business. You and your operating manager understand and agree to be bound by the provisions in Section 14.01.

5.08 **System Modification** You acknowledge and agree that from time to time, we may change or modify the System as we deem appropriate, including without limitation to reflect the changing market and/or to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of Handel's ice cream parlors. Our changes to the System may include, without limitation, the adoption and use of new or modified products, services, equipment and furnishings and new techniques and methodologies relating to the preparation, sale, promotion and marketing of food and beverage products and services, and new trademarks, service marks and copyrighted materials, merchant processing providers and point-of-sale policies and procedures, and gift card and loyalty programs. You will, upon reasonable notice, accept, implement, use, and display in the operation of the Parlor any such changes in the System, as if they were part of this Agreement at the time of execution hereof, at your sole expense. Additionally, we reserve the right, in our sole discretion, to modify the standards throughout the System, and the services and assistance that we may provide to some franchisees based upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that we deem to be important to the operation of any Handel's ice cream parlor or the System. You shall have no recourse against us because of any variation to any individual franchisee and you are not entitled to require us to provide you with similar variation hereunder.

5.09 **Health and Sanitation** You must comply with all applicable governmental health and sanitary standards in operating and maintaining your Parlor. You also must comply with any higher standards that we prescribe. In addition to complying with such standards, if the Parlor will be subject to any governmental sanitary or health inspection under which it may be rated in one or more than one classification, the Parlor will be maintained and operated so as to be rated in the highest available health and sanitary classification respecting each such inspection. If you fail to be rated in the highest classification or receive any notice that you are not in compliance with all

applicable health and sanitary standards, you will immediately notify us of such failure or noncompliance.

5.10 **Alternative Supplier Approval.** If you wish to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, you must provide us the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, to the extent known. You must then follow our then-current procedure for evaluating and approving such request and pay our then-current product/supplier evaluation fee (the "Evaluation Fee"). At our request, you must also provide us, for testing purposes, a sample of the item you wish to purchase. If we incur any costs in connection with testing a particular product or evaluating an unapproved supplier at your request, you must reimburse us for our reasonable testing costs, regardless of whether we subsequently approve the item or supplier. We will use commercially reasonable efforts to notify you in writing whether or not your request is approved or denied within thirty (30) days of: (i) our receipt of all supporting information from you regarding your request under this Section; and (ii) if applicable, our completion of any inspection or testing associated with your request. If we do not provide written approval within this time period, then your request will be deemed denied. We may, but are not obligated to, provide your proposed supplier with its specifications for the item that you wish the third-party to supply, provided that third-party executes our prescribed form of non-disclosure agreement. Each supplier that we approve must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure. If we approve any supplier, you may enter into supply contracts with such third party, but under no circumstances will we guarantee your performance of any supply contract. We may re-inspect and revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards. Nothing in this Section shall be construed to require us to approve any particular supplier. We may base our approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation we deem necessary or desirable in the System as a whole. We have the right to receive payments from suppliers on account of their dealings with you and other franchisees and to use all amounts we receive without restriction (unless instructed otherwise by the supplier) for any purposes we deem appropriate.

5.11 **Compliance with Applicable Laws.** You are solely responsible for ensuring compliance with all applicable laws, ordinances and regulations or ruling of every nature whatsoever which in any way regulate or affect the operation of your Parlor. You must also comply with federal, state, and local health and consumer protection laws and regulations governing the food service industry and concerning food preparation, handling, storage, truth in menu laws concerning menu item names and product labeling, food handler's permits, nutritional claims, tax laws and regulations, including state and local sales tax requirements, and local labor regulations, including minimum age and minimum wage laws.

Article Six

INSURANCE

6.01 **Insurance.** You must maintain for the term of this Agreement at your expense, insurance by, and in the amounts, we prescribe, including your lease and:

- (a) 'All risk" insurance on the personal property, leasehold improvements, and assets of every description and kind used in the business for the amount of its full insurable value, with an Optional Loss Settlement clause, if available;
- (b) Business Interruption insurance in the amount we require;
- (c) Comprehensive public liability and property damage insurance including personal and bodily injury liability, contractual liability, owned and non-owned automobile liability (if applicable), employers' liability, and owners and contractors' protective insurance coverage with respect to the business and anyone performing services on its behalf, for at least two million (\$2,000,000) dollars per occurrence.

The policy must list Handel's as an additional insured as its interest may appear, and you must give us thirty (30) days written notice before the policy expires or terminates. You must promptly report any and all potential claims. You must provide Handel's with proof that you have obtained this insurance at least ten (10) days before opening for business, and annually thereafter. If you fail to maintain such insurance or provide its proof, we have the option to obtain such insurance on your behalf, and you would have to promptly execute any required instruments to obtain such insurance; you hereby appoint us as your attorney in fact to execute for you any required documents if you fail to do so, and you pay us on demand any costs we incur or insurance premiums we pay on your behalf. You must obtain blanket insurance coverage maintained by Handel's if we so require, and can provide it to you for a reasonable price.

Article Seven

CONFIDENTIAL INFORMATION, IMPROVEMENTS

7.01 **Confidential Information** You acknowledge and agree that you do not acquire any interest in the Confidential Information, other than the right to use it in developing and operating the Parlor pursuant to this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. You understand, acknowledge and agree that the Confidential Information is proprietary and is our trade secret, and that we disclosed it to you solely on the condition that you agree that you: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (c) will not make unauthorized copies of any Confidential Information disclosed in written form; (d) will adopt and implement all reasonable procedures we direct to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to Parlor employees; and (e) will sign a Confidentiality Agreement and will require the operating manager and other managers, employees and agents with access to Confidential Information to sign such an agreement in a form we approve, of which a form will be provided to you in the Operations Manual.

The restrictions on your disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent you are legally compelled to disclose this information, if you use your best efforts to maintain the confidential treatment of the Confidential Information, and provide us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

7.02 **Improvements** You must fully and promptly disclose to us all ideas, concepts, products, recipes, process methods, techniques, improvements, and additions relating to the development and/or operation of a Handel's ice cream parlor or the System, or any new trade names, trademarks, service marks or other commercial symbols, or associated logos relating to the operation of the Parlor, or any advertising or promotional ideas related to the Parlor or the System (collectively, the "Improvements") that you, the Principals, or your employees or agents conceive or develop during the term of this Agreement. You and your Principals, agents, and employees acknowledge and agree that any Improvement is our property, and you and your Principals, agents, or employees must sign all documents necessary to evidence the assignment of the Improvement to us without any additional compensation. You acknowledge and agree that we may use the Improvement and disclose and/or license the Improvement for use by others. You must not introduce any Improvement or any additions or modifications of or to the System into the Parlor without our prior written consent.

7.03 **Trade Secrets** You understand and agree that you will come into possession of certain of our trade secrets concerning the manner in which we conduct business including, but not necessarily limited to recipes and formulas; methods of doing business or business processes; strategic business plans; customer lists and information; marketing and promotional campaigns; and any materials clearly marked or labeled as trade secrets. You agree that the forgoing information, which may or may not be considered "trade secrets" under prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to us. You agree that we derive independent economic value from the foregoing information not being generally known to, and not being readily

ascertainable through proper means by another person. You agree to take reasonable measures, as may be described further in the Operations Manual, to keep such information secret. Upon termination of this Agreement, you will not use, sell, teach, train, or disseminate in any manner to any other person, firm, corporation, or association any trade secret pertaining to our business and/or the manner in which it is conducted.

Article Eight

INITIAL FRANCHISE FEE

8.01 **Initial Franchise Fee** You must pay us a non-recurring Initial Franchise Fee of Fifty Thousand dollars (\$50,000.00), payable in full on the execution of this Agreement. We fully earn the Initial Franchise Fee when we sign this Agreement and the Initial Franchise Fee is nonrefundable.

Article Nine

ADDITIONAL FEES

9.01 **Royalty and Service Fee** You must pay us a Royalty and Service fee for the term of this Agreement of six percent (6%) of the Gross Revenue (as defined below). Such payment, and all other payments you are required to make under this Agreement, will be made by automatic withdrawal of such sums from your bank account into Handel's account on the fifth (5th) day of the following month (or another interval we may designate from time to time). You must make any changes in the manner of making this deposit as Handel's instructs you.

9.02 **Definition of Gross Revenue** "Gross Revenue" means the total revenue generated by your Parlor, including all revenue generated from the sale and provision of any and all products and services offered at your Parlor which shall include, without limitation, all take-out, dine-in, delivery (including third party delivery) and catering orders, all payments in cash, credit or other payment method, as well as all proceeds from any business interruption insurance you receive with respect to the Business, but excluding the face-value of all Handel's approved promotional discount coupons accepted by you from your customers and all sales and use tax you properly collect and pay to the appropriate government authority. Each installment or credit sale that is made, regardless of when you receive payment, will be treated as a sale at the full sales price. Therefore, you are not allowed deductions for uncollectable accounts, or in any other manner, except as specified above.

9.03 **Electronic Transfer of Funds** You must sign electronic transfer of funds authorizations, attached as Schedule D, and other documents as we periodically designate to authorize your bank to transfer, either electronically or through some other method of payment we designate, directly to our account and to charge your account for all amounts you owe us. Your authorization will permit us to designate the amount to be transferred from your account. If we require payment through electronic transfer of funds or a similar method of payment, you will maintain a balance in your accounts sufficient to allow us to collect the amounts owed to us when due. You will be responsible for any penalties, fines or similar expenses associated with the transfer of funds described herein.

Article Ten

ADVERTISING AND PROMOTION

10.01 **Advertising and Sales Promotion Programs** Handel's may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all or some of the Handel's Parlors operating under the System. You must participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Handel's for each program. In all aspects of these programs, including without limitation, the type/quantity/timing/placement and choice of media, and market areas and advertising agencies, the System standards and specifications established by Handel's shall be final and binding upon you.

10.02 **Approval for all Advertising/Promotional Materials** All advertising and promotion by you in any medium must be conducted in a professional manner and shall conform to Handel's standards and requirements as set forth in the Operations Manual or otherwise. You shall obtain our approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us during the twelve (12) months prior to their proposed use. You must submit unapproved plans and materials to us, and we will have thirty (30) days to notify you of its approval or disapproval of such materials. If we do-not provide specific

approval of the proposed materials within this thirty (30) day period, the proposed materials will be deemed rejected. Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such materials. We may revoke our approval of any previously-approved advertising materials upon notice to you. We reserve the right to require you to include certain language on all advertising to be used locally by you or to be used by a Cooperative, including, but not limited to, the phrase “Franchises Available” and references to our telephone number and/or website.

10.03 **Initial Advertising** You must spend an amount we designate up to \$5,000 to promote and advertise the grand opening of the Parlor within the Territory, which must be expended during the time period beginning approximately thirty (30) days prior to the opening of the Franchised Business through the first sixty (60) days following the opening of the Franchised Business (the “Initial Advertising”). You must spend the Initial Opening Advertising on marketing and promotional materials approved by us. We will provide you with an Opening Advertising schedule setting forth your required expenditure and any other requirements or limitations on how these funds must be expended.

10.04 **Local Advertising Requirement** In addition to Initial Opening Advertising, you must expend a minimum percentage of Gross Revenue each month the Franchised Business is open and operating on advertising and marketing the Franchised Business within the Territory (the “Local Advertising Requirement”). The Local Advertising Requirement will be a minimum of one percent (1%) of Gross Revenue per month. We will provide written notice of any changes to the Local Advertising Requirement, and any such changes will go into effect the following calendar month. Upon our request, you must provide us with invoices or other proof of your monthly expenditures on local advertising and marketing. You must ensure that: (i) the Franchised Business has a dedicated phone line for use in connection with the Parlor only (and no other business, including any other Handel’s franchise); and (ii) the Parlor is listed in the appropriate Internet-based directories that we designate. You may not advertise and promote the parlor outside of the Territory, unless (a) the geographic area wherein you wish to advertise is contiguous to the Territory and that area has not been granted to any other Handel’s location or Handel’s franchisee/developer, or (b) we otherwise provide prior written consent in writing.

10.05 **Advertising and Marketing Fund** Handel’s reserves the right to establish a System-wide brand fund (“Fund”) designed to promote the System, Proprietary Marks and HANDEL’S brand generally. Once created, you are required to contribute to this Fund on a monthly basis in an amount we designate. The required Fund contribution will not exceed two percent (2%) of Gross Revenue per month. We will provide written notice of any changes to the required Fund contribution, and any such changes will go into effect the following calendar month. All payments by you to the Fund are non-refundable upon payment, and we will account separately for all sums paid to the Fund. The Fund will be maintained and administered by us or our designee as follows:

- (a) We will use the Fund and all contributions to it and any earnings on it, exclusively for preparing, directing, conducting, placing, and administering advertising, marketing, public relations, and/or promotional programs and materials, and any other activities, that we believe would enhance the image of the System, Marks, and any approved or required products or services.
- (b) We are not obligated to spend monies from the Fund in any particular franchisee’s market in proportion to the payments to the Fund made by the franchisee in that market. We do not represent that we will spend any particular amount of advertising funds locally, regionally, or nationally.
- (c) The Fund may be used to meet any and all costs of maintaining, administering, directing, and preparing advertising, which may include “franchises available” or other similar statements. This includes, among other things, direct mail advertising, marketing surveys and other public relations activities, developing and maintaining the Handel’s website, employing advertising and public relations agencies, purchasing promotional items, and providing other marketing materials

and services to the Handel's Parlors operating under the System. These costs may include the proportionate salary share of our employees that devote time and render services for advertising and promotion or the administration of the Fund, including administrative costs, salaries, and overhead expenses related to administering the Fund and its programs. No part of the Fund shall be used by us to defray any of our general operating expenses, other than those reasonably allocable to the advertising described in this Section or other activities reasonably related to the administration or direction of the Fund.

- (d) We shall administratively segregate all contributions to the Fund on its books and records. All such payments to the Fund may be deposited in our general operating account, may be commingled with our general operating funds, and may be deemed an asset of us, subject to our obligation to expend the monies in the Fund in accordance with the terms hereof. We may, in our sole discretion, elect to accumulate monies in the Fund for such periods of time, as it deems necessary or appropriate, with no obligation to expend all monies received in any fiscal year during that fiscal year. In the event our expenditures for the Fund in any one (1) fiscal year shall exceed the total amount contributed to the Fund during such fiscal year, we shall have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the Fund or to use such excess as a credit against its future contributions. The parties do not intend that the Fund be deemed a trust.
- (e) We shall, on an annual basis, account for the operation of the Fund and prepare an unaudited financial statement evidencing such accounting, which will be available to you upon written request ninety (90) days after the fiscal year end. We will not be required to provide an audit with respect to the Fund, and we may dissolve the Fund at any time after it is established.

10.06 **Website** We will display the Premises and contact information associated with your Parlor for so long as (i) the parlor is open and actively operating, and (ii) this Agreement is not subject to termination. You may not establish any separate website or other Internet presence in connection with the Parlor, System or Marks without our prior written consent. If approved to establish a separate website, you shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such website. You specifically acknowledge and agree that any website owned or maintained by or for the benefit of you shall be deemed "advertising" under this Agreement, and will be subject to (among other things) our approval as described in this Section 10. You may not promote or otherwise list the Parlor, or the Marks or System, on any social media or networking site, including without limitation, Facebook, LinkedIn, Instagram, Pinterest, Twitter or YouTube, without our prior written consent. You must provide us with administrative access, including all user names and passwords, which are associated with any online presence we permit you to establish. We have the unlimited right to change, remove, add or make any other modification to any social media or networking account or profile which we deem appropriate or necessary in our sole discretion. We shall have the right to modify the provisions of this Section relating to your use of separate websites and social media as we determine necessary or appropriate.

10.07 **Cooperatives** We may establish regional advertising cooperatives that are comprised of multiple Handel's franchisees located within a geographical region that we designate (each, a "Cooperative"). If we establish a Cooperative and designate you as a member thereof, you may be required to contribute to the Cooperative in an amount that exceeds the minimum required Local Advertising Requirement each month. All amounts paid to a Cooperative will be credited towards your required Local Advertising Requirement. We shall have the right to specify the governing rules, terms and operating procedures of any Cooperative.

11.01 **Bookkeeping, Accounting and Records** You must employ a qualified bookkeeper we approve to maintain accounting, inventory control and record keeping functions for your Business, which must conform to our standardized format and all other requirements. You must use the bookkeeping or other accounting software we designate. You must keep all original accounting documents pertaining to your Business during, and at least six (6) years after the term of this Agreement, at a location of which you must keep us advised. All sales must be recorded at time of sale in the presence of the customers on a cash register we have approved. If you fail to comply with any requirements set forth in this Section 11 and fail to cure such default after receiving notice from us and after the expiration of the applicable cure period, we may require you to use a designated third party to provide accounting and other related services.

11.02 **Reports and Tax Returns** You must send us in the form we require:

- (a) By the fifth (5th) of each month for the term of this Agreement, a report of Gross Revenue for the previous month, as well as month-end flavor charts, on approved forms, and together with the supporting documentation we require, all verified as to accuracy and completeness;
- (b) a true copy of all returns and reports you filed for income, corporate, franchise or sales tax purposes in thirty (30) days of filing;
- (c) Statements of earnings and Gross Revenues each month together with required documentation, on approved forms, verified as to accuracy, by the tenth (10th) of each month for the term of this Agreement;
- (d) Ninety (90) days after the end of each fiscal year of your business, an un-audited year-end balance sheet, revenue and income statement, and changes in financial position prepared by an independent accountant from source material verified as to accuracy by the Principal's affidavit; and
- (e) other forms, reports and records we may then-require from you.
- (f) at the end of each day we will have independent access to information and data that will be electronically collected on your point of sales system, which may determine from time to time in the Operations Manual.

11.03 **Audited Statements** If we have reasonable grounds to believe that any information you have furnished to us contains a material misstatement or omission, or if our audit under Section 12.02 discloses a Gross Revenue understatement for any period, we reserve the right, at our option, to require you to provide financial statements audited by an independent CPA we approve, for the current, and all future periods.

11.04 **Maintenance of Records** You must, in a manner satisfactory to us and in accordance with generally accepted accounting principles, maintain original, full, and complete register tapes, computer files, back-up files, other records, accounts, books, data, licenses, contracts, and product vendor invoices which shall accurately reflect all particulars relating to the Parlor, as well as other statistical and financial information and records we may require. All of this information must be kept for at least three (3) years, even if this Agreement is no longer in effect. Upon our request, you must furnish us with copies of any or all product or equipment supply invoices reflecting purchases by or on behalf of the Parlor. In addition, you shall compile and provide to us any statistical or financial information regarding the operation of the Parlor, the products and services sold by it, or data of a similar nature, including without limitation, any financial data that we believe that we need to compile or disclose in connection with the sale of franchises or that we may elect to disclose in connection with the sale of franchises. All data provided to us under this Section 11 shall belong to us and may be used and published by us in connection with the System (including in our disclosure documents).

11.05 **Computer System for Records** You shall record all transactions and Gross Revenue of the Parlor on a computer system that is approved by us, which must contain software that allows you to record accumulated sales without turning back, resetting or erasing such sales. We will, at all times and without notice to you, have the right to independently and remotely access and view your computer system.

11.06 **Computer System Files and Passwords** You will not install or load any computer software on the hard disks of the computer system used in connection with the parlor without our prior written consent. All computer and file passwords associated with the computer system must be supplied as a list to us, along with any modifications or changes to that list. The passwords to access the computer system located at the Premises or used by the Parlor, as well as all computer files and records related to the Parlor, are the exclusive property of us and you must provide us with these files and information upon the termination or expiration of this Agreement.

11.07 **Current Contracts, Listings and Projects** At any time and upon our request, you shall provide us with a copy or summary listing, at our discretion, of all current contracts, listings, agreements, and projects that you are involved in or working with.

Article Twelve

INSPECTION AND AUDITS

12.01 **The Right to Inspect** To determine whether you are complying with this Agreement, we have the right anytime during normal business hours, and without prior notice, to conduct a physical inspection of all your Parlor equipment, inventory, materials and supplies. You must cooperate fully with our representatives during such inspection. If we notify you that any inspected item did not meet our requirements, or your Parlor did not meet Handel's System image, you must immediately correct such deficiencies. We have the right to observe the service you provide customers at any time without prior notice.

12.02 **The Right to Audit** Handel's, or its agent, without prior notice, has the right to audit any and all business records, receipts, statements, returns, forms, reports and supporting documentation of the Business, and the books and records of the Principal or any corporation or partnership that has a direct or indirect interest in the Business. If we determine an audit is necessary when this Agreement terminates, you will deliver upon notice, all required records and documents, failing which we may enter the Premises and conduct any such audit. You must cooperate fully during such audit.

If the audit finds an understatement of Gross Revenue you must pay us, 5 days after receipt of the audit report, the amount of the understatement plus interest at the rate specified under Section 20.10. In addition to our right of termination provided for in Article 16, if such audit is necessitated by your failure to furnish required information and documents, or if the understatement is found to be more than 3% for any period, or if you fail to cooperate during such audit, then you must promptly reimburse us for the cost of the audit, including any and all charges of independent accountants and the travel expenses, room, board and compensation of Handel's audit representatives.

12.03 **Information from Others** You hereby authorize Handel's to make reasonable inquiries of your bank, suppliers and trade creditors concerning the business, and hereby direct such persons to provide Handel's with such information as Handel's requests.

Article Thirteen

MARKS

13.01 **Ownership and Goodwill of Marks** You acknowledge that you have no interest in or to the Marks and that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of business in compliance with this Agreement and all applicable specifications, standards and operating procedures that we require during the term of the Franchise. You agree that the use of the Marks and any goodwill established exclusively benefits us and our affiliates, and that you receive no interest in any goodwill related to your use of the Marks or the System. You must not,

at any time during the term of this Agreement or after your termination or expiration, contest or assist any other person in contesting the validity or ownership of any of the Marks.

13.02 **Limitations on Your Use of Marks** You agree to use the Marks as the sole identification of the Parlor, but you must identify yourself as the independent owner in the manner we direct. You must not use any Mark as part of any corporate or trade name or in any modified form, nor may you use any Mark in selling any unauthorized product or service or in any other manner we do not expressly authorize in writing. You agree to display the Marks prominently and in the manner we direct on all signs and forms. Subject to our rights described in this Agreement, you agree to obtain fictitious or assumed name registrations as may be required under applicable law.

13.03 **Notification of Infringements and Claims** You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, or any claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. You must not communicate with any person other than us and our counsel regarding any infringement, challenge or claim. We may take any action we deem appropriate and have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You will sign all documents, provide assistance and take all action as we may reasonably request to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks.

13.04 **Litigation** You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you respecting the Marks and will, at your expense, cooperate in all respects with us in any court or other proceedings involving the Marks. We will pay the cost and expense of all litigation we incur, including attorneys' fees, specifically relating to the Marks. We and our legal counsel will have the right to control and conduct any litigation relating to the Marks.

13.05 **Changes** You cannot make any changes or substitutions to the Marks unless we so direct in writing. We reserve the right to modify or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time after notice by us.

Article Fourteen

COVENANTS

14.01 **In-Term Covenant Not to Compete** You (and each Principal and the operating manager) will not, during the term of this Agreement, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation: (a) divert or attempt to divert any business or customers of the Parlor to any competitor or perform any act that would damage the goodwill associated with the Marks or the System; or (b) own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any business (including any e-commerce or Internet-based business) that distributes, sells or otherwise deals in, at wholesale or retail, ice cream, sherbet, ices, sorbet, frozen yogurt and other related food and beverage products, or any other related business that is competitive with or similar to a Handel's ice cream parlor (a "Competing Business"), except: (1) with our prior written consent; (2) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities; or (3) under a separate agreement between you and us.

14.02 **Post-Term Covenant Not to Compete** You (and each Principal and operating manager) will not, for a period of two (2) years after this Agreement expires or is terminated or the date on which you cease to operate the Parlor, whichever is later, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation: (a) divert or attempt to divert any business or customers of the Parlor to any competitor or perform any act that would damage the goodwill associated with the Marks or the System; or (b) own,

operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any Competing Business within a thirty (30) mile radius of the former Territory of the Parlor or any other then existing Handel's ice cream parlor; provided, however, that this Section 14.02 will not apply to: (i) other Handel's ice cream parlors that you operate under separate Handel's franchise agreements; or (ii) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities. Notwithstanding the foregoing, the scope of the non-compete described in this Section with respect to your ownership or operation of a Competing Business that offers or grants franchises or licenses for the ownership or operation of a Competing Business shall be the geographical area where we can demonstrate that we have offered and sold franchises as of the date this Agreement is terminated or expires (or, if applicable, as of the date you assign/transfer this Agreement). For purposes of this Section, any form of e-commerce business or website that offers ice cream, sherbet, ices, sorbet, frozen yogurt, other ice cream products, and related food and beverage products that offered at a Handel's ice cream parlor will be in violation of this provision if such e-commerce business or website offers, sells or otherwise makes its products or services available to individuals residing within or businesses located within a thirty (30) mile radius of the former site of the Parlor or any other then-existing Handel's ice cream parlor. You agree that the length of time in this Section 14.02 will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement.

14.03 **Injunctive Relief** You agree that damages alone cannot adequately compensate us if there is a violation of any covenant in this Section in that injunctive relief is essential for our protection. You therefore agree that we may seek injunctive relief without posting any bond or security, in addition to the remedies that may be available to us at equity or law, if you or anyone acting on your behalf violates any covenant in this Section. The covenants stated in this Section will survive the termination or expiration of this Agreement.

Article Fifteen

SECURITY

15.01 **Security to Handel's** To secure the performance of any and all obligations you may have to us under this Agreement in any form and for any reason, you agree to provide Handel's with a security interest in your inventory, equipment, leasehold improvements, and other assets of the business, in form, amount and terms as Handel's may solely determine and require.

Article Sixteen

TERMINATION OF FRANCHISE

16.01 **Termination By Us** This Agreement, except those provisions which by their nature survive, terminates at Handel's option, as soon as you receive notice to that effect:

- (a) If you fail to submit an approved site and receive our approval within one hundred eighty (180) days of signing the Franchise Agreement, or if you fail to begin operations within three hundred sixty-five (365) days of signing the Franchise Agreement, or, if you have a site identified and approved at signing of the Franchise Agreement, if you fail to begin operations within one hundred eighty (180) days of signing the Franchise Agreement, or if you take any steps to cease the operation of the Business;
- (b) If you become insolvent, or make a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed, or you are adjudicated as, or if a bill in equity or other proceeding for the appointment of a receiver of your assets is filed and consented to, or if the court appoints a receiver for your assets, or if proceedings for a composition with creditors is instituted by or against you, or if a final judgment against you remains unsatisfied for 30 days, or if execution is levied against your Business, property or capital stock, or a writ to foreclose any lien against your Business assets is instituted against you and not dismissed in thirty (30) days, or if the assets of the Franchised Business or your capital stock are sold after levy from a law enforcement officer;

- (c) If you breach any provision of Article 18, or if the provisions of Section 18.05 become applicable;
- (d) If you fail to submit any information required by this Agreement, and fail to cure in 5 days after receiving notice, or submit a report, return or record at any time which understates Gross Revenue for any period by more than 3% for a reason other than a clerical error, or on two (2) or more occasions because of clerical errors in any 1 year;
- (e) If you breach any terms of the Business Premises lease with the result that it terminates;
- (f) If you engage, or have engaged, in any conduct that, in our reasonable opinion, reflects unfavorably on the Marks or the goodwill of Handel's or your Business;
- (g) If you operate the Parlor in a way that creates a health or safety hazard, or upon inspection by Handel's or a government health inspector, your Parlor is in violation of the health, safety, or sanitation standards prescribed in this Agreement, the Manual, or otherwise in writing, or is in violation of any health or safety law, codes, or regulation and you do not correct same within twenty-four (24) hours after notice from Handel's, your landlord or a governmental authority;
- (h) If you fail to pay any amount to Handel's five (5) days after demand for payment;
- (i) If you fail to comply with any other provision of this or any other Agreement you and Handel's are parties to, and do not correct such failure fourteen (14) days after written notice to cure is given by Handel's;
- (j) If you or your owners/principals commit any fraud or misrepresentation in the establishment or operation of the Business, including without limitation, any misrepresentation made in your franchise application;
- (k) If you, any person controlling, controlled by, or under common control with the you, any of your principal officers or employees, or any person owning an interest in the franchisee is charged with a felony or any other crime or offense (even if not a crime) that is reasonably likely in our sole opinion to adversely affect the System, any System unit, the Marks, or the goodwill associated therewith;
- (l) If you or any of your principals default on any other agreement with us or any of our affiliates or approved suppliers, and such default is not cured within the prescribed time period set forth in that other agreement; *provided however* a default under any development agreement for the right to open and operate multiple Parlors shall not be grounds for default or termination of this Agreement;
- (m) If you voluntarily or otherwise abandon the Business. For purposes of this Agreement, the term "abandon" means: (i) failure to actively operate the Business for more than two (2) business days without our prior written consent; or (ii) any other conduct on your part or that we determine indicates a desire or intent to discontinue operating the Business in accordance with this Agreement or the Operations Manual; or
- (n) If you receive three (3) or more notices of any default, whether or not cured, in any consecutive twelve (12) month period.

17.01 **Payment of Amounts Owed to Us and other Creditors** You must pay all amounts owed to Handel's or our affiliates and any trade creditors of your Business fifteen (15) days after the effective date of termination or expiration. Periodic payments will be deemed to accrue daily and will be adjusted accordingly.

17.02 **Return of Manuals and Retention of Records** You agree that you will return all Handel's Manuals, instructional and advertising materials provided to you in five (5) days after termination or expiration. Also, for any and all printed matter bearing the Marks, unless they bear your name, we will credit you with your cost of such items less fifteen percent (15%). You must keep all financial records of the Business for at least six (6) years after this Agreement ends, and you must keep us advised of such location. You will allow us to inspect such records at any time during normal business hours.

17.03 **Cancellation of Assumed Names, Transfer of Phone Numbers** You agree that immediately upon termination or expiration, you will cancel all style and assumed name registrations relating to the Business, and cease any use of the Marks or any colorable imitation, and not identify yourself as a franchisee, or that you are otherwise associated with Handel's. You agree to notify the telephone company and all other listing agencies, and to transfer such numbers to Handel's or its designee. You agree to assign Handel's any websites, social media or internet sites associated with the Business and to provide all account log-in information and administrative codes. You will take all steps necessary to effectuate your obligations under this provision. You acknowledge that Handel's has the sole right to, and interest in, all telephone numbers, directory listings, websites, social media and internet accounts associated with the Business.

17.04 **Appearance of the Franchisee's Parlor** If you maintain possession of the Parlor Premises after the Franchise terminates or expires, you agree that you will, immediately on notice from Handel's, alter the appearance of the Premises as Handel's may reasonably require to distinguish itself from Handel's System image.

17.05 **Our Right to Purchase** If this Agreement expires or terminates for any reason, we have the right, but not the obligation, to notify you in writing up to thirty (30) days after the effective date the Franchise ends, to buy all or any part of the equipment, fixtures, furnishings, signs, and other physical assets you own and use in the Business, other than personal items, for a price equal to fair market value as determined by agreement between you and us. Failing agreement ten (10) days after we decide to purchase, we will designate an independent appraiser, and you will designate an independent appraiser, and the two appraisers so chosen will select a third appraiser. The decision of the majority of the appraisers so chosen will be conclusive. The cost of the third appraiser shall be shared equally by you and us. For purposes of this Section 17.05, fair market value means the lower of cost (determined on a first-in, first-out basis), or net realizable wholesale value, with no increment for goodwill. We will choose the time and place of closing, acting reasonably, and it must be completed according to all applicable bulk sales legislation. On closing, you must deliver to us a Bill of Sale for the assets in a form acceptable to us. We can offset any amounts you then owe to us against the purchase price, and we can pay out of the purchase price any and all of your unpaid trade creditors.

17.06 **Right of Entry** On termination of this Agreement for any reason, we may, before exercising our rights under Section 17.05, enter and use all or any part of the Premises, and property located in, on, or about the Premises and used in connection with the Parlor Business. We will not be liable for trespass or neglect in so doing or in respect to any depreciation or damage to the property. We will pay you a reasonable rental for the property. All revenues, profits and benefits of any kind from the management and operation of the Parlor throughout such period will be for our exclusive account provided we pay all debts and liabilities we incur during Business operation. Also, we may pay all claims you owe to business creditors, and you must pay all such amounts to us on demand. We

have no obligation to retain, or honor any contractual commitment you made, to any employee of the Business, and all liability with respect to this will be borne by you. If we decide to keep any such employee, it will be under a new employment agreement between us and the employee which will begin the first day we carry on Business from the Premises. Any employee claim from unpaid salary, vacation pay or other benefits from his employment with you, are your exclusive responsibility. We retain the right to occupy the Premises and conduct the Business until the option period of Section 17.05 expires, provided that if we exercise such option, our right of Premises occupation will continue throughout the period preceding and including the transaction closing.

17.07 **Continuing Obligations** All obligations of the parties which expressly or by their nature survive the expiration or termination of this Agreement, will be given full force and effect after this Agreement ends.

Article Eighteen

ASSIGNMENT, TRANSFER AND ENCUMBRANCES

18.01 **By Us** We retain the right to transfer or assign this Agreement and all or any part of its rights or obligations under this Agreement, or any interests in the assets of us, or any ownership or equity interests in us, to any person or legal entity, and any assignee of ours shall become solely responsible for all obligations of us under this Agreement from the date of assignment.

18.02 **By You** Without our prior written consent, which may not be arbitrarily withheld, you must not mortgage, charge, pledge, grant a security interest in or otherwise encumber, all or any part of your interest in this Agreement, the Franchise, the franchisee or assets used in the Business. The Franchise is personal to you and this Agreement, your rights hereunder, the lease of the Premises and assets used in connection with the Business, may not be sold, assigned or otherwise transferred, in whole or in part, in any manner whatever without our prior written consent, which will not be unreasonably withheld. However, before we will grant our consent, we require that:

- (a) You pay us all outstanding amounts under this, and all, Agreements between you and Handel's, plus a Transfer Fee equal to \$15,000 (unless the proposed transferee is the Principal's spouse or child);
- (b) The transferee and all other persons named as parties, execute our then-current form of franchise agreement and, if we require, sublease of the Premises, and all other documents we require;
- (c) The transferee buys all of your physical assets used in the Business, in accordance with all applicable bulk sales legislation;
- (d) You execute a general release of all your respective claims against us and our affiliates;
- (e) The transferee shall demonstrate to our satisfaction that he or she meets our educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee must not be deemed in our sole discretion to have any disqualifying conflict of interest or otherwise be in the same business as us either as licensor, franchisor, independent operator or licensee of any other business or chain which is similar in nature or in competition with us, except that the transferee may be an existing franchisee of ours; and
- (f) The transferee must successfully complete our training program, and otherwise be capable of operating the Parlor.

18.03 Restrictions on Share Transfers

- (a) The Principal represents to Handel's that he owns, beneficially and of record, all of the issued and outstanding stock of franchisee.
- (b) The Principal agrees that he will not directly or indirectly, by operation of law or otherwise, sell, assign or otherwise transfer or encumber ("transfer"), any of franchisee's capital stock, now or hereafter controlled by him, nor permit franchisee to transfer any of its treasury stock or issue additional stock or undergo any merger, or other reorganization, without Handel's prior written consent.
- (c) After signing this Agreement, and afterward on the issue of any of your capital stock, all persons who directly or indirectly beneficially own or acquire any of your stock, must execute a written agreement with Handel's under seal, agreeing to be bound by the restrictions on assignment, and the non-competition and secrecy covenants in this Agreement. Also, any person who owns, even indirectly, 10% or more of franchisee's outstanding capital stock, must execute a written agreement with, and in a form approved by, Handel's, personally guaranteeing full payment and performance of franchisee's obligations to Handel's under this Agreement, and agreeing to be bound jointly and severally by all of the covenants and obligations of the principal under this Agreement. Immediately on election or appointment of an officer or director, you must cause such person to enter a written agreement, in a form Handel's determines, agreeing to be bound by the non-competition and secrecy covenants in this Agreement.
- (d) When you sign this Agreement, and afterward on the transfer or issuance of your capital stock, you must provide us with a complete list of all stockholders having an interest, and the percentage ownership of each. Also, you must furnish us within 5 days after such transfer or issuance of shares or the election or appointment of any officer or director of franchisee, the documents referred to in subsection (c), duly executed by all required persons.
- (e) Your charter documents must explicitly refer to the foregoing restrictions on stock transfer or issuance. You must maintain stop transfer instructions on your records, against the transfer of stock, subject to the foregoing restrictions, and must have all outstanding stock certificates endorsed with the following legend printed conspicuously on the face of each certificate:

"The transfer of stock represented by this certificate is subject to the
terms of a Unit Franchise Agreement made among Handel's and

dated the _____ day of _____, 20____."

18.04 Death or Permanent Incapacity of the Principal On your death or permanent incapacity, the Principal or his estate, as the case may be, must, after having obtained Handel's prior written consent, which will not be unreasonably withheld (but will be subject to the following conditions), either:

- (a) Assign all of the Principal's right, title and interest in and to the Principal's shares in the capital stock of franchisee to another person whom Handel's, in its discretion, determines to be acceptable and will not unreasonably withhold.
- (b) Cause the franchisee to assign all of its right, title and interest in , this Agreement, the Franchise, the Premises and Parlor, and the Business and all its assets, to another person whom Handel's, in its sole subjective discretion, deems acceptable.

As a condition to granting its consent, Handel's is entitled to require that:

- (i) You pay Handel's all outstanding amounts due under this or any other Agreement, to which you are a party, plus a transfer fee equal to \$15,000. Handel's will waive the transfer fee, if the proposed transferee is the Principal's spouse or child, or a trust created, and controlled by the Principal, for estate planning purposes;
- (ii) In a transfer under 17.04(b), all applicable bulk sales legislation must be complied with, and transferee and all others proposed as parties must execute Handel's then-current franchise agreement, and if Handel's requires, sublease of the Parlor;
- (iii) The transferee and all others proposed as parties must execute all other documents Handel's uses then in granting franchises.
- (iv) The Principal or his estate, Franchisee and its directors, officers and shareholders, execute a general release of all their respective claims against Handel's and its affiliates;
- (v) If required by Handel's, transferee must be an individual having adequate financial resources, who must complete Handel's training program and be otherwise capable of operating the Parlor.

18.05 **Option to Terminate** If a disposition under Section 18.04 to an acceptable person has not taken place in one hundred twenty (120) days after the death or permanent disability of the Principal, Handel's will have the continuing option, exercisable on 10 days written notice to you, of terminating this Agreement and the Franchise. If Handel's elects to terminate, the provisions of Article 16 will apply to you.

18.06 **Deemed Permanent Incapacity of the Principal** For purposes of Section 18.04, the Principal will be deemed to be permanently incapacitated if his normal participation in the Business is curtailed by reason of mental or physical disability for a cumulative period of three (3) months during any twelve (12) month period of the agreement.

18.07 **Our Right of First Refusal** We (or any Third-Party Assignee of us) may elect to exercise our Right of First Refusal if you or any Principal decide to sell any interest(s) in the business.

- (a) If you or any Principal desires to accept any bona fide offer from a third party to purchase you, any material assets of you, or any direct or indirect interest in you, you or such Principal shall promptly notify us of such offer and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of all such information, to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party. If we elect to purchase the seller's interest, the closing on such purchase shall occur within sixty (60) days from the date of notice to the seller of the election to purchase by us.
- (b) Any material change in the terms of the bona fide offer prior to closing shall constitute a new offer subject to the same rights of first refusal by us as in the case of the third party's initial offer. Our failure to exercise the option afforded by this Section 18.07 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Article 18, with respect to a proposed transfer, or a waiver of any subsequent offer.
- (c) In the event the consideration, terms, and/or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable

equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually acceptable independent appraiser to make a binding determination. If the parties are unable to agree upon one (1) independent appraiser, then an independent appraiser shall be promptly designated by Franchisor and another independent appraiser shall be promptly designated by Franchisee, which two (2) appraisers shall, in turn, promptly designate a third appraiser; all three (3) appraisers shall promptly confer and reach a single determination, which determination shall be binding upon the parties. The cost of any such appraisal shall be shared equally by you and us. If we elect to exercise our right under this Section 18.07, we shall have the right to set off all amounts due from you, and one-half (½) of the cost of the appraisal, if any, against any payment to the seller.

Article Nineteen

INDEMNITY AND GUARANTEE

19.01 **Indemnity** You will, to the fullest extent permissible under applicable law, indemnify and hold us and our affiliates, and our and their respective officers, directors, employees, and agents harmless against any and all claims, obligations, and damages arising directly or indirectly from, as a result of, or in connection with this Agreement, the Parlor, your operation of the Parlor, the business conducted under this Agreement, you and your employees' actions and inactions, or your breach of this Agreement, including, without limitation, those alleged to be caused by our negligence, as well as the costs, including attorneys' fees, costs, and expenses (and interest on such fees, costs, and expenses), of defending against them, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by our gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. In the event we incur any costs or expenses, including, without limitation, legal fees (including, but not limited to, attorneys' fees, costs, and expenses (and interest on such fees, costs, and expenses)), travel expenses, and other charges, in connection with any proceeding involving Franchisee in which we are not a party, you will reimburse us for all such costs and expenses promptly upon presentation of invoices. You acknowledge and agrees that your indemnification and hold harmless obligations under this Section 19.01 shall survive the termination or expiration of this Agreement.

19.02 **Guarantee** Each present and future (a) shareholder if you are a corporation, (b) member if you are a limited liability company, and (c) partner if you are a partnership or limited liability partnership, shall jointly and severally guarantee your performance of each and every provision of this Agreement by executing the Personal Guarantee attached to this Agreement as Schedule E. For purposes of calculating the interest of a person, all interests held by the following shall be attributed, requiring guarantees from all such individuals or entities: (a) family of an individual including their siblings, spouse, ancestors, lineal descendants, and spouses of any of these individuals and lineal descendants of any of such spouses; and (b) any entities controlled in the aggregate by some or all of such individuals. In addition, we require that the spouse (or domestic partner or other immediate family member) of an owner of you sign the Personal Guarantee.

19.03 **Survival** The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement, and apply to all claims even if they exceed the limits of your insurance coverage.

Article Twenty

GENERAL CONTRACT PROVISIONS

20.01 **Enforcement** You acknowledge that your failure to comply with the terms of this Agreement would cause Handel's irreparable harm which may not be compensable by damages; Handel's will therefore be entitled to apply to a court of competent jurisdiction to appoint itself or another person as receiver and/or manager of your Business and to obtain, without bond, declarations, temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement. If Handel's secures any such injunction, declaration or order of specific performance, you agree to pay to Handel's the total of all of its cost of obtaining such relief, including legal costs

and expert witness fees without limitation, travel and living expenses, and any damages awarded as a result of such breach.

20.02 **Severability** All provisions of this Agreement are severable; it will be interpreted and enforced as if all completely invalid and unenforceable provisions were omitted; all partially valid and enforceable provisions must be enforced to the extent they are intelligible, valid and enforceable, and no covenant or provision will be deemed dependent on any other covenant or provision unless expressly stated in the Agreement.

20.03 **Venue** The parties agree that any cause of action, claim, suit or demand allegedly arising from or related to this Agreement or the relationship of the parties exclusively in the federal or state courts situated in Mahoning County, Ohio. We may bring any cause of action, claim, suit or demand allegedly arising from or related to this Agreement or the relationship of the parties in any court of competent jurisdiction. Each of us and you irrevocably consent to the jurisdiction of such courts and waive all rights to challenge personal jurisdiction and venue. The provisions of this Section 20.03 will survive the termination of this Agreement.

20.04 **Compliance with Local Law** If any applicable law or rule of the state in which the Parlor is located requires a longer notice period to you than is required under this Agreement, the longer period will be substituted herein.

20.05 **Waiver of Obligations and Amendments** No acceptance by us of any payment by you and no failure by us to exercise any right or demand strict compliance with any obligation or procedure, will constitute a waiver of any provision to this Agreement. Any waiver granted by us will be without prejudice to any other rights it might have and may be revoked, at any time, by written notice. Our waiver of any breach by you, or our delay or failure to enforce any provision of this Agreement, will not be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights respecting that or any other breach.

20.06 **You May Not Withhold Payments** You agree you will not, on grounds of alleged non-performance by Handel's, or for any other reason, withhold payment of any amount due whatsoever. No endorsement on any check, or payment of any sum less than the full amount due to Handel's, will be construed as payment in full or in accord and satisfaction, and Handel's may cash any such check without prejudice to its right to recover the balance due or pursue any other remedy. Handel's may apply any payment you make to any past due indebtedness of yours that it sees fit. Handel's may apply any payments it owes you directly to your unpaid trade creditors.

20.07 **Rights of Parties are Cumulative** The rights of the parties hereto are cumulative and no exercise or enforcement by a party of any right or remedy will prevent the exercise or enforcement by that party of any other right or remedy under this Agreement or at law.

20.08 **Construction**

(a) Headings are for the convenience of the parties only and do not define, limit or construe the contents of the Sections and Articles in this Agreement.

(b) "Principal" 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, a "Principal" 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, a "Principal" 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 of you.

- (c) The singular usage (where applicable) includes the plural, and masculine and neuter usages (where applicable) include the other and the feminine.
- (d) "Person" includes an individual, trust, partnership, corporation, association, organization or other entity.
- (e) "Lease" includes a sublease, renewal or extension of a lease or sublease.
- (f) All dollar amounts refer to U. S. dollars.
- (g) "Affiliate" means any person or other entity that controls, is controlled by, or is under common control with another person or other entity.
- (h) "Control" means the power, whether or not exercised, to direct the affairs of another person or other entity, whether through ownership, contract or otherwise. Directly or indirectly owning over 50% of an entity's voting securities will be deemed to confer control.

20.09 Independent Contractors You understand, acknowledge, and agree that you are an independent contractor. Neither you nor we are the agent, legal representative, partner, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any reason. Neither you nor we will independently obligate the other to any third parties or represent any right to do so. This Agreement does not reflect or create a fiduciary or other special relationship of or confidence between you and us. During the term of this Agreement, you must hold yourself out to the public, identify yourself at the Premises of the Parlor, and represent yourself in all dealings with your employees, customers, lessors, suppliers, public officials, and any other third party as an independent contractor. You must place notices of your status as an independent contractor on signs, forms, stationery, advertising, and other materials as we require in the Operations Manual. Any employees you hire will be your employees and will not, for any purpose, be deemed employees of us or our affiliates or subject to our or our affiliates' control, and you acknowledge and agree that we have no authority to hire, fire, promote, or demote or take any disciplinary action whatsoever against any of your employees.

20.10 Interest on Late Payments All unpaid fees due to Handel's or its affiliates for any reason, will accrue interest at the Prime Bank Rate plus two percent (2%), calculated and payable weekly, not in advance, both before and after default or judgment, with interest on any overdue interest accruing at the rate above.

20.11 Entire Agreement The "Introduction" section, the exhibit(s) to this Agreement, and that certain Disclosure Acknowledgment Agreement signed contemporaneously by you are a part of this Agreement, which represents the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in the Agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

20.12 Notices Any notice, request, demand, approval, consent or other communication which the parties may be required or permitted to give to the other party, must be written and be served either personally, or by prepaid mail to the other party at the addresses first indicated in this Agreement, unless indicated otherwise to the other party in writing. Conclusive deemed delivery occurs when delivered personally or on the third business day following mailing, as the case may be.

20.13 Force Majeure None of the other parties will be responsible to the other for non-performance or late performance caused by forces beyond his control, including acts of the other party, acts of God, war, strikes, lockouts, etc. If any such delay occurs, any required time period will be automatically extended by the time lost, if the other party promptly gives notice of the delay, and makes reasonable efforts to correct it when possible.

20.14 **Notice of Potential Profit** We advise you that we and/or our affiliates periodically may make available to you goods, Products and/or services for use in the Parlor on the sale of which we and/or our affiliates may make a profit. We further advise you that we and our affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, Products or services to you or in consideration for services provided or rights license to such persons. You agree that we and our affiliates will be entitled to such profits and consideration.

20.15 **Time of the Essence** Time is of the essence of this Agreement in all respects.

20.16 **Further Assurances** You must execute and deliver all further such instruments, documents, contracts, forms and other documents, and perform such further acts as may be necessary or desirable to perform and complete all covenants and obligations herein contained.

20.17 **Governing law** Subject to our rights under federal trademark laws, all claims arising out of or relating to this Agreement and/or the parties' relationship will be governed by, and will be interpreted in accordance with, the substantive laws of the State of Ohio, irrespective of any conflict of laws. The parties agree that the Ohio Business Opportunity Purchasers Protect Act (Ohio Revised Code § 1334 et. seq.) or any other state law or regulation applicable to the offer or sale of franchises or the franchise relationship, will not apply unless the jurisdictional provisions are independently met. You waive, to the fullest extent permitted by law, the rights and protections provided by the Ohio Business Opportunity Purchasers Protect Act and such other laws and regulations.

20.18 **Internal Dispute Resolution** You must first bring any claim or dispute between you and us to our management, after providing notice as set forth in Section 20.12 of this Agreement, and make every effort to resolve the dispute internally. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

20.19 **Mediation** At our option, all claims or disputes between you and us (or our affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between you and us (or our affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure sent forth in Section 20.18 above, will be submitted first to mediation to take place in Canfield, Ohio under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. We will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether we or our affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against us or our affiliates with respect to any such claim or dispute in any court unless we fail to exercise our option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. Our rights to mediation, as set forth herein, may be specifically enforced by us. Each party will bear its own cost of mediation and will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 20.19 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Marks, the System, or in any Confidential Information or other confidential information; (ii) any of the restrictive covenants contained in this Agreement; and (iii) any of your payment obligations under this Agreement.

20.20 **Binding Effect, Successors and Assigns** Subject to the provisions of Article 18, this Agreement will benefit, and be binding on the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. This Agreement will not be modified except by written agreement signed by both you and us.

20.21 **Interpretation of Rights and Obligations** The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement and the relationship between the parties:

(a) **Our Rights** Whenever this Agreement provides that we have or reserve (retain) a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

(b) **Our Reasonable Business Judgment** Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "reasonable business judgment" in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of ours. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the Business System. Neither you nor any third party (including a trier of fact), will substitute their judgment for our reasonable business judgment.

20.22 **Limitation of Actions** Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless Franchisee brings an action/suit against Franchisor before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner. Any action/suit that Franchisee does not bring this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement.

Article Twenty-One

ACKNOWLEDGMENTS

21.01 **Volume Rebates** You acknowledge and agree that Handel's will be entitled to the benefit of any and all discounts, volume rebates or other concession Handel's may obtain from any person by reason of its supplying goods to you or other franchisees. Handel's may, at its option and in its sole discretion, pass on all or part of these benefits derived, to you and other franchisees as Handel's reasonably deems to be just and equitable.

21.02 **Other Franchises** You acknowledge that other Handel's ice cream parlors have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement.

SIGNATURES APPEAR ON FOLLOWING PAGE

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, this _____day of _____, 20_____.

Us:

Handel's Enterprises, LLC
A Delaware limited liability company

By _____

Its _____

You:

(If you are an individual owner,
You must sign below; if a partnership,
all partners must sign below)

(Print your name)

(Sign your name)

(Print your name)

(Sign your name)

(If you are a corporation or limited liability
company)

(Name of corporation or limited liability
company)

By _____
Its _____

SCHEDULE “A”

DATA SHEET

1. SITE SELECTION AREA

Pursuant to Section 1.01 of the Franchise Agreement, Franchisee must locate and secure a Premises for the Franchised Business within the following Site Selection Area:

2. PREMISES

Pursuant to Section 1.01 of the Franchise Agreement, the Franchised Business shall be located at the following approved Premises:

3. TERRITORY

Pursuant to Section 1.02 of the Franchise Agreement, Franchisee's Territory will be defined as follows (if identified on a map, please attach map and reference attachment below):

4. Operating Principal (if an entity). _____

5. Operating Manager (if applicable). _____

6. Franchisee Contact Person. The following individual is a shareholder, member, or partner of Franchisee and is the principal person to be contacted on all matters relating to the Franchised Business:

Name: _____

Daytime Telephone No.: _____

Evening Telephone No.: _____

Cellular Telephone No.: _____

E-mail Address: _____

7. **Statement of Ownership.** If Franchisee is a corporation, limited liability company, partnership or other business entity, the undersigned agree and acknowledge that the following is a complete list of all of the shareholders, members, or partners of Franchisee and the percentage interest of each individual:

<u>Name</u>	<u>Position/Title</u>	<u>Interest (%)</u>

THE PARTIES SIGNING THIS DATA SHEET BELOW AGREE AND ACKNOWLEDGE THAT THIS DATA SHEET, BY ITSELF, DOES NOT CONSTITUTE A FRANCHISE AGREEMENT OR OTHERWISE CONFER ANY FRANCHISE RIGHTS UPON FRANCHISEE. THIS DATA SHEET PROVIDES CERTAIN DEAL-SPECIFIC INFORMATION IN CONNECTION WITH THE FRANCHISE THAT IS GOVERNED BY THE FRANCHISE AGREEMENT TO WHICH THIS DATA SHEET IS AN EXHIBIT.

THE PARTIES AGREE AND ACKNOWLEDGE THAT THE FOREGOING FRANCHISE AGREEMENT MUST BE EXECUTED PRIOR TO OR CONTEMPORANEOUS WITH THIS DATA SHEET FOR ANY RIGHTS TO BE CONFERRED.

IN WITNESS WHEREOF, the undersigned has duly executed this Exhibit to the Franchise Agreement on this _____ day of _____, 20____.

FRANCHISOR

HANDEL'S ENTERPRISES, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE

By: _____

Name: _____

Title: _____

SCHEDULE B

HANDEL'S ICE CREAM
EMPLOYEES' NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

THIS AGREEMENT made the _____ day of _____, 20____, by and between
_____/D.B.A. Handel's Ice Cream ("Employer"), and
_____("Employee"), an individual residing at
_____, and HANDEL'S
ENTERPRISES, LLC, A Delaware limited liability company ("Handel's").

In consideration of Employee's employment by Employer, or if Employee is an existing employee, the receipt and sufficiency of which Employee acknowledges, Employee, Employer and Handel's, intending to be legally bound, hereby agree:

1. Employee acknowledges that certain confidential, proprietary and trade secret information, materials and business concepts (“proprietary information”) with respect to Handel’s and Employer’s business will be disclosed to Employee to enable Employee to perform his/her employment duties. Employee further acknowledges that he/she will learn of and have access to proprietary information in a variety of written and verbal forms, including electronic and graphic media. Employee acknowledges that Handel’s has invested considerable money, time and other resources in the research, development and expansion of the proprietary information, and that it is the main source of Handel’s and Employer’s competitive advantage in the ice cream and yogurt business.

2. Employee acknowledges that the proprietary information includes the Operations Manual, business concepts, financial information, marketing plans, key suppliers and sources, inventory concepts, accounting and operating methods, recipes, ice cream and yogurt making techniques, shop practices, customer information, pricing policies, strategic plans and all related intellectual property.

3. During the term of Employee's employment with Employer, and at all times after termination of employment for any reason, Employee agrees:

- (a) not to publish, copy, disclose, allow to be disclosed, or use for his benefit or that of any other person or entity, the proprietary information without the prior written consent of Handel's and
- (b) to maintain strictly the confidentiality of the proprietary information at all times.

Employee agrees to take all necessary precautions to protect the proprietary information from unauthorized disclosure or use. Employee acknowledges that unauthorized disclosure or use of the proprietary information will cause harm to his Employer and Handel's, and they will be entitled to an immediate injunction from a court of competent jurisdiction in addition to all other legal and equitable remedies.

4. In any judicial proceedings the parties agree that it will be presumed that the proprietary information constitutes protectable trade secrets, and that Employee will bear the

burden of proving that any portions of the proprietary information was publicly or rightfully known and disclosed by Employee.

5. During the term of Employee's employment, and for two (2) years following the termination of Employee's employment for any reason, Employee will not:

- (a) directly or indirectly contact or do business with any supplier of Employer's or its affiliates, for the purpose of soliciting such customer to buy ice cream or other products that would be in competition with those products made and sold by Employer, Handel's or its affiliates;
- (b) directly or indirectly contact or do business with any supplier of Employer's, for the purpose of buying ice cream, and related products from such supplier; or
- (c) directly or indirectly engage, within a five (5) mile radius of any ice cream shop owned or operated by Employer, or any other ice cream shop operated under the trademark and service mark "Handel's", whether as an employee, partner, owner, agent, franchisor, franchisees stockholders officer, director, or other representative, in any business which sells ice cream or yogurt or which markets, offers, sells, or licenses the products or services of Handel's; provided, however, that Employee will be allowed to own up to 5% of a publicly-traded corporation and such restriction shall not apply to Employee's employment with or at another Handel's Parlor.

6. Employee agrees that the geographic scope of the above covenant not to compete is reasonable and required because Employer's and Handel's business is consumer-oriented. Employee agrees that his education enables Employee to obtain employment in many different areas of endeavor other than the ice cream business and to work for different types of employers so that it will not be necessary for Employee to violate the provisions of section 5 in order to remain economically viable. The covenant on the part of the Employee will be construed as an agreement independent of any other provision of this Agreement. The existence of any claim, dispute or cause of action against Employee, Employer, or Handel's, whether predicated on this Agreement or otherwise, will not constitute a defense to the enforcement by Employer of this covenant.

7. If Employee violates any of the provisions of section 5, the periods described therein will be extended by that number of days equal to the aggregate number of days during which, at any time, Employee committed any such violation.

8. The covenants, provisions, and paragraphs of this Agreement will be severable, and if any portion of this Agreement is held unlawful or unenforceable, the remaining terms and conditions or portions thereof, will remain in full force and effect. This Agreement will be construed in such case as if the unlawful or unenforceable portion had never been contained in the Agreement.

9. The failure to object to any conduct or violation of any of the covenants made by Employee under this Agreement will not be deemed a waiver of any rights or remedies under the Agreement.

10. This Agreement will be governed and construed in accordance with the laws of the state of Ohio without regard to its conflicts of laws provision.

11. Employee agrees that all proprietary information, in whatever form, and all copies or imitations of the proprietary information, will be returned to Employer immediately on termination of Employee's employment. Employee agrees to execute an affidavit as to the complete return of all proprietary information if Employer or Handel's so requests.

12. Employee agrees that this Agreement has been made in the State of _____, and that it is fair and reasonable that any actions under this Agreement will be brought only in the state or federal courts located in Youngstown, Ohio, and Employee submits to the jurisdiction of such courts and venue therein, Employer has the right to bring an action under this Agreement in the courts of other jurisdictions.

13. This Agreement constitutes the entire understanding between the parties as to the subject matter and supersedes all prior oral or written communications, proposals, representations, warranties, covenants, understandings or agreements between them relating thereto.

EMPLOYEE ACKNOWLEDGES THAT HE OR SHE HAS CAREFULLY READ AND FULLY UNDERSTANDS ALL OF THE PROVISIONS OF THIS AGREEMENT, THAT HE (OR SHE) HAS BEEN GIVEN AN OPPORTUNITY TO CONSULT WITH AN ADVISOR, AND THAT EMPLOYEE IS VOLUNTARILY ENTERING INTO THIS AGREEMENT.

IN WITNESS WHEREOF, Employee, Employer and Handel's have executed this Agreement as of the date first above written.

EMPLOYER NAME

WITNESS

SIGNATURE

EMPLOYEE NAME

WITNESS

SIGNATURE

LEGAL GUARDIAN

WITNESS

SIGNATURE

SCHEDULE C

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned (“Assignor”) hereby assigns and transfers to Handel’s Enterprises, LLC (“Assignee”), all of Assignor’s right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Schedule 1 (the “Lease”) respecting premises commonly known as _____ (the “Premises”).

This Assignment is for collateral purposes only and except as specified herein, Assignee has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless: (i) Assignee provides express, written notice to both Assignor and the landlord of the Premises under the Lease that Assignee is assuming all of Assignor’s rights, title and interest under the Lease pursuant to this assignment; and (ii) Assignee takes possession of the Premises demised by the Lease pursuant to the terms hereof, and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default and failure to cure (within the appropriate time period) by Assignor under the Lease or under the franchise agreement for a Franchised Business between Assignee and Assignor (the “Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement, Assignee has the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor will have no further right, title or interest in the Lease. Assignor hereby authorizes the Lessor to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than 120 days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

Dated: _____

SIGNED AND SEALED this _____
day of _____, 20____

LANDLORD'S CONSENT

The Landlord and Tenant acknowledge that the subject Premises are being leased to operate a Handel's ice cream parlor. The Landlord agrees that in the event the Franchise Agreement between the Tenant and Handel's Enterprises, LLC, should terminate for any reason, that Handel's Enterprises, LLC, of 3830 Starr Centre, Canfield, Ohio 44406 shall have the right, but is not required to, assume the balance of this lease and exercise any renewal options contained herein by giving a minimum of 10 days' notice to Landlord. This assumption of lease shall apply to future lease obligations only and shall not relieve the Tenant from any obligations prior to this assumption between the Tenant and the Landlord. The Tenant hereby agrees that this assumption provision shall be exercisable by Handel's Enterprises, LLC, giving written notice to the Landlord of the assumption under this provision and the Tenant hereby releases Landlord from any liability or claims related to the exercise of this assumption by Handel's Enterprises, LLC.

The Landlord further agrees that any attempt by Tenant to sell, transfer, or assign their interest in the leasehold without the consent of Handel's Enterprises, LLC, will not be allowed. Landlord further agrees not to interfere with the obligations and restrictions imposed on the Franchisee by the Franchisor as it relates to the operation of the business.

Dated: _____

By: _____

Landlord

Parlor Location:

Acknowledged:

Franchisee

SCHEDULE D

Direct Payment Authorization Form: Variable Payments

Here's how the Direct Payment Plan works:

Handel's Enterprises, LLC will notify you by the 3rd of each month (or another interval we designate) via e-mail of your total royalty payment due for the preceding month. This amount will automatically be deducted from your preferred account on the 5th of the month. Your payment will appear on the statement that you receive from your financial institution.

If, for some unforeseeable reason, your account will not have the necessary funds, you must let us know by the 4th of the month so that alternate payment arrangements can be made. Failure to provide this notice and make full payment via an alternative arrangement will result in an insufficient funds charge of \$100 per week each payment is late, as well as interest at the Prime Bank Rate plus two percent (2%).

Please complete the information below

For payment of my franchise royalties, I authorize Handel's Enterprises, LLC to initiate an electronic debit entry to my

checking account (or) savings account

on the 5th of each month (or another interval Handel's Enterprises, LLC designates).

I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. This authority will remain in effect until I terminate my Handel's Franchise.

Date _____

STORE LOCATION

FINANCIAL INSTITUTION

ACCOUNT NUMBER

ROUTING NUMBER

FINANCIAL INSTITUTION CITY AND STATE

SIGNATURE

SCHEDULE E
Personal Guaranty

NOTE: IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER BUSINESS ENTITY, THEN EACH INDIVIDUAL/ENTITY WITH AN OWNERSHIP INTEREST IN FRANCHISEE (PRINCIPALS/MEMBERS/SHAREHOLDERS/MANAGERS/ PARTNERS/ETC.) AND THEIR RESPECTIVE SPOUSES MUST EXECUTE THIS FORM OF PERSONAL GUARANTY. IF FRANCHISEE IS AN INDIVIDUAL AND FRANCHISEE'S SPOUSE HAS NOT SIGNED THE FRANCHISE AGREEMENT DIRECTLY, THEN FRANCHISEE'S SPOUSE MUST EXECUTE THIS FORM OF PERSONAL GUARANTY.

ARTICLE I
PERSONAL GUARANTY

The undersigned persons (individually and collectively “you”) hereby represent to Handel’s Enterprises, LLC, a Delaware limited liability company (the “Franchisor”) that you are all the owners/principals/members/shareholders/managers/partners, as applicable, of the business entity named _____ (the “Franchisee”), as well as their respective spouses, as of the date this Personal Guaranty (the “Personal Guaranty” or “Guaranty”) is executed.

In consideration of the grant by Franchisor to the Franchisee as herein provided, each you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the franchise agreement entered into between Franchisee and Franchisor (the “Franchise Agreement”), as well as any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation: (i) any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement; (ii) the prohibition of any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer as set forth in the Franchise Agreement; (iii) those obligations related to confidentiality, non-disclosure and indemnification; and (iv) the in-term and post-term covenants against competition, as well as all other restrictive covenants set forth in the Franchise Agreement.

ARTICLE II
CONFIDENTIALITY

During the initial and any renewal terms of the Franchise Agreement and this Guaranty, you will receive information, which Franchisor considers to be Confidential Information, trade secrets and/or confidential information, including without limitation: (i) site-selection criteria for an ice cream parlor business operated utilizing Franchisor’s proprietary marks (the “Proprietary Marks”) and System (as defined below) (each, a “Parlor”); (ii) methods, techniques and trade secrets for use in connection with the proprietary business operating system that Franchisor and its affiliates have developed (the “System”) for the establishment and operation of a HANDEL’S HOMEMADE ICE CREAM franchised business (hereafter, a “Franchised Business”); (iii) marketing research and promotional, marketing and advertising programs for the Franchised Business; (iv) knowledge of specification for and suppliers of, and methods of ordering, certain products, fixtures, furnishings, equipment and inventory used at the Franchised Business; (v) knowledge of the operating results and financial performance of other HANDEL’S HOMEMADE ICE CREAM Parlors; (vi) customer

communication and retention programs, along with data used or generated in connection with those programs; (vii) Franchisor's proprietary Manuals and other instructional manuals, as well as any training materials and information Franchisor has developed for use in connection with the System; (viii) information regarding the development of Franchisor's proprietary marks (the "Proprietary Marks"); (ix) information generated by, or used or developed in, the Parlor's operation, including customer names, addresses, telephone numbers and related information and any other information contained in the Franchised Business's computer system; (x) the design, build-out and any construction/remodeling plans for the interior and exterior of the Franchised Business; (xi) Franchisor's proprietary Operations Manual and other instructional manuals, as well as any training materials and information Franchisor has developed for use in connection with the System; and (xii) any other proprietary information or confidential information that is provided to Franchisee by Franchisor during the term of the Franchise Agreement (collectively, "Confidential Information"). You shall not, during the term of this Agreement or anytime thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information and trade secrets, including, without limitation: Franchisor's copyrighted materials; price marketing mixes related to the offer and sale of restaurant products and other Approved Services and Products (as defined in the Franchise Agreement); standards and specifications for providing the Approved Services and Products and other merchandise or services offered or authorized for sale by System franchisees; methods, special recipes, ingredients, menu item preparation, and other techniques and know-how concerning the operation of the Franchised Business, which may be communicated to you or of which you may become apprised by virtue of your role as a guarantor of the Franchisee's obligations under the Franchise Agreement. You also acknowledge and agree that the following also constitutes "Confidential Information" under this Section: (i) former, current and prospective customer information, including customer names and addresses, contracts/agreements (collectively "Customer Lists"), and (ii) sources and pricing matrices of any approved or designated suppliers; and (iii) any and all information, knowledge, know-how, techniques, and other data, which Franchisor designates as confidential.

ARTICLE III **NON-COMPETITION**

You acknowledge that as a participant in the Franchisor's System, you will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore, to protect Franchisor and all Franchisor's franchisees, you agree as follows:

1. During the Term of the Franchise Agreement and this Guaranty. During the term of the Franchise Agreement and this Personal Guaranty, each of the undersigned may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

1.1. Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lease space to, lend money or extend credit to, or have any other interest in or involvement with: (i) any other ice-cream, frozen yogurt or other frozen dessert restaurant or business (each, a "Competing Business"); or (ii) offers or grants licenses or franchises, or establishes joint ventures, for the ownership or operation of a Competing Business; provided, however, that this Section does not apply to your operation of a HANDEL'S HOMEMADE ICE CREAM franchise pursuant to a valid franchise agreement with Franchisor, or your ownership of less than two percent (2%) of the interests in a publicly traded company.

1.2. Divert or attempt to divert business or customers of any Franchisee-owned Franchised Businesses to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

2. After the Term of This Agreement.

2.1. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, the undersigned may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business competing in whole or in part with Franchisor in offering or granting franchises or licenses, or establishing joint ventures, for the ownership or operation of a Competing Business. The scope of the non-compete described in this Section shall be the geographical area where Franchisor can demonstrate that it has offered and sold franchises as of the date the Franchise Agreement is terminated or expires (or, if applicable, as of the date Franchisee assigns/transfers the Franchise Agreement).

2.2. For a period of two (2) years after the expiration, transfer or termination of the Franchise Agreement, regardless of the cause, the undersigned may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

2.2.1. Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lease space to, lend money or extend credit to, or have any other interest in or involvement with, any Competing Business that is located within a thirty (30) mile radius of: (i) the perimeter of the Territory granted under the Franchise Agreement; or (ii) any other Parlor that exists as of the date the Franchise Agreement is terminated or expires (or, if applicable, as of the date Franchisee assigns/transfers the Franchise Agreement);

2.2.2. Contact any of Franchisor's suppliers or vendors for any competitive business purpose; or

2.2.3. Solicit any of Franchisor's employees, or the employees of Franchisor's affiliates, or any other System franchisee to discontinue employment.

3. **Intent and Enforcement.** It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevents you from earning a living. You further acknowledge and agree that the time limitation of this Article III shall be tolled during any default under this Guaranty.

ARTICLE IV DISPUTE RESOLUTION

1. **Acknowledgment.** You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's proprietary marks or its system.

2. **Governing Law.** This Guaranty shall be deemed to have been made in and governed by the laws of the State of Ohio.

3. **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty to Franchisor's Chief Executive Officer and/or President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Agreement.

4. **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor or its affiliates arising out of, or in any way relating to, the Franchise Agreement, this Guaranty or any other agreement by and between the parties or their respective affiliates, or any of the parties' respective rights and obligations arising from such agreements, which are not first resolved through the internal dispute resolution procedure set forth above, must be submitted first to mediation, in Canfield, Ohio under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor that specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elect to exercise our option to submit such claim or dispute to mediation. You may not commence any arbitration proceeding or other action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor may specifically enforce our mediation rights under this Section. Each party shall bear its own cost of mediation, except that you and Franchisor shall share the mediator's fees and costs equally. This agreement to mediate at Franchisor's option shall survive any termination or expiration of the Franchise Agreement and this Guaranty.

4.1. *Excepted Claims.* The parties agree that mediation shall not be required with respect to any claim or dispute involving: (i) any of your payment obligations that are past due; (ii) the actual or threatened disclosure or misuse of Franchisor's Confidential Information; (iii) the actual or threatened violation of Franchisor's rights in, or misuse of, the Proprietary Marks, System or other trade secrets; (iv) any of the restrictive covenants contained in the Franchise Agreement or this Guaranty; or (v) any claims arising out of or related to fraud or misrepresentation by you, or your insolvency (collectively, the "Excepted Claims").

5. **Jurisdiction and Venue.** Subject to the other dispute resolution provisions in this Personal Guaranty, the parties agree that any action at law or in equity instituted against either party to this Agreement must be commenced and litigated to conclusion (unless settled) only in any court of competent jurisdiction located closest to Canfield, Ohio or, if appropriate, the United States District Court for the Northern District of Ohio. The undersigned hereby irrevocably consent to the jurisdiction of these courts.

6. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of this Agreement and the mediation and other dispute resolution provisions contained herein, each having authority to specifically enforce the right to mediate and litigate claims asserted against such person(s) by you.

7. **Right to Injunctive Relief.** Nothing contained in this Guaranty shall prevent Franchisor from applying to or obtaining from any court having jurisdiction a writ of attachment,

temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation or arbitration proceeding, or pending the trial or handing down of a decision or award pursuant to any mediation or arbitration proceeding conducted hereunder. If injunctive relief is granted, your only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, you expressly waive all claims for damages you incurred as a result of the wrongful issuance.

8. JURY TRIAL AND CLASS ACTION WAIVER. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

9. Limitation of Action. You further agree that no cause of action arising out of or under this Guaranty may be maintained by you unless brought before the expiration of one year after the act, transaction or occurrence upon which such action is based or the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim against us, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

10. Punitive Damages. You hereby waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against us, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that your recovery shall be limited to actual damages. If any other term of this Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

11. Costs and Attorneys' Fees. Whether or not formal legal proceedings are initiated, in the event Franchisor incurs any legal fees or other costs associated with enforcing the terms of this Guaranty or the Franchise Agreement against you, then Franchisor will be entitled to recover from you all costs and expenses, including reasonable attorneys' fees, incurred in enforcing the terms of this Guaranty or the Franchise Agreement.

12. Nonwaiver. Franchisor's failure to insist upon strict compliance with any provision of this Guaranty shall not be a waiver of our right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by us respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Your election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

13. No Personal Liability. You agree that fulfillment of any and all of Franchisor's obligations written in the Franchise Agreement or this Guaranty, or based on any oral communications

which may be ruled to be binding in a court of law, shall be Franchisor's sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with Franchisor shall be personally liable to you for any reason. This is an important part of this Guaranty. You agree that nothing that you believe you have been told by us or our representatives shall be binding unless it is written in the Franchise Agreement or this Guaranty. Do not sign this Agreement if there is any question concerning its contents or any representations made.

14. Severability. The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Guaranty shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.

15. Construction of Language. Any term defined in the Franchise Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

16. Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Guaranty on the date stated on the first page hereof.

PERSONAL GUARANTORS

[Insert Name of Guarantor]

[Insert Name of Spouse]

[Insert Name of Guarantor]

[Insert Name of Spouse]

[Insert Name of Guarantor]

[Insert Name of Spouse]

[Insert Name of Guarantor]

[Insert Name of Spouse]

EXHIBIT C
AREA DEVELOPMENT AGREEMENT

DEVELOPMENT AGREEMENT

This Development Agreement (“Agreement”) entered into this _____ day of _____, 20____ (“Effective Date”), between: (i) Handel’s Enterprises, LLC, an Ohio limited liability company, with its principal business address at 3830 Starr Centre Drive, Canfield, Ohio 44406 (hereafter “Franchisor”); and (ii) _____, a/an _____ with an address at _____ (hereinafter “Developer”).

BACKGROUND

A. Franchisor and its affiliate/principals, as a result of the expenditure of time, skill, effort, and money, have developed and own a unique system (the “System”) related to the development and operation of ice cream parlors that sell homemade ice cream, sherbet, ices, sorbet, frozen yogurt and other ice cream products (collectively, the “Approved Products”), utilizing the System and proprietary marks (each, a “Parlor”).

B. Franchisor’s System is comprised of various proprietary and, in some cases, distinguishing elements, including without limitation: proprietary methodology and procedures for the establishment and operation of a Parlor; site selection guidance and criteria; specifications for the design, layout and construction of the interior of the Parlor; standards and specifications for the furniture, fixtures and equipment located within a Parlor; established relationships with approved or designated suppliers for certain products and services; and standards and specifications for advertising, bookkeeping, sales and other aspects of operating a Parlor. The parties agree and acknowledge that Franchisor may change, improve, further develop, or otherwise modify the System from time to time as it deems appropriate in its discretion. Developer hereby acknowledges and agrees that: (i) while the System and Franchisor’s related materials contain information that, in isolated form, could be construed as being in the public domain, they also contain significant proprietary and confidential information which makes the System unique as a whole; and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals that are proprietary and confidential.

C. The System and Parlors are identified by the mark HANDEL’S HOMEMADE ICE CREAM, as well as certain other trade names, trademarks, service marks and trade dress that Franchisor designates for use in connection with each Parlor (collectively, the “Proprietary Marks”), all of which Franchisor may modify, update, supplement or substitute in the future as Franchisor deems appropriate. The parties agree and acknowledge that Franchisor has established substantial goodwill and business value in its Proprietary Marks, expertise, and System.

D. Franchisor grants qualified third parties the right to develop multiple HANDEL’S HOMEMADE ICE CREAM Parlors within a defined geographical area (the “Development Area”) in accordance with a development schedule that must be strictly adhered to, with each Parlor within the Development Area being opened and operating utilizing the Marks and System pursuant to the terms and conditions set forth in a separate form of Franchisor’s then-current franchise agreement (each, a “Franchise Agreement”).

E. Developer recognizes the benefits from receiving the right to operate a HANDEL’S HOMEMADE ICE CREAM Parlor and desires to: (i) become a multi-unit Parlor operator subject to the terms of this Agreement; and (ii) receive the benefits provided by Franchisor under this Agreement.

F. Developer has applied for the right to open and operate multiple HANDEL’S HOMEMADE ICE CREAM Parlors within the Development Area as set forth in this Agreement, and Franchisor has approved such application in reliance on Developer’s representations made therein.

G. Developer hereby acknowledges that adherence to the terms of this Agreement, including Franchisor's operations manual and other System standards and specifications, are essential to the operation of all HANDEL'S HOMEMADE ICE CREAM Parlors and our System as a whole.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. **Development Area.** Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish _____ Parlors within the Development Area defined in Exhibit "A" hereto, provided Developer opens and commences operations of such Parlors in strict accordance with the mandatory development schedule also set forth in Exhibit "A" (the "Development Schedule") and otherwise subject to the terms and conditions set forth herein. During the term of this Agreement and except as provided herein, Franchisor will not open or operate, or license any third party the right to open or operate, any Parlors within the Development Area.

2. **Development Fee.** Developer shall pay Franchisor a Development Fee equal to \$_____ (the "Development Fee") for the right to develop the foregoing Parlors within the Development Area under this Agreement, which is: (i) deemed fully earned upon payment and is not refundable under any circumstances; and (ii) payable as follows:

The initial portion of the Development Fee (the "Initial Development Fee") is due upon execution of this Agreement and is equal to \$25,000 for each Parlor that Developer is granted the right to open under the Development Agreement.

Thereafter, Developer is required to pay a subsequent portion of the Development Fee amounting to \$25,000 in connection with each Parlor Franchisor grants Developer the right to open within the Development Area (each, a "Subsequent Development Payment") when Developer executes a Franchise Agreement in connection with that Parlor, which in no event will be more than seven days from the date Franchisor accepts a proposed site for that Parlor. In the event the initial Franchise Agreement for the right to open and operate the first Parlor under this Agreement is executed contemporaneously with this Agreement, Developer shall be required to pay the full \$50,000 Development Fee for that Parlor (comprised of the \$25,000 Initial Development Fee payment for the initial Parlor, and the \$25,000 Subsequent Development Payment for the initial Parlor) at the time Developer executes this Agreement.

Initials: _____

3. **Initial Franchise Agreement.** Contemporaneous with the execution of this Agreement, Developer must enter into Franchisor's current form of Franchise Agreement for the first Parlor that Developer is required to open within the Development Area. Alternatively, Franchisor may permit Developer to delay execution of the initial Franchise Agreement until Developer has found a Premises for the initial Parlor that Franchisor has approved. In the event Developer is a business entity of any kind, then Developer's principals/owners must each execute the form of personal guaranty attached to the foregoing Franchise Agreement, as well as any additional Franchise Agreements described in Section 4 of this Agreement.

4. **Additional Franchise Agreements.** Developer agrees and acknowledges that it must: (i) enter into Franchisor's then-current form of Franchise Agreement for each additional Parlor that Developer is required to open under this Agreement; and (ii) enter into such Franchise Agreements within seven days of when Franchisor accepts a proposed site submitted to Franchisor for acceptance, but in no event less than 180 days prior to the time to open such additional parlor under the agreed upon Development Schedule.

5. **Development Obligations.** Developer must ensure that, at a minimum, Developer: (i) opens and commences operations of the initial new Parlor during each development period set forth in the Development Schedule (each, a “Development Period”); and (ii) has the minimum cumulative number of Parlors open and operating at the expiration of each Development Period. The parties agree and acknowledge that time is of the essence with respect to the foregoing development obligations, and that Developer’s failure to comply with the Development Schedule is grounds for immediate termination of this Agreement (and any future development rights granted hereunder).

6. **Term and Termination.**

6.1 This Agreement will commence as of the date it is fully executed and, unless earlier terminated by Franchisor, will end on the earlier of (a) the last day of the calendar month that the final Parlor is required to be opened and operating under the Development Schedule or (b) the day the final Parlor is open. Upon expiration or termination of this Agreement for any reason, Developer will not have any rights within the Development Area other than the territorial rights granted in connection with any Parlors that Developer has opened and commenced operating as of the date this Agreement is terminated or expires (under the respective Franchise Agreement(s) that Developer entered into for such Parlors).

6.2 Franchisor will have the right, at its option, to terminate this Agreement and all rights granted to Developer hereunder, without affording Developer any opportunity to cure such default, effective upon written notice to Developer, upon the occurrence of any of the following events: (i) if Developer ceases to actively engage in development activities in the Development Area or otherwise abandons its development business for three (3) consecutive months, or any shorter period that indicates an intent by Developer to discontinue development of the Parlors within the Development Area; (ii) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Developer, or by others against the Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit of creditors or a receiver is appointed by the Developer; (iii) if Developer fails to timely execute any additional Franchise Agreement or meet its development obligations under the Development Schedule for any single Development Period, including any failure to pay any portion of the Development Fee, and fails to cure such default within 30 days of receiving notice thereof; and (iv) if any Franchise Agreement that is entered into in order to fulfill Developer’s development obligations under this Agreement is terminated or subject to termination by Franchisor, pursuant to the terms of that Franchise Agreement.

7. **Reservation of Rights.** Except as provided in Section 1 of this Agreement, the parties agree and acknowledge that the rights granted in this Agreement are non-exclusive and that Franchisor and its affiliates reserve all other rights not expressly granted to Developer herein.

8. **Sale or Assignment.**

8.1 Developer’s rights under this Agreement are personal and Developer may not sell, transfer, or assign any right granted herein without Franchisor’s prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in Developer’s initial Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

8.2 If Developer proposes to transfer this Agreement or any interest in Developer to any third party (other than a corporation or limited liability company as set forth in Section 8.1 hereof or in the event of Developer’s death/disability), Developer shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Developer shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Developer, of the terms of the offer (“Letter of

Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Developer shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to any conditions for approval Franchisor requires pursuant to Section 8.1. Developer shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section. Any material change in the terms of the offer will be deemed a new proposal subject to Franchisor's right of first refusal. So long as Developer has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth herein, is not subject to Franchisor's first right of refusal. Nothing herein shall modify Franchisor's absolute discretion to approve or deny any potential transfer pursuant to Section 8.1, and Developer acknowledges that it has no right to transfer any interest in this Agreement without Franchisor's prior written consent which may be withheld for any reason.

9. **Acknowledgment.** Developer acknowledges that this Agreement is not a Franchise Agreement and does not confer upon Developer any rights to use the Franchisor's Marks or System.

10. **Notices.** All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight mail, or certified mail, return receipt requested, prepaid, to the addresses set forth above (which may be changed by written notice).

11. **Choice of Law.** This Agreement will be governed by the laws of the State of Ohio (without reference to its conflict of laws principals).

12. **Internal Dispute Resolution.** Developer must first bring any claim or dispute between Developer and Franchisor to Franchisor's President, after providing Franchisor with notice of and a reasonable opportunity to cure an alleged breach hereunder. Developer must exhaust this internal dispute resolution procedure before bringing a dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

13. **Mediation.** At Franchisor's option, all claims or disputes between Franchisor and Developer or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Developer or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure sent forth in Section 12 above, must be submitted first to mediation, in Canfield, Ohio under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Developer must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Developer as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Developer may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree that there will be no class action mediation.

14. **Injunctive Relief.** Nothing contained in this Agreement herein will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation proceeding conducted hereunder.

15. **Jurisdiction and Venue.** Subject to Sections 13 and 14 above, the parties expressly agree to the jurisdiction and venue of any state court of general jurisdiction closest to Canfield, Ohio and the jurisdiction and venue of the United States District Court for the Northern District of Ohio. Developer acknowledge that this Agreement has been entered into in the State of Ohio, and that Developer will receive valuable and continuing services emanating from Franchisor's headquarters in Ohio, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Ohio set forth above.

16. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the dispute resolution procedures contained herein, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Developer.

17. **Jury Trial Waiver.** With respect to any proceeding not subject to mediation, the parties hereby agree to waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver will apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or Developer's purchase from Franchisor of the development rights described herein.

18. **Waiver of Punitive Damages.** Developer waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which Developer may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, Developer's recovery will be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

19. **Attorneys' Fees.** If either party institutes any judicial or mediation proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Agreement and Franchisor prevails in the action or proceeding, Developer will be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

20. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

21. **Severability.** The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning, which renders it valid and enforceable. The provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

22. **Construction of Language.** The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

23. **Successors.** References to "Franchisor" or "Developer" include the respective parties' successors, assigns or transferees, subject to the limitations of Section 8 of this Agreement.

24. **Additional Documentation.** You must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreements and take such other action as Franchisor may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with the provisions of this Section, Developer hereby appoints Franchisor as Developer's attorney-in-fact to execute any and all documents on Developer's behalf, as reasonably necessary to effectuate the transactions contemplated herein.

25. **No Right to Offset.** Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

26. **State Law Applies.** If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which Developer's initial Parlor is located, then the valid law or regulation of that state applicable to the franchised business will supersede any provision of this Agreement that is less favorable to Developer.

27. **Entire Agreement.** This Agreement contains the entire agreement between the parties concerning Developers' development rights within the Development Area; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Franchisor reserves the right to change Franchisor's policies, procedures, standards, specifications or manuals at Franchisor's discretion. In the event of a conflict between this Agreement and any Franchise Agreement(s), the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations Franchisor made to Developer in the Franchise Disclosure Document that Franchisor provided to Developer.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISOR:

HANDEL'S ENTERPRISES, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

DEVELOPER:

IF AN INDIVIDUAL:

By: _____

Print Name: _____

Date: _____

Spouse Signature: _____

Spouse Name: _____

Date: _____

IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT A to DEVELOPMENT AGREEMENT

DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE

1. **Development Area.** The Development Area, as referred to in Section 1 of the Development Agreement, is described below (or an attached map) by geographic boundaries and will consist of the following area or areas:

2. **Development Schedule.** The Development Schedule referred to in Section 1 of the Development Agreement is as follows:

Development Period	Expiration Date	Number of New Parlors Developer Must Open in Development Area	Cumulative Number of Parlors Developer Must Have Open Within Development Area
First	____ Months from Effective Date		
Second	____ Months from Effective Date		
Third	____ Months from Effective Date		
Fourth	____ Months from Effective Date		
Fifth	____ Months from Effective Date		
Sixth	____ Months from Effective Date		

APPROVED BY:

FRANCHISOR

HANDEL'S ENTERPRISES, LLC

By: _____

Name: _____

Title: _____

DEVELOPER

[INSERT NAME]

By: _____

[Name], [Title]

EXHIBIT D
LIST OF FRANCHISEES

Franchisees in Operation as of December 31, 2023

State	Parlor	Street Address	City	Zip Code	Phone	Owners
AL	Huntsville	7086 Hwy 72 W	Huntsville	35806	256-513-0080	Brian Vaughn
AL	Jones Valley	1303 Four Mile Post Rd SE, Suite B	Huntsville	35802	256-213-7910	Brian Vaughn
AZ	Gilbert	1672 Guadalupe, Suite 101	Gilbert	85234	602-314-4561	Gary Kovach
AZ	Hilton Village	6137 N. Scottsdale Road, Suite 102	Scottsdale	85250	480-687-9110	Terry Keenen
AZ	North Scottsdale	15681 N. Hayden Road	Scottsdale	85260	480-948-3489	Terry Keenen
AZ	Park West	9784 West Northern Avenue	Peoria	85345	623-872-5401	Joe Maher
AZ	Queen Creek	21182 South Ellsworth Loop Road	Queen Creek	85142	480-268-7563	Terry Keenen
AZ	Surprise	15240 N. Cotton Lane	Surprise	85388	623-546-3922	Joe Maher
AZ	Tempe	2000 East Rio Salado Parkway	Tempe	85288	480-894-3262	Terry Keenen
CA	Bakersfield	10530 Stockdale Highway	Bakersfield	93311	661-885-8081	Clint Lewis DeAnna Lewis
CA	Calabasas	23369 Mulholland Drive	Los Angeles	91364	818-805-3988	Zara Afshar Jayron Afshar Samar Afshar
CA	Carlsbad	2825 State St	Carlsbad	92008	760-696-3519	Travis Campbell
CA	Chula Vista	1450 Eastlake Parkway Suite 806	Chula Vista	91915	619-500-5121	Josh Barton
CA	Culver City	4130 Sepulveda Boulevard	Culver City	90230	310-730-6888	Clint Lewis DeAnna Lewis
CA	Del Mar	12843 El Camino Real Suite 108	San Diego	92130	858-925-7308	Travis Campbell
CA	Downey	8855 Apollo Way	Downey	90242	619-500-5121	Greg Flaherty Charlie Arviso
CA	Elk Grove	7701 Laguna Blvd., Suite 400	Elk Grove	95758	916-896-1514	Melissa Carlile Blake Carlile Tamara Weenig

State	Parlor	Street Address	City	Zip Code	Phone	Owners
CA	Folsom	1011 E. Bidwell	Folsom	95630	916-597-2947	Melissa Carlile Blake Carlile <u>Tamara Weenig</u>
CA	Hillcrest	1080 University Avenue	San Diego	92103	619-310-6609	Josh Barton
	Huntington Beach	300 CA-1, Suite 107-A	Huntington Beach	92651	714-536-1005	Zach Leffers
CA	Indio	42211 Jackson Street	Indio	92203	760-296-3508	Chris Fox <u>Kimberly Fox</u>
CA	Irvine	13786 C Jamboree Road	Irvine	92602	657-720-1507	John Messenger John Wolikow
CA	La Canada	711 Foothill Blvd	La Canada	91011	818-864-6554	Alan Hall Lisa Hall Kevin Hurley <u>Sara Hurley</u>
CA	Laguna Niguel	28121 Crown Valley Parkway	Laguna Beach	92677	949-215-1350	Keith Kesler Travis Campbell
CA	Lake Forest	23615 El Toro Road	Lake Forest	92630	949-446-4463	John Henderson John Messenger John Wolikow
CA	Long Beach	4201 McGowen St., Suite 200	Long Beach	90808	562-421-9000	Greg Flaherty
CA	Manhattan Beach	3360 Sepulveda Blvd	Manhattan Beach	90266	310-546-2022	Zach Leffers
CA	National City	2434 Southport Way Suite C	National City	91950	619-856-5530	Josh Barton
CA	Natomas	2820 Del Paso Road	Sacramento	95834	916-333-3846	Melissa Carlile Blake Carlile <u>Tamara Weenig</u>
CA	Newport Beach	2200 W. Oceanfront	Newport Beach	92663	949-270-6382	Keith Kesler Travis Campbell
CA	Northridge	8850 Corbin Ave	Los Angeles	91324	855-426-3357	Zara Afshar
CA	Oceanside	228 N. Coast Highway	Oceanside	92054	442-266-8552	Keith Kesler Travis Campbell

State	Parlor	Street Address	City	Zip Code	Phone	Owners
CA	Pacific Beach	4475 Mission Blvd, Suite B-1	San Diego	92109	858-999-0075	Travis Campbell
CA	Palm Desert	111 Town Center Way, Suite 489F	Palm Desert	92260	442-282-8860	Chris Fox Kimberly Fox
CA	Palmdale	39626 10th Street West	Palmdale	93551	661-622-2002	Jeanette Broce Stuart Broce
CA	Pasadena	3405 E. Foothill Blvd.	Pasadena	91107	424- 426-3357	Alan Hall Lisa Hall Kevin Hurley Sara Hurley
CA	Rancho Cordova	10842 Bear Hollow Drive	Rancho Cordova	95670	916-942-9275	Melissa Carlile Blake Carlile Tamara Weenig
CA	Rancho Cucamonga	6403 Haven Ave	Rancho Cucamonga	91737	909-989-7065	Zach Leffers
CA	Rancho Santa Margarita	30622 Santa Margarita Parkway	Rancho Santa Margarita	92688	949-709-0096	Keith Kesler Travis Campbell
CA	Redondo Beach	1882 South PCH	Redondo Beach	90277	424-247-8861	Paul Danylik Susan Danylik
CA	Roseville	1164 Galleria Blvd, Suite 100	Roseville	95678	916-755-4256	Melissa Carlile Blake Carlile Tamara Weenig
CA	San Clemente	610 Camino De Los Mares	San Clemente	92673	949-312-2304	Keith Kesler Travis Campbell
CA	San Marcos	109 S. La Posas Road, Suite 102	San Marcos	92078	760-539-7030	Keith Kesler Travis Campbell
CA	Santa Monica	1701 Ocean Park Boulevard	Santa Monica	90405	310-310-8698	Robert Hooks
CA	Santee	8980 Carlton Hills Blvd	Santee	92071	619 312-2381	Terry Yarwick
CA	Temecula	41377 Margarita Road	Temecula	92591	951-225-8956	Keith Kesler Travis Campbell

State	Parlor	Street Address	City	Zip Code	Phone	Owners
CA	Upland	373 South Mountain Ave	Upland	91786	909-946-9077	Zach Leffers
CA	Visalia	3301 South Mooney Boulevard	Visalia	93277	559-553-0102	Brandon Sorensen Cali Sorensen
CA	Vista	207 Main Street	Vista	92084	760-295-0636	Keith Kesler Travis Campbell
CA	Yorba Linda	18210 Yorba Linda Boulevard	Yorba Linda	92886	714-983-7576	Jeff Manassero Jason Schaniel
IN	Carmel	2466 E 146th St	Carmel	46033	317-705-1855	Greg Glaros
IN	Greenwood	902 N. State Route 135	Greenwood	46142	317-559-3552	Scott Podolsky
IN	Fishers	8760 E 116th St	Fishers	46038	317-585-8065	Greg Glaros
IN	Fort Wayne North	1808 West Dupont Road	Fort Wayne	46818	260-399-5937	Daniel Niedens Briana Niedens Zach Leffers
	Fort Wayne Southwest	4916 Illinois Road	Fort Wayne	46804	260-999-4105	Daniel Niedens Briana Niedens Zach Leffers
	Noblesville	14165 Cabela Parkway	Noblesville	46060	317-343-9857	Greg Glaros
NC	Cornelius	20545 Torrence Chapel Road	Cornelius	28031	704-237-4522	John Gowdy Matt Field Clayton Leonard
NC	Gastonia	2280 E. Franklin Blvd.	Gastonia	28054	704-862-4651	Jim Davis Tia Davis Zach Davis Jenna Davis
NC	Morrisville	115 Parkside Valley Dr Unit 30	Morrisville	27560	919-650-2131	Adam Sperling Lee Burdman Joseph DeSalvo Sam Shapiro Bruce Tamarkin

State	Parlor	Street Address	City	Zip Code	Phone	Owners
NC	Steele Creek	4923 Trojan Drive	Charlotte	28278	704-910-2535	Jim Davis Tia Davis
	Crossroad					
NV	Commons	8975 W. Charleston Boulevard	Las Vegas	89117	702-331-0673	Mandy Trotter
NV	Las Vegas	10170 West Tropicana Ave	Las Vegas	89147	702-749-9299	Patrick Frank
NV	Rainbow	7345 Arroyo Crossing Parkway	Las Vegas	89113	702-749-6953	Carly LeDuc Jimmy LeDuc
OH	Akron-East	1207 East Market Street	Akron	44305	234-334-0013	Jenn Mathew AJ Mathew Joe Jose Gina Kandankulam-Jose
OH	Austintown	4800 Mahoning Ave	Youngstown	44515	330-797-0514	Leigh Jaffer
OH	Avon	35925 Detroit Road	Avon	44011	440-695-0162	Judd Rubin Jason Rubin Kevin Dill Ray Bernat Anthony Aulizio
	Broadview		Broadview			
OH	Heights	103 East Royalton Rd	Heights	44147	440-746-9100	Leigh Jaffer Adil Jaffer
OH	Columbiana	310 West State Rte. 14	Columbiana	44408	330-482-5577	Robert Machel
OH	Columbus	5665 Feder Rd	Columbus	43228	614-853-4464	Samantha Cousin Izzy Cousin
OH	Cuyahoga Falls	2922 State Rd	Cuyahoga Falls	44223	330-922-4589	Miriah Valentic John Valentic
OH	Green Twp.	3433 Massillon Rd	Akron	44312	330-896-5655	Miriah Valentic John Valentic
OH	Liberty	4251 Belmont Ave	Youngstown	44505	330-759-2417	Fran Melendez
OH	Mayfield Heights	1249 Som Center Rd	Mayfield Heights	44124	330-565-8808	Christopher Junk Reid Lampert

State	Parlor	Street Address	City	Zip Code	Phone	Owners
OH	Medina	1050 South Court St	Medina	44256	330-952-2313	Andy Jacobozzi Maria Jacobozzi
OH	Niles	5140 Youngstown-Warren Rd	Niles	44446	330-505-0865	Judd Rubin
OH	North Canton	2191 East Maple St	Canton	44720	330-244-9200	Leigh Jaffer Adil Jaffer
OH	Powell	399 W Olentangy St	Powell	43065	614-336-3813	Kyle Snyder
OH	Rocky River	19935 Center Ridge Road	Rocky River	44116	216-712-4069	Judd Rubin Jason Rubin Kevin Dill Ray Bernat Anthony Aulizio
OH	South Ave	7485 South Ave	Youngstown	44512	330-629-8515	Josh Fisher
OH	Stow	3048 Graham Rd	Stow	44224	330-677-9901	Casey Hill Ortiz Justin Hill
OH	Toledo #1	5908 W Sylvania Ave	Toledo	43623	419-882-1118	Chris Boyd
OH	Toledo #2	5655 Secor Rd	Toledo	43623	419-474-8861	Dick Boyd Charlene Boyd
OH	Twinsburg	10735 Ravenna Rd	Twinsburg	44087	234-212-9659	Jenn Mathew AJ Mathew Joe Jose Gina Kandankulam-Jose
OR	Bend	61165 South Highway 97	Bend	97702	541-633-7553	Tim Joyce John Valley
OR	Eugene	550 Pearl Street Unit 110	Eugene	97401	541-735-3150	Tim Joyce John Valley
OR	Sherwood	21300 SW Langer Farms Pkwy	Sherwood	97140	503-822-5142	Tim Joyce
OR	Sunset	13539 NW Cornell Rd	Portland	97229	503-268-1306	Tim Joyce John Valley
PA	Berwyn	576 E Lancaster Ave	Berwyn	19312	610-640-1606	Buck Buchanan Carmie Buchanan

State	Parlor	Street Address	City	Zip Code	Phone	Owners
PA	Hermitage	550 South Hermitage Rd	Hermitage	16148	724-308-7499	Marc Jakubovic
PA	McCandless	9020 St. Simon Way	Pittsburgh	15237	412-366-3379	Mike Diamandis Voula Diamandis
PA	Plains	25 North River St.	Plains	18705	570-550-9564	Andrea Congemi
PA	Royersford	627 Main St.	Royersford	19468	610-492-2908	Maria Rick Andrew Rick
PA	York	2310 South Queen St	York	17402	717-741-1300	Nathan Englар Michael Englар Jordan Jacobs Steven Englар
TX	Anderson Mill	11521 North FM 620	Austin	78726	512-777-4090	Chad Hughes John Willman
TX	Cinco Ranch	23660 Westheimer Parkway	Katy	77494	281-665-7954	Luke Wiseman Matthew Headrick Michael Eyre Matthew Wiseman Alexis Wiseman
TX	Benders Landing	4481- B Riley Fuzzel Road	Spring	77386	832-585-1785	Marlene Francis Garrett Francis
TX	Flower Mound	2717 Cross Timbers Rd., Suite 500B	Flower Mound	75028	469-763-3094	Craig Moore Jackson Moore Spencer Moore Kimberly Sherburne
TX	Highland Village	2200 Justin Road	Highland Village	75077	972-537-5237	Craig Moore Jackson Moore Spencer Moore Kimberly Sherburne
TX	Little Elm	2721 Little Elm Parkway, Suite 220	Little Elm	75068	214-872-4343	Craig Moore Wendy Moore

State	Parlor	Street Address	City	Zip Code	Phone	Owners
TX	McKinney	4700 W. El Dorado Parkway, Suite 210	McKinney	75070	214-548-4717	Craig Moore Jackson Moore Spencer Moore Kimberly Sherburne
TX	Plano	4200 Legacy Drive	Plano	75024	972-208-4051	Craig Moore Wendy Moore
TX	South Rim - San Antonio	5311 N. Loop 1604 W. Access Rd	San Antonio	78249	210-265-3905	Spencer Wolfley
TX	Southlake	2645 East Southlake Boulevard	Southlake	76092	817-912-1329	Nicholas Clark Peter Clark
TX	Spring	8765 Spring Cypress	Spring	77379	832-422-3586	Marlene Francis Garrett Francis
UT	Cottonwood Heights	6933 S 1300 E	Midvale	84047	801-679-1172	Brad Hendrix Bill Reiser Jeff Parrish Zachary Jacobs
UT	East Millcreek	3983 South Wasatch Blvd	Salt Lake City	84124	801-573-1091	Luke Wiseman Matthew Headrick Michael Eyre
UT	Layton	240 South Fort Lane Unit 201	Layton	84041	801-513-5177	Brad Hendrix Brianna Hendrix Ryan Yardley Amy Yardley
UT	Lehi	1249 E. Main St.	Lehi	84043	801-331-8206	John Ogden Amy Ogden Cole Kesler Rachel Kesler
UT	Ogden	4021 Riverdale Road	Riverdale	84405	385-492-4373	Brad Hendrix Bill Reiser Jeff Parrish

State	Parlor	Street Address	City	Zip Code	Phone	Owners
UT	Orem	1405 S. State Street	Orem	84097	801-960-9393	Zachary Jacobs John Ogden Amy Ogden Cole Kesler Rachel Kesler
UT	Riverton	4531 W. Partridge Hill Ln	Riverton	84096	801-666-6598	John Ogden Amy Ogden Cole Kesler Rachel Kesler
UT	Saratoga Springs	968 North Exchange Drive	Saratoga Springs	84045	801-341-8974	John Ogden Amy Ogden Cole Kesler Rachel Kesler
UT	Sandy	26 W 11400 S	Sandy	84070	385-787-1122	Brad Hendrix Bill Reiser Jeff Parrish Zachary Jacobs
UT	Spanish Fork	439 East 1000 North	Spanish Fork	84660	801-504-6574	John Ogden Amy Ogden Cole Kesler Rachel Kesler
UT	St. George	291 N. Bluff St.	St. George	84770	435-688-2449	Brad Hendrix Brianna Hendrix Ryan Yardley Amy Yardley
UT	Valley Fair	3599 South 2700 West	West Valley City	84119	385-274-2163	Luke Wiseman Matthew Headrick Michael Eyre
UT	Woods Cross	2468 South Highway 89, Suite B3/B4	Woods Cross	84087	385-777-2855	Noe Pinedo

Franchises Whose Units Opened in 2024

State	Parlor	Street Address	City	Zip Code	Phone	Owners
AR	Rogers	1904 West Pleasant Grove Road	Rogers	72758	479-202-5116	Jeff Greene
						Mackenzie Greene
						Jim Greene
						Alisa Greene
CA	La Jolla	8861 Villa La Jolla Drive	San Diego	92037	858-412-4581	Josh Barton
CA	Stevenson Ranch	25880 The Old Ranch	Stevenson Ranch	91381	661-425-7028	Scott Sonnenberg
						Vanessa Sonnenberg
CA	Walnut Creek	1273 Locust Street	Walnut Creek	94596	925-951-6555	James Greene
PA	Downingtown	520 East Lancaster Avenue	Downingtown	19335	610-615-9699	Maria Rick
						Andrew Rick
SC	Clemson	391 College Avenue	Clemson	29631	864-722-2154	Jim Belcher
						Michelle Belcher
TN	Hendersonville	300 Indian Lake Boulevard	Hendersonville	37075	615-447-3139	Laura Panter
						Greg Panter
TX	Arlington	4407 Little Road	Arlington	76016	682-587-4210	Deric Sheriff
						Vanessa Sheriff

Franchisees Signed but Unopened as of the Issuance Date of this Disclosure Document

State	Parlor	Street Address	City	Zip Code	Owners
AZ	Cave Creek	31309 N. Scottsdale Rd, Suite B-135	Scottsdale		Gary Kovach
					Marcy Hinkle
AZ	Dove Valley				Joe Maher
AZ	Lake Pleasant	25378 N. Lake Pleasant Parkway	Peoria	85383	Joe Maher
AZ	Tucson	7315 N. Oracle Road, Suite 108	Oro Valley	85704	David Knittel
CA	Alton Square	5365H Alton Parkway	Irvine	92604	John Messenger
					John Wolikow
CA	Canyon Country				Scott Sonnenberg

State	Parlor	Street Address	City	Zip Code	Owners
					Vanessa Sonnenberg
CA	Canyon Crest	5225 Canyon Crest Drive, Suite 7A	Riverside	92507	Gagan Batta
CA	East Bay				Jim Greene Alisa Greene
CA	Eastvale	12648 Limonite Avenue, Suite 2-H	Eastvale	92880	Gagan Batta
CA	El Cajon				Terry Yarwick
CA	Fair Oaks	8055 Madison Avenue	Citrus Heights	95610	Melissa Carlile Blake Carlile Tamara Weenig
CA	Fresno	8472 North Friant Road, Suite 110	Fresno	93720	Brandon Sorensen Cali Sorensen
CA	Glendora	1343 E Gladstone Street, Suite 100	Glendora	91740	Alan Hall Lisa Hall Kevin Hurley Sarah Hurley
CA	La Quinta	79630 Highway 111, Suite 100	La Quinta	92253	Chris Fox Robert Thomas
CA	Los Feliz	4531 Hollywood Boulevard	Los Angeles	90027	Philip Kaye
CA	Oxnard	751 Town Center Drive, Suite 101	Oxnard	93036	Joseph Ogden John Ogden
CA	Rialto		Rialto	92376	Gagan Batta
CA	San Pedro				Robert Hooks
CA	SDSU - College Area	5824 Montezuma Road	San Diego	92115	Josh Barton
CA	Thousand Oaks	350 W. Hillcrest Drive, #E247	Thousand Oaks	91360	Joseph Ogden
CO	Colorado Springs				Jake Pfau Alex Rees
CO	Northeast Denver				Ben Pham Tram Pham Quy Nguyen
FL	Orlando				Shawn Ferguson

State	Parlor	Street Address	City	Zip Code	Owners
					Carol Ferguson Terry Ballard Diana Ballard
FL	Tampa				Greg Rohan Abby Rohan Patrick Frank
FL	Wesley Chapel				Geoff Leighly April Leighly Daniel Niedens Briana Niedens
GA	Cumming	580 Peachtree Parkway	Cumming	30041	Alberta Berhannan Michelle Evans
GA	Northeast Atlanta				Nate Turner
MD	Laurel				Jigna Patel
NV	Centennial Hills		Las Vegas	89149	Mandy Trotter
NV	Henderson	10445 Spencer Street	Las Vegas	89183	Patrick Frank
NV	Reno	13925 S. Virginia Street, Suite 710	Reno	89511	Andy Nava Susan Nava Cristina Ferguson
NC	Southern Pines				James Flanagan Denise Flanagan
OH	Fairlawn				Danielle Hysell Tyler Hysell
PA	Cranberry Township				Simon Arias
SC	Columbia Harbison	264 Harbison Blvd, Suite 252M	Columbia	29212	Kandi Bubonic Jason Bubonic
SC	Forest Acres	4619 Forest Drive	Columbia	29206	Kandi Bubonic Cody Sheriff
SC	Greenville				Jim Belcher

State	Parlor	Street Address	City	Zip Code	Owners
SC	Indian Land	9716 Red Stone Drive	Indian Land	29707	Michelle Belcher Jordan Artuso David Artuso
TN	Meridian	990 Meridian Boulevard	Franklin	37067	Matt Higgins
TN	Nashville Yards				Matt Higgins
TX	North Dallas				Dharmesh Patel
TX	Prosper				Mike Davis

EXHIBIT E

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

2023 Transfers

Kevin Pucci – 2 Units
Glendora, CA
909-989-7065

2024 Transfers

John and Jennifer Leskovac
Canfield, OH
330-565-8808
330-716-8228

Terminations/Non-Renewals/Other

None.

EXHIBIT F

LIST OF ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We intend to register this offering circular as a “franchise” in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment law) in these states, we will designate the following state offices or officials as our agents for service of process in those states:

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
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
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
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
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT G
STATE ADDENDA

CALIFORNIA STATE ADDENDUM

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

- a. No one is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
- b. California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
- c. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.)
- d. The franchise agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
- e. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
- f. The franchise agreement does not require binding arbitration. See Item 17.
- g. The franchise agreement requires application of the laws of the State of Ohio. This provision may not be enforceable under California Law.
- h. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may be rule or order require, before a solicitation of a proposed material modification of an existing franchise.
- i. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
- j. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CA COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfp.ca.gov.

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

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

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Franchise Agreement and Development Agreement require application of the laws of Ohio. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

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

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

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

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

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i)

waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

FRANCHISOR:

Handel's Enterprises, LLC

By: _____

Its: _____

Date: _____

FRANCHISEE:

By: _____

Its: _____

Date: _____

**ADDENDUM TO THE
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF ILLINOIS**

For franchises and Franchisee/developers subject to the Illinois Franchise Disclosure Act of 1987 and the Illinois General Rules and Regulations under the Franchise Disclosure Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Franchise Disclosure Document.

Item 17 shall be supplemented to include the following disclosure:

The conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

The Franchise Agreement provides that the law of a forum outside of Illinois applies. However, the foregoing choice of law clause should not be considered a waiver of any right conferred upon you by the provisions of the Illinois Franchise Disclosure Act of 1987 and the Rules and Regulations under the Act with respect to the offer and sale of a franchise and the franchise relationship. Where required under Illinois law, the laws of the State of Illinois will govern.

Any provision which designates jurisdiction or venue or requires Franchisee/developer to agree to jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, except mediation may take place outside the State of Illinois.

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

MARYLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

1. The following sentence is added to the end of Section 1 of the Franchise Agreement and to the end of Exhibit H of the Franchise Disclosure Document:

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Representations in this Agreement 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.

2. The following sentence is added to end of Section 20 of the Franchise Agreement and Section 11 of the Area Development Agreement:

Notwithstanding the foregoing, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17, “Requirements for you to renew the Agreement” shall be amended by the addition of the following language:

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

4. Item 17 “Governing Law” shall be amended by the addition of the following language:

You may sue 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 three years after the grant of the franchise.

5. Item 17 “Cause” defined- defaults which cannot be cured” shall be amended by the addition of the following language:

The Franchise Agreement provides for termination upon bankruptcy of the franchisee/developer. These provisions may not be enforceable under the U.S. Bankruptcy Code (11 U.S.C. Section 101, et seq.).

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

VIRGINIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Handel's Enterprises, LLC. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17:

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

ADDENDUM TO THE
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND AREA
DEVELOPMENT AGREEMENT

REQUIRED BY THE STATE OF WASHINGTON

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

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

EXHIBIT H

COMPLIANCE CERTIFICATION

FRANCHISEE COMPLIANCE CERTIFICATION

Do not complete or sign this questionnaire if you are a resident of California, Illinois, Maryland, or Washington or the business is to be located in California, Illinois, Maryland, or Washington.

As you know, Handel's Enterprises, LLC ("we", "us"), and you are preparing to enter into a Franchise Agreement and/or Development Agreement for the right to open and operate one (1) or more franchises (each a "Franchised Business"). The purpose of this Questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay us the appropriate franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

1. Have you received and personally reviewed the Franchise Agreement and/or Development Agreement, as well as each exhibit or schedule attached to this agreement, which you intend to enter into with us?

2. Have you received and personally reviewed the Franchise Disclosure Document we provided?

3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?

5. Have you reviewed the Disclosure Document and Franchise Agreement (and/or Development Agreement) with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Franchised Business with these professional advisor(s)?

6. Do you understand the success or failure of your Franchised Business will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as demographics of your Premises (or Development Area), competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

7. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement?

8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the HANDEL'S HOMEMADE ICE CREAM mark or any other mark at any location outside your (a) Designated Territory under the Franchise Agreement and (b)

Development Area if you have entered into a Development Agreement, without regard to the proximity of these activities to the premises of your Franchised Business(es) or Development Area?

9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated, at our option, in Canfield, Ohio?

10. Do you understand the Franchise Agreement and Development Agreement provide that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential or other special damages?

11. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement or Development Agreement is us?

12. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Designated Managers (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?

13. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

14. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises (other than those that you timely fulfill your development obligations and have contracted to open under the Development Agreement, provided you have not materially breached that agreement and failed to timely cure that breach)?

15. Do you understand that we will send written notices, as required by your Franchise Agreement and/or Development Agreement, to either your Franchised Business or home address until you designate a different address by sending written notice to us?

16. Do you understand that we will not approve your purchase of a HANDEL'S HOMEMADE ICE CREAM franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

17. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Franchised Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

18. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Franchised Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

19. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and/or Development Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

20. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in the Disclosure Document?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

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

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated:

Dated:

GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE OR ON A SUPPLEMENTAL PAGE (REFER TO QUESTION NUMBER).

EXHIBIT I

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State Effective Dates

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

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

State	Effective Date
California	Exempt
Florida	Effective
Hawaii	Not Registered
Illinois	Exempt
Indiana	Exempt
Maryland	Not Registered
Michigan	Effective
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Utah	Effective
Virginia	Not Registered
Washington	Exempt
Wisconsin	Not Registered

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 plan.

EXHIBIT J

RECEIPTS

RECEIPT

(KEEP THIS COPY FOR YOUR RECORDS)

This Disclosure Document summarized provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Handel's Enterprises, LLC, offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or any affiliate in connection with the proposed franchise sale.

If Handel's Enterprises, LLC 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 and state law have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit F.

Franchise Sellers offering a Franchise include the following: James Brown, Erin Snyder, Jody Nerone, Rachel Gobep, Jennifer Schuler and Sheri Ferravante. Each individual listed is a current employee of Handel's Enterprises, LLC at 3830 Starr Centre Drive, Canfield, Ohio 44406, (330) 702-8270.

The Issuance Date of this disclosure document is April 26, 2024.

We authorize the agent listed in Exhibit F to receive service of process for us.

I have received a disclosure document dated April 26, 2024, that included, the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement
- C. Area Development Agreement
- D. List of Current Franchisees
- E. List of Franchisees that Ceased to do Business
- F. List of Administrators and Agents for Service of Process
- G. State Addenda
- H. Compliance Certification
- I. Table of Contents of Operations Manual
- J. Receipts

Date: _____
(Do not leave blank) _____
(Print Name of Prospective Franchisee (For Entity))

By: _____
Its: _____

Signature _____

(Print Name of Prospective Franchisee (For Individuals))

Signature _____

RECEIPT

(RETURN THIS COPY TO US)

This Disclosure Document summarized provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

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- I. Table of Contents of Operations Manual
- J. Receipts

Date: _____
(Do not leave blank)

(Print Name of Prospective Franchisee (For Entity))

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 Franchise Relations by US Mail at 3830 Starr Centre Drive, Canfield, Ohio 44406, by fax at (330) 702-8290 or by email at info@handelsicecream.com. This copy is for Handel's Enterprises, LLC.