

FRANCHISE DISCLOSURE DOCUMENT



Yogurtland Franchising, Inc.
a Texas corporation
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Yogurtland Franchising, Inc. ("Yogurtland") franchisees will operate either traditional or non-traditional store that specializes in the sale of frozen desserts and other similar and dissimilar designated food, beverages and merchandise items. A Traditional store is typically an in-line location with limited table seating, offering a wide selection of flavors of frozen desserts and products. A Non-Traditional store that operates at locations within another primary business or in conjunction with another business or institutional settings where the Yogurtland store may offer a reduced menu selection. In this disclosure document, "Store" means any traditional or non-traditional store.

The total estimated investment necessary to begin operation of a Yogurtland franchise for a Traditional Store ranges from \$292,370 to \$636,940. This includes \$47,000 to \$62,000 that must be paid to the franchisor or an affiliate. The total estimated investment necessary to begin operation of a Yogurtland franchise for a Nontraditional Store ranges from \$231,500 to \$402,700. This includes \$37,000 to \$52,000 that must be paid to the franchisor or an affiliate.

The total estimated investment necessary to begin operation of a Yogurtland franchise under an Area Development Agreement includes a development fee equal to \$40,000 for your first store (or \$30,000 for your first store if it is a non-traditional store) plus \$30,000 (or \$20,000 for non-traditional stores) multiplied by the number of additional Yogurtland Stores you commit to open under the Development Agreement, which typically ranges from \$60,000 to \$125,000. This development fee is in addition to the initial investment required for each individual store you develop, including your first store.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Development Contracts Manager, at 2100 Valley View Lane Suite 101, Farmers Branch, Texas 75234, Telephone: (949) 265-8000.

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 contracts carefully. Show your contracts and this Disclosure Document to an advisor, like a lawyer or an accountant.

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

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

Issuance Date: April 18, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit H.
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 C 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 Yogurtland business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Yogurtland franchisee?	Item 20 or Exhibit H 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 the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

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 the franchisor by mediation, arbitration and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Texas than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

**NOTICE REQUIRED
BY THE STATE OF MICHIGAN**

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

1. A prohibition on the right of a franchisee to join an association of franchisees.
2. A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
3. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
4. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
5. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
6. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
7. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - a. The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards. subfranchisor.
 - b. The fact that the proposed transferee is a competitor of the franchisor or
 - c. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - d. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
8. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a

franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this Notice shall be directed to the Attorney General's Office, Consumer Protection Division, G. Mennen Williams Building – 1st Floor, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

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Attachments

Exhibit A	State Administrators
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Exhibit C	Financial Statements
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ITEM 1
The Franchisor and any Parents, Predecessors, and Affiliates

We are Yogurtland Franchising, Inc., a Texas corporation. We were formed on January 12, 2023. To simplify this Disclosure Document, we refer to ourselves as “Yogurtland,” “we” or “us.” “You” means the person who buys the franchise. Sometimes in this disclosure document “you” also means individuals who are stockholders of a corporation, members of a limited liability company, or partners of a partnership that buys a franchise.

Our Principal business address is 2100 Valley View Lane Suite 101, Farmers Branch, Texas 75234. Our phone number is (949) 265-8000. Our agents for service of process are listed on Exhibit B.

Our primary business is operating and granting franchises for the operation of retail stores under our trademarks that specialize in the offer and sale of frozen desserts and other food, beverages and merchandise for on-premises consumption and carryout. We started franchising in March 2023. We do not conduct any other type of business and have not offered or sold franchises in any other line of business. We have never operated a business of the type you will operate, but several of our affiliates have operated similar businesses since 2008 in California and Texas.

We obtained substantially all of our assets from Yogurtland Franchising, Inc., (“YFI CA”) a California corporation, which was located at 17799 Cartwright Road, Irvine California 92614. From March 2007 and until January 2023, YFI CA offered and sold Yogurtland franchises. Except as described above, YFI CA was not engaged in any other business and has not offered or sold franchises in any other line of business.

We are affiliated with Paramount Dairy, Inc., a California corporation formed on March 28, 2007, and formerly known as Flavor Mine, Inc. (“Paramount Dairy”). Paramount Dairy manufactures and sells yogurt base and other products through various distribution channels to retailers, including competitors of the YOGURTLAND system. Paramount Dairy will also supply proprietary yogurt and other products to you. Paramount Dairy is located at 15255 Texaco Avenue, Paramount, California 90723. Paramount Dairy is not in any other business and has never offered or sold franchises in any line of business.

We are also affiliated with Joseph Trading, Inc., a California corporation (“Joseph Trading”) formed on November 12, 2013, d/b/a Flavormine, and formerly known as Paramount Dairy, Inc. Joseph Trading sells yogurt toppings, cups, spoons and similar ingredients and materials to our franchisees, licensees and affiliates who operate Yogurtland Stores. Joseph Trading may also supply proprietary items to you for use in the operation of your franchised Store. The offices of Joseph Trading are at 17799 Cartwright Road, Irvine, California 92614. Joseph Trading also sells yogurt mixes, toppings, cups, spoons, packaging and small wares through various distribution channels to retailers, including competitors of the Yogurtland® system. Joseph Trading is not in any other business and does not offer or sell franchises in any line of business.

The Franchised Business

As a franchisee, you will use our marks to sell frozen desserts and other similar and dissimilar designated food, beverages and merchandise items to the public. Your store, regardless of format, is designed to incorporate an upscale shop look featuring indoor seating and/or take out services, custom designed interiors, furniture, fixtures, custom designed uniforms and wearing apparel that complement the shop look. You will use our system including system standards, business marketing techniques, trade secrets, and recipes. If you operate at a non-traditional location (which are locations within another primary business or in conjunction with institutional and other business or institutional settings, including, but not limited to, resorts, hotels and motels, ships, ports, piers, casinos, arenas, stadiums, airports, gyms, colleges and universities, schools, hospitals, military and other governmental facilities, toll roads, travel plazas, office or in-plant food facilities, health clubs, Shopping Malls, supermarkets, grocery stores, anchor retail department stores, big-box retailers, specialty retailers, convenience stores, fast food operations such as food courts and any site for which the lessor, where the owner or operator has indicated its intent to prefer

or limit the operation of similar businesses to a master concessionaire or similar provider) you may offer a more limited menu. Stores operating at locations that are not nontraditional locations are traditional Stores. Traditional Stores are typically an in-line location with limited table seating, offering a wide selection of flavors of frozen desserts and other similar and dissimilar designated food, beverages and merchandise items.

We offer an Area Development Agreement that you must sign if you intend to develop more than one Yogurtland Store within a defined geographical area or a defined category of nontraditional within a geographical area. If we accept you to become an Area Developer, you will typically be required to sign our then-current Franchise Agreement for your first Store at the same time you sign the Area Development Agreement. Under the Area Development Agreement, you will be granted limited exclusive rights to obtain Franchise Agreements providing for the establishment and operation of an agreed number of franchised traditional Stores to be located within the Development Area. For each additional Store you develop under the Area Development Agreement, the form of Franchise Agreement will be our then-current form at the time we approve of the specific Store's site.

Market and Competition

Specialty yogurt stores are highly competitive. You will compete with other retail yogurt stores as well as yogurt products sold at grocery and other retail stores. Sales are typically greater in warmer months. Your general market is any person who likes yogurt. Our concept gives customers a wide selection of yogurt and toppings.

Industry Specific Regulations

California and other states and local jurisdictions have laws, rules, regulations, and ordinances which may apply to your store, including those concerning construction, design and maintenance of the store premises; health and sanitation requirements for restaurant employee practices concerning the storage, handling, cooking and preparation of food, soft-serve licenses, registration obligations with local weights and measures agencies; restrictions on smoking; availability and cleanliness of restrooms; employee health and safety; fire safety and emergency preparedness; and use, storage and disposal of waste, insecticides, and other hazardous materials; menu labeling; and, equal access for the disabled. In addition, the federal government has enacted legislation further regulating food safety as well as equal access for disabled persons. You should investigate whether there are regulations and requirements that may apply in the geographic area where you are interested in locating your franchise. At least one of your employees at your Store must secure an approved American National Standards Institute (ANSI) Food Safety certification. You should investigate whether there are regulations, orders or other requirements or recommendations that may apply in the geographic area in which you are interested in locating your store and should consider both their impact and cost of compliance.

The California legislature enacted AB 1228 which affects statutorily defined "fast food restaurants" that are part of a "national fast-food chain" having 60 or more locations throughout the United States. If the Franchised Business at any time meets the definition of a "fast food restaurant," you may be required to comply with the requirements of AB 1228. These requirements include: (a) complying with the minimum wage for fast food restaurant employees (currently \$20.00 per hour, but subject to increase by the Fast Food Council), and (b) complying with the laws, rules, and regulations adopted by the Council and the California Labor Commissioner relating to minimum employment standards on wages, working conditions, and training.

ITEM 2

Business Experience

Chairman, Secretary, Treasurer, and Chief Executive Officer: Phillip Chang

Mr. Chang has been our, Secretary, Treasurer and Director since we were formed in November 2006. In

January 2014, he was named Chairman of our Board of Directors, and resigned from his role as President. In July 2014, Mr. Chang returned as President and Chief Executive Officer. Mr. Chang served as our President from July 2014 through March 2021 in Irvine, California. Mr. Chang has been the Secretary, Treasurer, Chief Executive Officer and Director for Egg N Bird in Farmers Branch, Texas from August 2021.

Director of Marketing: Brittany Knollmiller

Ms. Knollmiller was appointed Director of Marketing in March 2022 after joining us as our Senior Marketing Manager in February 2020.

Director of Franchise Operations: Steve Henry

Mr. Henry joined Yogurtland as Director of Franchise Operations in January 2024. Prior to that he was Vice President of Operations and Development for Chick-Fil-A in Prosper, Texas from January 2019 through January 2024.

Director of Franchise Development: Charles Ballard

Mr. Ballard joined Yogurtland as Director of Franchise Development in March 2024. Prior to that, he was the Vice President Franchise Development for iFratelli Pizza Franchising in Irving, Texas from December 2016 to March 2024.

ITEM 3
Litigation

Concluded Litigation

Steven Mitnick, as assignee of Central Jersey Enterprises, LLC v. Yogurtland Franchising, Inc.; United States District Court, District of New Jersey, Civil Action No. 17- 00325 (FLW). On December 13, 2016, a lawsuit was commenced in New Jersey state court by our former franchisee against Yogurtland Franchising, Inc. and its President, Phillip Chang, alleging breach of contract, breach of the duty of good faith and fair dealing, unjust enrichment, violations of the New Jersey Franchise Practices Act, and fraudulent inducement to contract. The lawsuit was removed to federal court, and on August 16, 2017, the U.S. District Court granted our Motion to Compel Arbitration and terminated the lawsuit pending the outcome of the arbitration proceeding. On July 6, 2018, our former franchisee filed a Demand for Arbitration against Yogurtland Franchising, Inc. and its President, Phillip Chang with the American Arbitration Association, Case No. 01-18- 0002-6025 (the “Arbitration Proceeding”) asserting the same claims as asserted in the lawsuit. On September 21, 2018, Yogurtland Franchising, Inc. counterclaimed for breach of contract. On February 6, 2019, the parties amicably resolved all issues pursuant to the terms of a settlement agreement. No payment was required to be made by Yogurtland Franchising, Inc. or Phillip Chang, nor was any payment made on their behalf.

Catherine Youngman, Chapter 7 Trustee, for Michael Haines v. Yogurtland Franchising, Inc.; United States Bankruptcy Court, District of New Jersey, Case No. 16-15573-MBK. On August 30, 2017, Catherine Youngman—the Chapter 7 Trustee (“Trustee”) in the bankruptcy proceeding in regard to Michael Haines (“Haines”), commenced an action against us and Phillip Chang, our president. Haines was a member of Central Jersey (our former franchisee) and a guarantor for certain of Central Jersey’s legal obligations. This case arises out of the same facts and circumstances as described above in the Mitnick matter. On June 4, 2018, the court granted our Motion to Compel Arbitration and dismissed the adversary proceeding without prejudice pending the outcome of the arbitration proceeding. The bankruptcy successor trustee filed a motion for reconsideration, which was denied on August 7, 2018, and then appealed both bankruptcy court orders to the District Court. The successor trustee and Yogurtland Franchising, Inc. each filed appellate briefs. On July 6, 2018, while the above-described proceedings ensued in the bankruptcy court, Mitnick filed a Demand for Arbitration and Statement of Claim with the American Association of Arbitration (“AAA”). The Statement of Claim alleges that our development of a unit in Mt. Laurel, New Jersey was

too close to Central Jersey's units, and that Central Jersey purchased the Mt. Laurel unit from us to protect the reputation of Central Jersey's business operations. The Statement of Claim included claims for breach of contract, unjust enrichment, and alleged that we made inaccurate representations about franchise development plans and future plans for the franchise system. On February 6, 2019, the parties amicably resolved all claims pursuant to a settlement agreement. No payment was required to be made by Yogurtland Franchising, Inc. or Phillip Chang, nor was any payment made on their behalf.

Martino Investment Group, LLC v. Yogurtland Franchising, Inc., et al. In March 2015, our former franchisee filed a demand for arbitration in California alleging breach of contract, common law fraud, negligent misrepresentation, violations of the Illinois Franchise Disclosure Act, violations of the California Franchise Investment Law, rescission, and Unfair Trade Practices. In June 2016, the parties amicably resolved all issues pursuant to a settlement agreement under which we paid \$607,500 in compensatory damages and \$220,000 in attorneys' fees. We also paid the landlord for the store premises approximately \$60,000 in exchange for a full release.

Other than these three actions, no other actions are required to be disclosed in this Item.

ITEM 4
Bankruptcy

We have no bankruptcies that are required to be disclosed in this Item.

ITEM 5
Initial Fees

Initial Franchise Fee

If you are acquiring franchise rights for a single Store, you will sign our standard form of franchise agreement and pay a nonrefundable initial franchise fee. The initial franchise fee for a Traditional Store is \$40,000. The initial franchise fee for a Non-Traditional Store is \$30,000. The initial franchise fee is uniform for all new franchisees and is nonrefundable upon payment.

Development Fee

If you are acquiring multi-unit development rights, you will sign our standard form of Area Development Agreement and pay us a nonrefundable development fee. The development fee is calculated as the sum of \$40,000 for the first Store you develop and \$30,000 for each additional Store. For example, if you sign an Area Development Agreement for three Traditional Stores, you will pay us a development fee of \$100,000 [$\$40,000 + \$30,000 + \$30,000 = \$100,000$]. As you enter into franchise agreement for the Stores, a portion of the Development Fee will be credited toward satisfaction of the initial franchise fee payable under the franchise agreement. The development fee is calculated uniformly for all new franchisees and is nonrefundable upon payment.

Construction Project Management Services

In addition, you must pay us, before opening your store, a one-time fee of \$6,000 for limited construction project management services for the store to receive our preliminary floor plan layout and prototype design development package for your Yogurtland Store, and for the limited construction project management services. In addition, you must reimburse us our actual out-of-pocket hard costs incurred (such as travel expenses, government fees, etc., which we estimate will cost from \$0 to \$2,000). If you use an unapproved architect, you will be required to pay us \$5,000 plus such additional amounts as necessary to compensate us for time spent working with an unapproved architect.

Furniture, Smallwares and Freezer.

You must purchase from our affiliate certain smallwares, tables and chairs, and a Swirl to Go Freezer at an approximate cost ranging from \$1,000 to \$4,000.

Except as expressly provided above, all initial fees are nonrefundable. We do not currently offer any financing of the initial franchise fee or of any equipment that you must purchase from us. All fees imposed by us are uniform for new franchisees, except as described above.

ITEM 6
Other Fees¹

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	6% of Net Sales ² If you fail to pay any royalty payment as and when due, the unpaid royalty fee will be increased to 6.5% of Net Sales for the prior month.	Monthly	
Marketing Fund Fee	Currently, 2% of Net Sales. 2.5% of Net Sales, if your marketing fee payments are received late. We have the right to increase to an amount not to exceed 5% of Net Sales.	Monthly	
Local Store Marketing/Cooperative Advertising Fee ³	You must spend 2% of Net Sales on local advertising; if we form an advertising cooperative for your area, we can require you to contribute 2%-5% of Net Sales to the cooperative.	According to guidelines established by the cooperative.	Amounts contributed to the cooperative will be credited against your local advertising requirement.
Additional Training	\$1,000 to \$2,000 per program	Before training	You pay this fee to us for each person who attends our periodic training seminars.
Additional Manager Training	\$2,000/ additional person	Before training	
Product Purchases, which include food inventory, spoons, paper goods, etc.	These purchases occur two, sometimes three times per week and range from approximately \$1,000 to \$2,500 each. These purchases typically represent 85-90% of your regular, ongoing purchases of goods and supplies for the franchise business.	On demand	You pay us for products you buy from us or our affiliates either directly or through a distributor. The frequency of delivery and level of expenditure will tend to correspond to your Store's sales levels.
Audit Fee	\$10,000 (plus the amount of under reporting)	On demand	Payable to us if our audit of you discloses under reporting of royalties or other fees due to us in the amount of 2% or more for any month or longer.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee (sale of business or controlling interest)	\$20,000	Before transfer	
Transfer Fee (individuals to newly formed entity for convenience of operations)	\$750	Before transfer	
Transfer Fee (transfer or interests among existing owners or transfer of non-controlling interest to third party)	\$5,000	Before transfer	
Transfer Training Fee	\$5,000	Prior to attending training	This fee for the transferee and one other individual to attend our 10-day training program.
Late Fee ⁵	A monthly amount equal to 2% of delinquent amount (subject to applicable law)	On demand	Payable if you fail to pay fees or other amounts when due.
Renewal Fee	50% of the initial franchise fee being offered to new franchisees at the time of renewal	Before renewal is effective	You pay this fee to us to renew your agreement for another term of 10 years.
Liquidated Damages/ Deviation from standard	\$1,000 per breach and \$1,000 for each day that the breach continues or occurs, up to a maximum of 30 days or \$30,000	Discovery by us of a failure by you to adhere to our standards	If you fail to adhere to our standards, in addition to our other remedies we can charge you these liquidated damages.
Liquidated Damages/ Termination	The greater of (a) 10% of your Net Sales for the last 12 consecutive months or (b) \$100,000	Upon demand	Our rights are in addition to any other remedy or rights we may have
Insurance	Amount of unpaid premiums	On demand and as incurred	Payable to us, if you fail to maintain required insurance coverage and we elect to obtain coverage for you
Management Fee	For each month that we manage your Store, you pay us the greater of \$5,000 or 10% of Net Sales. You must also pay the actual compensation and expenses for the store manager	On demand	Payable to us, if we elect to manage your store pending our purchase of assets of your store or if we take over your store because of harm to our marks, system, or danger to public safety.
Supplier Evaluation Fee	Our then-current charge (presently \$5,000), plus reimbursement of our expenses	On demand	Payable to us, if you want us to evaluate a proposed new supplier for any goods or services.

Type of Fee	Amount	Due Date	Remarks
Design Review	\$5,000 plus such additional amounts as necessary to compensate us for time spent working with an unapproved architect	On demand	Only payable if you use an architect that is not approved by us.
Insufficient Funds Fee	\$200	On demand	If we debit your bank account electronically and there are insufficient funds, we will assess a fee of \$200 to compensate us for our costs associated with the returned payment.
Indemnification	Actual Cost	As incurred	You must defend us and reimburse us if we are named in any lawsuit and/or held liable for claims arising out of the Store's operations or your acts or omissions.

Footnotes:

1. All fees are imposed by and are payable to us. All fees are non-refundable. Unless otherwise indicated, all fees are imposed uniformly for new franchisees. Existing franchisees' agreements may have terms and fees different than yours.
2. "Net Sales" means and includes all revenues, sums or things of value generated by your Yogurtland store or conducted from or with respect to your Yogurtland store, whether evidenced by cash, check, credit, barter, or otherwise, including all sales or other transactions for goods and services and including sales where orders originated at or were accepted by Franchisee at one location but delivered or performance made from or at any other location. To the extent included in "Net Sales," the amount of "Net Sales" shall be reduced by bona fide refunds to customers, discounts, the amount of any sales taxes separately itemized, collected from customers for payment to a federal, state, or local taxing authority and actually paid to that authority, and delivery fees and other amounts charged by a third-party delivery service mandated by Franchisor to be used in connection with delivery services related to your Yogurtland store, each as we define in our training materials and Operations Manual.
3. As of December 31, 2024, there were no purchasing or advertising cooperatives. Accordingly, company/franchisor owned outlets did not have voting power on any fees imposed by such cooperatives.
4. The highest interest rate allowed by law in the state of California for late payments is 10% annually.

ITEM 7
Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT

Traditional Location

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be made
	Low	High			
Initial Franchise Fee ²	\$30,000	\$40,000	Lump Sum	At Signing of Franchise Agreement	Franchisor
Training Fee per	\$0	\$2,000	Cash	One Week	Franchisor

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be made
	Low	High			
person ³ for additional trainees				Before Training	
Travel and Living Expenses While Training ⁴	\$0	\$4,000	Cash	Before Opening, as incurred	Airline, hotel, restaurants
Travel and Living Expenses for our Staff to Provide On-site Opening Assistance ⁵	\$0	\$3,000	Cash	On Demand	Franchisor
Rent and Lease Deposit ⁶	\$5,000	\$20,000	Lump Sum	Before Opening	Landlord
Leasehold Improvements ⁷	\$120,000	\$240,000	Cash	Before Opening	Third Party Contractors
Signs (indoor and outdoor) & exterior branding ⁸	\$5,000	\$19,000	Cash	Before Opening	Supplier
Franchisor-Supplied Décor and other Items ⁹	\$1,000	\$4,000	Cash	Before Opening	Franchisor
Equipment and Fixtures ¹⁰	\$90,000	\$221,500	May vary	Will vary	Various Suppliers
POS System ¹¹	\$2,370	\$4,440	Monthly payments	Before Opening	Supplier
Opening Inventory ¹²	\$4,000	\$9,000	Cash	Before Opening	Franchisor, our affiliate, and Various Suppliers
Utility Deposits, Professional Fees, Business License ¹³	\$1,000	\$5,000	Cash	Before Opening	Municipality
Insurance ¹⁴	\$1,000	\$3,000	Cash	Before Opening	Insurance company or broker
Opening Advertising ¹⁵	\$6,000	\$6,000	Cash	Before Opening	Various advertising vendors
Architect, Permits ¹⁶	\$10,000	\$20,000	Cash	As Needed	Architect
Limited Construction Project Management Services Fee ¹⁷	\$6,000	\$8,000	Cash	On Demand	Franchisor
Attorney and other Professional Fees	\$1,000	\$3,000	Cash	Before Opening	Your professional advisors
Additional Funds- First 3 months of operations ¹⁸	\$10,000	\$25,000	Cash	As Needed	Various
TOTAL¹⁹	\$292,370.00	\$636,940.00			

Notes:

1. This table provides estimates to open a Traditional Store. This table estimates your initial

investment from the period before your store opens for business, through about three months of operations. We used our own experience in operating a Yogurtland store and that of our affiliates to make these estimates. These are only estimates. The sources of funds listed above are amounts to be supplied from your own funds. No allowance has been made for inflation or debt service or interest payment on borrowed money but you should consider these. Unless specifically noted, none of the initial investment expenses listed in the table is refundable. We do not finance your initial investment.

2. The standard initial franchise fee is \$40,000, or \$30,000 for the second and each additional Traditional Store developed under our Area Development Agreement.

3. For new stores, we provide initial training at no additional charge for a total of two store management persons designated by you (subject to our approval) at our office, our store location, a franchised location, or other location we designate. Unless you have already successfully completed the initial training, you will be required to do so. We charge for each additional person trained the amount we estimate as necessary to cover our expenses. The low end of the total range of initial investment below assumes you elect to have two persons trained initially. The high end of the total range assumes you elect to have one additional person trained initially (three total) and for which additional trainee we charge a fee of \$2,000.

4. You must arrange and pay for yourself and your manager to attend our initial training program including, transportation, lodging, meals, and wages. The amount spent will depend, in part, on the distance you must travel and the type of accommodations you choose. The low estimate assumes you do not incur travel and lodging expenses for you or your manager during the initial training program. The high estimate assumes you and your manager incur travel and lodging expenses during training.

5. Estimated travel and living expenses for our staff to provide on-site opening assistance to you for up to 5 days. The low estimate assumes minimal travel expenses because your store is located near our headquarters. The high estimate assumes our staff incurs airfare and lodging costs during on-site opening assistance.

6. This range represents the estimated cost to you for rent payments to the owner of the facility where your franchise is located. This estimate assumes rent for approximately 3 months, security deposit, and last month's rent. Your actual rent may vary significantly. Rent expenses for your facility may vary, based on location, square footage, age, and condition of the structure, lease arrangements, and other factors. The typical Store will be approximately 1,000 to 1,500 square feet. The high estimate assumes your store is in a high-cost rental market such as on the Las Vegas Strip or a class 'A' Shopping Mall.

7. "Leasehold Improvements" refers to estimated cost for construction of tenant improvement for a new Yogurtland store. The cost of construction and leasehold improvements depends on the size and condition of the premises, the local cost of contract work, layout, and location of the store. The range for a store is the cost of reasonable renovation or leasehold improvements and may be less if the landlord provides you a tenant improvement allowance.

8. This range of expenses represents the estimated cost for signage and exterior branding at your location. The low estimate assumes minimal use of fixed (one exterior sign) and temporary ("coming soon" and "now open") banner signage. You will be required to install at least one exterior sign, one crest sign and various sized interior graphics. Awnings are required, where allowed.

9. You must pay us for menu boards, POS light shields, topping bar label holders, yogurt flavor label holders, spoon dispenser and syrup dispenser for your Store.

10. You must purchase includes refrigerator, freezer, locker, clock, and safe. Additional items may be necessary. Furniture you must purchase includes tables, chairs, umbrellas, bench seats, and millwork to be used in the customer area of the store. Fixtures you must purchase and install include hand sink, prep-sinks, 3-compartment sink, sink guards, glycol unit, and specific model, water or air-cooled Taylor® Model 791

yogurt machines. The cost of this equipment and fixtures will depend on the size of the facility, brands purchased (if other branded items are used, they still must meet our size and specifications standards, and our specific approval), and other factors. All equipment, furniture, fixtures, and similar items must be purchased from us or from our designated suppliers.

11. You must lease a two-station POS System from our approved supplier, with a monthly lease cost of \$345. The low figure reflects delivery charges of \$300 and six months of lease costs. The high figure reflects delivery charges of \$300 and 12 months of lease costs.

12. Estimated cost for opening inventory to operate your store. Part of this expense is payable directly to us and/or our affiliates. The remainder is payable to our approved suppliers.

13. Estimated costs for a business license, health department license, and food management license. The cost of required licenses varies by jurisdiction. Also includes estimated costs for utility companies' deposit for installing telephone, Internet, gas, water, electricity, and other utility services. This deposit may be refundable in accordance with agreements made with utility companies. These costs can vary greatly based upon your location, local utility rates and the particulars of your store.

14. Estimated one-year premium for required insurance. Insurance premiums may vary based on sales and location. You must obtain broad form comprehensive general liability coverage including products liability, contractual liability, and advertising injury coverage of at least \$2,000,000 aggregate naming us as additional insured and with not more than \$10,000 deductible; fire and casualty insurance on the store and your property; business interruption insurance; and worker's compensation, employer's liability coverage of at least \$2,000,000 per occurrence. You must pay unemployment and state disability insurance as required by law. We have the right to revise coverage and coverage amounts you must obtain and maintain.

15. You must spend at least \$6,000 for your grand opening advertising.

16. Estimated charges for you to consult with an architect approved by us to design and prepare plans, as well as costs for obtaining permits. If you prefer to use an architect that we have not approved, we will require a minimum payment to us of \$5,000 to compensate us for our time spent and our resources in working with your preferred architect on fully understanding the needs of our brand. This amount is based on our experience in working with architects not previously approved by us.

17. You must pay us a limited construction project management services fee of \$6,000 for providing you with a preliminary floor plan layout and prototype design development package for your Yogurtland store, and for the limited construction project management services we provide to you during the design and construction phase of your build-out. In addition, you must reimburse us our actual out-of-pocket hard costs incurred (such as travel expenses, government fees, etc., which we estimate will cost from \$0 to \$2,000).

18. Additional Funds are the minimum recommended levels to cover operating expenses, including payroll expenses for 3 months. These figures include estimated payroll costs. for your associates We do not include the salary for the store manager, on the assumption that you will manage the store. Additional working capital may be needed if sales are low or fixed costs are high. We based this estimate on our principal's eight years' experience in the restaurant business.

19. There could be other factors not listed that may affect your initial investment. If your expenses exceed the high amounts in one or more categories your total investment could exceed the high estimate. We prepared these estimates based on our and our affiliates' experiences in constructing and operating Yogurtland stores. These estimates do not provide for costs of financing. You should not plan to draw income from the operation during the start-up and development stage of your business, which could be longer than the three months covered by the table. You should have additional funds available, whether in cash or through a bank line of credit, or other assets which you may liquidate or against which you may

borrow, to cover other expenses and other operating losses during your start-up and development stage, or beyond.

Non-Traditional Location

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be made
	Low	High			
Initial Franchise Fee ^{2,3}	\$20,000	\$30,000	Lump Sum	At Signing of Franchise Agreement	Franchisor
Training Fee(s) ⁴	\$0	\$2,000	Cash	One Week Before Training	Franchisor
Travel and Living Expenses While Training ⁵	\$0	\$4,000	Cash	Before Opening, as incurred	Airline, hotel, Restaurants
Travel and Living Expenses for our Staff to Provide On-site Opening Assistance ⁶	\$0	\$3,000	Cash	On Demand	Franchisor
Rent and Lease Deposit ^{7, 8}	\$4,000	\$15,000	Lump Sum	Before Opening	Landlord
Leasehold Improvements ¹⁰	\$80,000	\$125,000	Cash	Before Opening	Third Party Contractors
Signs (indoor and outdoor) & exterior branding ¹¹	\$5,000	\$11,000	Cash	Before Opening	Supplier
Franchisor-supplied Décor and Other Items ¹²	\$1,000	\$2,000	Cash	Before Opening	Franchisor
Equipment and Fixtures ¹³	\$80,000	\$140,000	May vary	Will vary	Various Suppliers
POS System ¹⁴	\$2,500	\$2,700	Lump Sum	Before Opening	Supplier
Opening Inventory ¹⁵	\$4,000	\$5,000	Cash	Before Opening	Franchisor, our affiliate, and Various Suppliers
Utility Deposits, Business License ^{9,16}	\$1,000	\$3,000	Cash	Before Opening	Municipality
Insurance ¹⁷	\$1,000	\$3,000	Cash	Before Opening	Insurance Co.
Opening Advertising ¹⁸	\$6,000	\$6,000	Cash	Before Opening	Various Advertising Vendors
Architect, Permits ¹⁹	\$10,000	\$15,000	Cash	As Needed	Architect
Limited Construction Project Management Services Fee ²⁰	\$6,000	\$8,000	Cash	On Demand	Franchisor
Attorney and other Professional Fees ²¹	\$1,000	\$3,000	Cash	Before Opening	Your professional advisors
Additional Funds-First 3 months of operations ²²	\$10,000	\$25,000	Cash	As Needed	Various
Total	\$231,500	\$402,700			

Notes:

1. This table estimates your initial investment in a Non-Traditional Store from the period before your store opens for business, through about three months of operations. In addition to information learned from franchisees who opened a Non-Traditional Store and in providing construction consulting to franchisees,

we used our and our affiliates' experience in constructing a Store to make these estimates. These are only estimates, and as of the issuance date of this disclosure document. The sources of funds listed above are amounts to be supplied from your own funds. No allowance has been made for inflation or debt service or interest payment on borrowed money, however you should consider these. Unless specifically noted, none of the initial investment expenses listed in the table is refundable. We do not finance your initial investment.

2. You pay the Initial Franchise Fee in a lump sum on signing the Franchise Agreement. This Initial Franchise Fee is uniform to all new franchisees that sign Franchise Agreements for Non-Traditional Stores.

3. The standard initial franchise fee is \$30,000, or \$20,000 for the second and each additional Nontraditional Store developed under an Area Development Agreement.

4. For new Stores, we provide initial training at no additional charge for a total of two individuals responsible for Store management at our office, our store location, a franchised location, or other location we designate. We charge for each additional person trained the amount we estimate as necessary to cover our expenses. The low end of the total range of initial investment below assumes you elect to have two persons trained initially. The high end of the total range assumes you elect to have one additional person trained initially (three total) and for which additional trainee we charge a fee of \$2,000.00.

5. You must arrange and pay for yourself and your manager to attend our initial training program including, transportation, lodging, meals, and wages. The amount spent will depend, in part, on the distance you must travel and the type of accommodations you choose. The low estimate assumes you do not incur travel and lodging expenses for you or your manager during the initial training program. The high estimate assumes you and your manager incur travel and lodging expenses during training.

6. Estimated travel and living expenses for our staff to provide on-site opening assistance to you for up to 5 days. The low estimate assumes minimal travel expenses because your store is located near our headquarters. The high estimate assumes our staff incurs airfare and lodging costs during on-site opening assistance.

7. The range represents the estimated cost to you for rent payments to the owner of the facility where your franchise is located. This estimate assumes rent for approximately three months, security deposit, and last month's rent. Your actual rent may vary significantly. Rent expenses for your facility may vary, based on location, square footage, age, and condition of the structure, lease arrangements, and other factors. The typical Yogurtland store within a travel plaza will be approximately 1,000 to 1,500 square feet.

8. This estimate assumes rent for approximately three months, a \$5,000 security deposit, and estimated last month's rent. Your actual rent may vary significantly. Rent expenses for your facility may vary, based on your Gross Revenues, on location, square footage, age, and condition of the structure, lease arrangements, and other factors. The typical Yogurtland store at a Non-Traditional Store will be approximately 1,000 to 1,500 square feet, but the square fee might be as low as 500 square feet.

9. Utility companies may require you to place a deposit before installing telephone, Internet, gas, water, electricity, and other utility services. This deposit may be refundable in accordance with agreements made with utility companies.

10. "Leasehold Improvements" refers to estimated cost for construction of tenant improvements for a new Non-Traditional Store. The cost of construction and leasehold improvements depends on the size and condition of the premises, the local cost of contract work, layout, and location of the store. The range for a store is the cost of reasonable renovation or leasehold improvements and may be less if the lessor provides you a tenant improvement allowance.

11. This range represents the estimated cost for signage and exterior branding at your location. The low estimate assumes minimal use of fixed (one exterior sign) and temporary ("coming soon" and "now open") banner signage. You will be required to install at least one exterior sign, one crest sign and various sized

interior graphics. Awnings are required, where allowed.

12. You must pay us for menu boards, POS light shields, Gemstar® dispenser, topping bar label holders, yogurt flavor label holders, spoon dispenser and syrup dispenser for your Store.

13. Equipment you must purchase includes refrigerator, freezer, locker, clock, and safe. Additional items may be necessary. Furniture you must purchase includes tables, chairs, umbrellas, bench seats, and millwork to be used in the customer area of the store. Fixtures you must purchase and install include hand sink, prep-sinks, 3-compartment sink, sink guards, glycol unit, and specific model, water or air-cooled Taylor® Model 791 yogurt machines. The cost of this equipment and fixtures will depend on the size of the facility, brands purchased (if other branded items are used, they still must meet our size and specifications standards, and our specific approval), and other factors. All equipment, furniture, fixtures, and similar items must be purchased from us or from our designated suppliers.

14. You must lease a two-station POS System from our approved supplier, with a monthly lease cost of \$345. The low figure reflects delivery charges of \$300 and six months of lease costs. The high figure reflects delivery charges of \$300 and 12 months of lease costs. For a very small non-traditional location, we may approve a one-station POS System, in which case the monthly lease cost is \$255.

15. Estimated cost for opening inventory to operate your store. Part of this expense is payable directly to us and/or our affiliates. The remainder is payable to our approved suppliers.

16. Estimated costs for a business license, health department license, and food management license. The amount of license fees varies by jurisdiction.

17. Estimated one-year premium for required insurance. Insurance premiums may vary based on sales and location. You must obtain broad form comprehensive general liability coverage including products liability, contractual liability, and injury coverage of at least \$2,000,000 aggregate naming us as additional insured and with not more than \$10,000 deductible; fire and casualty insurance on the store and your property; business interruption insurance; and worker's compensation, employer's liability coverage of at least \$2,000,000 per occurrence, unemployment, and state disability insurance as required by law. We have the right to revise coverage and coverage amounts you must obtain and maintain.

18. You must spend at least \$6,000 for your grand opening advertising.

19. Estimated charges for you to consult with an architect approved by us to design and prepare plans, as well as costs for obtaining permits. If you prefer to use an architect that we have not approved, we will require a payment to us of \$5,000 to compensate us for our time spent in working with your preferred architect on fully understanding the needs of our brand. This amount is based on our experience in working with architects not previously approved by us.

20. You must pay us a limited construction project management services fee of \$6,000 to us for providing you with a preliminary floor plan layout and prototype design development package for your Yogurtland® store, and for the limited construction project management services we provide to you during the design and construction phase of your build-out. In addition, you must reimburse us our actual out-of-pocket hard costs incurred (such as travel expenses, government fees, etc., which we estimate will run from \$0 to \$2,000.00).

21. Additional Funds are the minimum recommended levels to cover operating expenses, including payroll expenses for 3 months. These figures include estimated payroll costs. We do not include the salary for the store manager, on the assumption that you will manage the store. Additional working capital may be needed if sales are low or fixed costs are high.

22. There could be other factors not listed that may affect your initial investment. If your expenses exceed the high amounts in one or more categories your total investment could exceed the high estimate. We prepared these estimates based on our and our affiliates' experiences in constructing and operating

Yogurtland stores. These estimates do not provide for costs of financing. You should not plan to draw income from the operation during the start-up and development stage of your business, which could be longer than the three months covered by the table. You should have additional funds available, whether in cash or through a bank line of credit, or other assets which you may liquidate or against which you may borrow, to cover other expenses and other operating losses during your start-up and development stage, or beyond.

YOUR ESTIMATED INITIAL INVESTMENT FOR DEVELOPMENT AGREEMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Development Fee (See Note 1)	\$50,000 - \$100,000	Lump Sum	At Signing of Development Agreement	Franchisor
Additional Funds To Cover the Time prior to Opening Your First Store	\$10,000 to \$25,000 (See Note 2)	As incurred	As incurred	(See Note 2)
Total	\$60,000 - \$125,000			

Notes:

1. This fee is payable and fully earned upon signing the Development Agreement. This development fee is uniform to all franchises being offered in this state covered by a Development Agreement and is not refundable, in whole or in part, under any circumstances. Portions of the development fee will be applied as a credit against initial franchise fees payable under each franchise agreement that you sign.
2. You will also need funds for working capital to pursue your development obligations. We are unable to estimate the extent of your working capital needs, which will depend in large part on the number of Stores you must develop. Our current estimate of the initial investment for each Store you open is described above.

ITEM 8 **Restrictions on Sources of Products and Services**

There are products you must purchase from us and our designated or approved suppliers and vendors (including our affiliates) in accordance with our specifications and guidelines. All equipment, fixtures, supplies, inventory, and signs for use or sale in your store must meet our specifications. We can revise our specifications and guidelines on written notice to you. These standards are prescribed in the Manual and other written communications made available to you.

You must hire and use at your expense a Yogurtland-approved, licensed architect or general contractor to conduct a site survey and to prepare as-built drawings for the job site after the lease for your Store is signed. You must also use a Yogurtland-approved general contractor to construct your Store.

You must purchase all food ingredients, materials, and equipment from us or from third- party sources we designate or approve. We can require you to purchase and use specific brand items in operating your store. We will lend you a Manual during the term of your Franchise Agreement, which may be made available to you through a password protected internet website or intranet. The Manual will contain specifications and standards developed by us and which you must strictly follow. We reserve the right to modify the Manual at any time. The recipes, formulations, and specifications of all Yogurtland Products are trade secrets belonging exclusively to us. You must purchase all yogurt, drink base mixes, toppings, and all other items for the preparation of Yogurtland products from us or our designated or approved suppliers and vendors as specified in the Confidential Business Operations Manual.

We and/or our affiliates are the sole providers of the Yogurtland yogurt base, drink base mixes, and soft goods, such as napkins, paper cups, boxes, and other items, which are part of the Yogurtland System and which use our trademarks. Other supplies are provided by approved suppliers. Purchases of unapproved products or from unapproved vendors in violation of the franchise agreement will entitle us, among other things, to terminate your franchise agreement. We negotiate purchase arrangements with our suppliers for the benefit of our franchisees. We will supply you with our list of suggested and preferred suppliers, which may be updated from time to time in our sole discretion.

You must purchase a complete POS System that we designate and meets specifications we set. You must purchase, service, and maintain the POS System at your cost. We will require that the POS System connect electronically with and provide electronic access from our equipment. The specifications for the POS are listed in Item 11.

We may also designate an affiliated entity as an approved supplier of items for the operation of the franchised business including products, materials, services, supplies, equipment, and facilities.

Other than the franchisor and our affiliate Joseph Trading, Inc., there are no approved suppliers in which our officers own an interest.

If you want to offer something we have not approved, or buy from a supplier we have not approved, you must first obtain our written approval, which we may withhold in our discretion. In seeking our approval, you will first need to notify us in writing, provide us samples and other information we require to evaluate the product and supplier (other than an architect) and pay us the supplier evaluation fee of \$5,000.00, plus reimburse us for our expenses incurred in the evaluation. We may require you to provide us information on the history and credit rating of the proposed supplier, description of items you want to purchase from the proposed supplier, information relevant to the proposed supplier's ability to satisfy our standards, ability to provide reliable service, references, and other information that we may request or designate. You must arrange for the proposed supplier to cooperate in testing or analyzing the supplier's products at your or the supplier's expense, to enable us to determine if the supplier and proposed items to be purchased are of satisfactory quality, reliability, and other characteristics. We will try to notify you in writing of our decision regarding the proposed supplier and the reasons for any disapproval, all within 15 business days after our receipt of all information that we deem necessary to make our decision. If we do not approve a proposed product or supplier within such 15-day period, the request for approval will be deemed denied. You may not contract directly with any proposed supplier until you obtain our written consent. We may revoke approval of suppliers or introduce new suppliers at any time. If we do so, we will notify you in writing and you must comply.

If you prefer to use an architect that has not been approved by us and we consent to your preference, we charge you a minimum fee of \$5,000 to compensate us for the time our staff will likely spend working with your architect to ensure that he or she fully understands the needs of our brand and image.

You must obtain broad form comprehensive general liability coverage including products liability, contractual liability, and injury coverage of at least \$2,000,000 aggregate naming us as additional insured and with not more than \$10,000 deductible; fire and casualty insurance on the store and your property; business interruption insurance; and worker's compensation, employer's liability coverage of at least \$2,000,000 per occurrence, unemployment, and state disability insurance as required by law. You should consult with your own insurance advisor to determine whether these insurance coverage and coverage amounts are appropriate and sufficient for your business and to protect your assets. We have the right to revise coverage and coverage amounts you must obtain and maintain. These are minimums requirements. Your landlord may require more coverage or different types of coverage.

We are entitled to the benefit of all discounts, volume rebates, administration fees, commissions, advertising allowances, or other advantages that we may obtain from any person supplying products or services to you or to other franchisees. We currently have arrangements to derive revenue from your purchases or leases

from third parties. There are no purchasing or distribution cooperatives. We do not provide material benefits to you based on your use of our designated or approved sources.

We and our affiliates derive revenue from your purchases from us, our affiliates, and certain other suppliers. The revenue from our sales and those of our affiliates to you equals the amount we or our affiliates charge you. For the year ending December 31, 2024, our total revenue was \$11,424,992, and our total revenue from all required purchases and leases of products and services was \$11,325,993, which represented 99% of our revenue. Franchisees are required to make purchases from our affiliate, Joseph Trading, Inc. ("JT"). JT's revenue from products and services sold or leased to franchisees was \$29,023,957 for the year ending December 31, 2024. Paramount Dairy, Inc., our affiliate, sells products to JT which are then sold to franchisees. Paramount Dairy does not sell or lease products or services to franchisees.

For the year ending December 31, 2024, the combined revenues of Paramount Dairy, Inc., Joseph Trading, Inc. and Yogurtland Franchising, Inc. for all purchases by our franchisees of products and services from any of us were \$40,349,950 which represents 78% of 2024 combined revenue of Franchisor, Paramount Dairy, Inc. and Joseph Trading, Inc.

The purchase of required items (equipment, products and services) from either of our affiliates Paramount Dairy, Inc. or Joseph Trading, Inc. or from us will represent from 1% to 5% of your overall purchases in establishing your business and will represent from 85 to 90% of your overall purchases in operating your business.

For the year ending December 31, 2024, we received did not receive revenue from commissions and other benefits from unaffiliated suppliers.

As we assess consumer preferences and trends in the marketplace and develop new marketing techniques, products, and services, we anticipate that we will formulate and modify our standards and specifications and our approved suppliers and we will notify you of these developments through amendments to our confidential operations manual, newsletters, or other bulletins.

All Yogurtland stores must meet the construction and appearance as well as equipment standards in our then-current manual or written directive. We will provide you a list of approved companies and contractors for this purpose.

ITEM 9 **Franchisee's Obligations**

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

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	§§ 1.2, 7.2, 8.1, 8.2, 8.3, 8.4, 8.5, Sublease, all Sections	§ 5	Items 11 and 17
b. Pre-opening purchase/leases	§§ 6.2, 7.1, 7.2, 7.3, 7.9, 7.12, 7.15, 7.17, 7.18, 7.22, 7.23, 7.25, 7.26, 7.31, 7.32, 7.33, 8.1 – 8.5	Not applicable	Items 6, 7, 8, 11, and 17

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Disclosure Document Item
c. Site development and other pre- opening requirements	§§ 1.2, 6.2, 7.1, 7.2, 7.3, 7.6, 7.9, 7.12, 7.15, 7.17, 7.18, 7.20, 7.21, 7.22, 7.23, 7.25, 7.26, 7.31, 7.32, 7.33, 8.1-8.5 Sublease	Not applicable	Items 6, 7, 8, 11, and 17
d. Initial and on going training	Section 4 and 6.3	Not applicable	Items 5, 6, 7, 11, and 15
e. Opening	§§6.7, 7.2, and 8.4	§ 6	Items 7 and 11
f. Fees	§§ 4.4, 4.5, 4.6, 4.7, 4.9, 5.1, 6, 7.2, 7.16, 8.2, 8.3, 8.4, 9.3, 9.10(c), and 11.3	§§ 4, 6.2	Items 5, 6, 7, 11
g. Compliance with standards and policies/ Operating Manual/	§§ 1.1, 3, 7, 8.2, 9.3, 16.7, 16.8 and 16.25	§§2.1, 3.2.3-3.2.6	Items 8, 11, and 16
h. Trademarks and proprietary information	§§ 1.1-1.3, Sections 2, 4.8, and 10	§§2.4	Items 13 and 14
i. Restriction on Products/ Services offered	§§3.5, 3.6, 5.3, 5.6, 7.1, 7.7, 7.8, 7.10, 7.15 - 7.18, 7.20 – 7.27, 7.29, 8.2, 8.3, and 8.5	§§ 2.1, 3.2.3-3.2.6	Item 16
j. Warranty and customer service requirement	§§ 7.10, 7.11, 7.19 – 7.21, 7.27	Not applicable	Item 11
k. Territorial development and sales quotas	§ 1	§ 6	Item 12
l. On-going products/ service purchases	§§5.1(c), 7.1, 7.10, 7.15 – 7.18, 7.20 - 7.22, 7.25 – 7.27, 9.3	Not applicable	Item 8
m. Maintenance, appearance and remodeling requirements	§§ 3.5, 7.3, 7.10, 7.15, 7.16, 7.17, 7.20 – 7.22, 7.24, 7.25, 8.2 - 8.5, 9.3	Not applicable	Item 11
n. Insurance	Section 12.1	Not applicable	Item 7
o. Advertising	§§ 5, 6.6, 6.7, and 6.9	Not applicable	Items 6 and 11
p. Indemnification	§ 12 Sublease, Section 11	§ 8.1	Item 6

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Disclosure Document Item
q. Owner's Participation/ Management/ Staffing	§§4.2, 4.3, 4.4, 4.6, 4.7, 4.9, 5.6, 7.5, 7.6, 7.7, 7.9, 7.11, 7.30, 7.33, 9.3, 9.6(j) and (k), 9.9, Articles 10, 11, 13 and 15, Section 16.1, 16.16, Sections 17.1 and 17.2 and Article 18 Personal Guaranty	§ 7.2	Items 11 and 15
r. Records/ Reports	§§ 6.14, 6.15, 7.13, 7.14, 7.33	Not applicable	Item 6
s. Inspections/ Audits	§§6.14-6.15 and 7.10	Not applicable	Items 6 and 11
t. Transfer	§6.13, Article 11; Sublease, Section 8;	§ 7	Item 17
u. Renewal	§§ 6.17, 9.2- 9.3	Not applicable	Item 17
v. Post-termination Obligations	§§ 9.7 - 9.10, Article 10 Sublease Section 9 Non-compete & Non-disclosure Agrmt, all sections;	§§3.2, 3.3	Item 17
w. Non-competition covenants	§§10.4-10.6 Personal Guaranty, Paragraph 3 Non-compete & Non-disclosure Agrmt, all sections	Not applicable	Items 16 and 17
x. Dispute Resolution	Article 15	§§8.9-8.18	Item 17
y. Non-Competition and Non- Disclosure requirements for your managers	§§10.2, 10.6 Non-compete & Non-disclosure Agrmt, all sections	Not applicable	Item 17

ITEM 10 Financing

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

ITEM 11 Franchisor's Assistance, Advertising, Computer Systems, and Training

Except as listed below, Yogurtland Franchising, Inc. is not required to provide you with any assistance.

1. Before you open your business, we will:

A. Assist you to obtain information regarding potential locations and review your proposed location within a designated area (Franchise Agmt §8.1. Subject to the limitations in the Franchise Agreement we will review one or more additional proposed locations if your initial proposed location is disapproved. When you sign your Franchise Agreement, if we have not already accepted a site for your proposed store, we will accept a general area, where you can search for a location. You must locate and evaluate prospective sites for a store within the general area we designate. We will determine the general area taking into account your geographic preferences, as listed in your application, and our business preferences and availability. You may not open a location that we do not accept. We will generally accept or not accept your proposed site within two weeks from your request for approval. In evaluating the site, we may consider many factors such as size, appearance, and other physical characteristics of the premises, and demographic characteristics, traffic patterns, competition from other businesses in the area, and other commercial characteristics. You must provide us a copy of the fully signed lease within 5 business days of its signing. If we cannot agree on a location for your franchise within six months of the signing of your Franchise Agreement, you or we have the right to terminate your franchise. There are no refunds of the franchise fee (Franchise Agmt. § 8.1) We may, in our sole discretion, extend your deadline to open your store for business by written notice to you.

B. Provide you with a prototype design development package (Franchise Agmt §8.2). You must hire and use at your expense a Yogurtland-approved, licensed architect or general contractor to conduct and submit to us a site survey and an architect to prepare and submit to us as-built drawings for the job site after the lease for your Store is signed and prior to preliminary floor plan, and interior and exterior designs being completed. Following our receipt of these materials, we will provide you with an equipment list and specifications, and furnish material specifications for the Store, based on your as-built drawings. You and your architect must, at your expense, ensure the plan layout and specifications for the Store will meet all applicable federal, state and local laws and regulations, as well as the landlord's requirements. You must submit to us a complete set of final plans and specifications prepared by a Yogurtland-approved, licensed architect before starting construction of the Store. We will review and either approve or provide comments on the plans and specifications. You must not start construction of the Store until we have approved in writing the final plans and specifications. You must not modify any plans or specifications which we approved without first obtaining our written consent to the modification. (Franchise Agmt. § 8.2) You are solely responsible to construct and develop the Store and to obtain any financing needed to do so. You must retain only licensed contractors approved by Yogurtland to perform the construction.

C. We also provide you information regarding sources and requirements for signage, equipment, fixtures, furnishings, improvements, supplies, and other products for the operation of a typical Yogurtland store. (Franchise Agmt. § 8.5) You are responsible to conform the premises to local ordinances and building codes, obtaining required permits, and complying with all health and safety and all other applicable codes and regulations. (Franchise Agmt. §§ 7.12, 7.23, 7.33)

We will provide assistance and supervision to your selected Yogurtland-approved architect and Yogurtland-recommended contractor to ensure compliance with our layout and design requirements (Franchise Agmt §8.3). We charge a fee of \$6,000 for this service as stated in Item 5. (Franchise Agmt. §§ 6.2) You must pay us the limited construction project management fee at the time you sign your Franchise Agreement in consideration for the limited construction project management services which include assisting you with selecting your general contractor and providing general guidance and information.

Time to Open Your Business:

You have up to six months from the date of signing of the franchise agreement to secure an approved site and sign a lease for your Yogurtland store. You must open for business to the public within 90 days after the landlord delivers the premises to you or you accept possession of the premises, whichever is earlier. If you fail to open the Store by this deadline, we may terminate the Franchise Agreement.

The typical length of time between signing the franchise agreement or paying the initial franchisee and

opening the Store for business ranges from five to nine months. Critical factors that make up this period are: locating an acceptable site for the Store, negotiating a lease, obtaining plans and permits, constructing and equipping the interior of the Store, obtaining and installing signs, fixtures and décor items, obtaining inventory, and hiring and training employees.

2. During the operation of the franchised business, we will:

A. Provide you information about sources and requirements of products and services that you are required to obtain from us or from other approved vendors, if any. (Franchise Agmt. §§ 7.15, 7.17, 8.5)

B. Furnish you guidance and operating assistance, at your reasonable request and our discretion, about (1) methods, standards, specifications, and general operating procedures utilized by Yogurtland® stores, (2) approved equipment, fixtures, furnishings, signs, products, and supplies, and (3) developing local advertising and promotional programs. We may furnish this guidance in our Operations Manual, bulletins and other written materials, telephone consultation, and electronic computer messages. (Franchise Agmt. §§ 3, 5.1 B-D, 5.5, 5.6, 7.20, 7.21, 7.22, 8.3, 8.4, 8.5) We will also alert you of new product developments and upon request try to help with any operating problems you encounter, as we deem appropriate.

C. Inspect your store, as we deem appropriate. (Franchise Agmt. § 6.14, 7.10)

D. Provide training for new store managers and additional training when deemed appropriate by us. If you ask and we agree to provide additional training, you must pay our then current rates for the additional training or assistance. (Franchise Agmt. § 4.4 - 4.7)

E. Provide suggested pricing to you. (Franchise Agmt. § 7.28)

Advertising.

A. System Advertising

We may create or hire an agency as we determine to create advertising for the System. The choice of media for System advertising is solely ours as is the geography in which the advertising is displayed. We are not obligated to spend any particular amount or percentage of advertising dollars on any particular geography, Store or group of Stores. At our discretion, advertising expenditures may be made nationally, regionally, or locally.

You may submit proposed advertising to us for our review and approval or disapproval as we determine. You may not use any advertising materials until we have approved them.

Currently there is no advertising council comprised of franchisees that advise us on advertising policies.

You will contribute two percent of your Net Sales per month to the Marketing Fund. We have the right to modify the percentage of Net Sales that you must contribute, provided that we will not establish a contribution rate greater than 5% of your Net Sales. If you are late in your marketing fund payments, you will contribute 2.5% of your Net Sales per month to the Marketing Fund. See Item 6.

The Marketing Fund will be used for advertising, marketing, public relations, and related purposes that we solely deem appropriate. The Marketing Fund may be used to pay costs of marketing surveys and research; employing public relations firms; developing and maintaining Internet website communications; preparing and producing video, audio, and written marketing materials; buying Internet, TV, radio, paid digital advertising, magazine, billboard, newspaper, and other media advertising, placement, time, and distribution; employing advertising agencies; providing or selling marketing materials to Yogurtland stores; holding conventions and meetings for personnel of Yogurtland stores; and paying costs to account for and report on contributions, expenditures, and related activities of the Marketing Fund. We may use Marketing Fund revenue for local, regional, or national coverage, at our discretion.

We may use the Marketing Fund to develop and market promotional items. If so, then those promotional

items may be made available to you for purchase. You must maintain a representative inventory of promotional items in accordance with our requirements.

The Marketing Fund may develop programs that include special offers from the Marketing Fund or otherwise and discount coupons. You must honor all special offers and discount coupons. We have no obligation to reimburse you for any cost or discount related to acceptance of coupons or special offers. Your contributions to the Marketing Fund are non-refundable.

We and our affiliates that operate Yogurtland Stores may, but are not obligated to, make contributions to the Marketing Fund.

We have the right, but are not obligated, to collect and contribute to the Marketing Fund any advertising or other rebates from suppliers or others we receive.

We may but are not required to keep contributions to the Marketing Fund in accounts separate from our other funds. The Marketing Fund will not be used to defray our general operating expenses, except in accordance with the terms of the Franchise Agreement we may allocate a portion of the Marketing Fund (not to exceed 25%) to reimburse us for internal expenses (including an allocation of employee salaries) incurred in the operation of our marketing/advertising department and the administration of the Marketing Fund, which may include costs associated with developing, managing, and placing advertisements.

We will oversee all programs financed by the Marketing Fund in our sole discretion including the creative concepts, materials, timing, placement, allocation, scope of advertising (local, regional or national), and other aspects. If we hire personnel, establish a department, or establish a separate entity for advertising and promotion, then we can use the Marketing Fund to pay for that. Upon your reasonable request, being no more than once per calendar year, we will provide you an annual unaudited statement of Marketing Fund contributions and expenditures. We are not obligated to spend Marketing Fund monies on the placement of advertising in your trading area or to ensure that your store benefits directly or on a pro rata basis from the expenditure of Marketing Fund monies.

Marketing fund contributions not spent in a fiscal year when contributed may be applied and used for Marketing Fund expenses in other years, which could also include payment of expenses from prior years. The Marketing Fund may borrow from us or others to finance operations and to cover deficits. We have no present plans to use the Marketing Fund for solicitation of franchisees.

We or our designee will prepare an accounting of Marketing Fund expenditures annually and make it available to you on written request. In the year ending December 31, 2024, we used the Marketing Fund in the following manner:

Type Expense	Percent of Expenditure
Production	18.68%
Media Placement	55.47%
Administrative Expenses	15.52%
Trade Association Dues	10.30%
Marketing Technology Development	0.03%
Total	100%

We may terminate or suspend operation of the Marketing Fund at any time, without notice. We may restart the Marketing Fund after termination or suspension.

B. Grand Opening Advertising, Local Advertising, Cooperative Advertising

You must spend at least \$6,000 on grand opening advertising to advertise the opening of your store.

Each month of the term you must spend 2% of your Net Sales on local advertising. You must submit

proposed advertising to us and use the materials only after you receive our consent, which we may withhold at our discretion. We may restrict where you advertise.

We may designate a geographic area as an advertising cooperative that you must participate in. You'll participate and contribute to the cooperative according to its procedures. There is no requirement for franchisor owned outlets to contribute to the fund, although we anticipate that they will do so according to guidelines we establish. If we establish geographic areas of local or regional cooperative advertising, we may require you to become an active member and contribute those sums determined by a majority vote of the cooperative members but in no event less than 2% and no event more than 5% of your monthly net Sales. Contributions to a cooperative will be credited against the amounts you must spend for local advertising. We may elect to administer the cooperative advertising. At our option, we may require the cooperative to be governed by written governing documents. If and when created, these documents will be made available to franchisees for review. We may require the cooperative, as designated by us, to prepare annual or periodic financial statements and make them available for review by franchisees. We have the power to form, change, dissolve, or merge cooperative advertising. Currently, we have no cooperatives.

C. POS System

You must lease a two-station POS System from our approved supplier, with a monthly lease cost of \$345. For a very small nontraditional location, we may approve a one-station POS system, with a monthly lease cost of \$255. The POS System will collect and maintain sales data and other data, such as configurations of POS software and system, discount usage, labor, and inventory we require. Currently, the POS software and system also collects and checks internet speed as well as information on model numbers and serial numbers of POS related hardware such as weigh scales. The POS System currently also collects information on network technology such as existing hubs, switches, and firewalls, and also tracks new equipment and collects information on faulty or vulnerable security equipment. You must allow your POS System to be accessed by the Yogurtland Franchising Technology Department and only in such a manner that will allow remote data review by us, and which will allow changes to be made remotely as necessary.

We will have direct access to your POS System, when we want, to accomplish tasks such as downloading information logged by the registers. There is no limit on our right to access this information. You may not modify your POS System to impair or block our access to it or to impair your system for sending sales information or other information to a cloud-based or other system. This direct access also allows us to assist you in completing tasks.

We will designate an authorized repair center for your registers. You must pay all costs incurred to repair broken POS Equipment and to upgrade your POS System with new software or hardware when we request. There is no limit on how often we can ask you to do so. You may also want to purchase an optional maintenance service from the POS System vendor. You should contact them directly for their maintenance and repair rates. We are not obligated for any maintenance, repairs, upgrades, or updates, or costs of any of those items.

As a business that will accept credit cards, you will be required to maintain PCI DSS Compliance and any other applicable organizational or governmental requirement. You must adhere to the Payment Card Industry Data Security Standard (PCI DSS) which is a worldwide information security standard defined by the Payment Card Industry Security Standards Council. This currently requires maintaining a business grade firewall, along with baseline security checks, best practices, procedures, training, and all other standards as defined by the PCI Security Standards Council. The estimated annual cost of any optional or required maintenance, updating, upgrading, or support contracts is \$2,000 to \$4,000.

Software may also be installed on your computer system to allow temporary remote application monitoring of your POS System. You are expected facilitate this application and not interfere with this software for any reason. This software may be present on your Store's POS System on a temporary basis.

D. We will loan you one set of the Confidential Business Operation Manual for your store. or we will

make it available online (Franchise Agmt. § 3.1) The table of contents of our Confidential Business Operation Manual is attached as Exhibit G. You must keep the contents confidential. We may add to, delete, supplement, or otherwise modify the contents of the Manual. You must promptly insert any revised pages or other forms of supplements into the loaned copy of the Manual. In any dispute about the contents of the Manual, our master copy will control. You must operate the store in compliance with all the contents of the Manual. (Franchise Agmt. §§ 3.1- 3.6)

E. We provide an initial training program of classroom training and hands-on training at a Yogurtland company-operated location for a minimum of two people regardless of the type of franchise your purchase from us (you and your Store's general manager, who may be another owner of the franchise or an employee). (Franchise Agmt. § 4.2) Training is conducted as needed, but usually on a bi-monthly basis. We anticipate training to take place at one or more of our stores in Los Angeles, Orange or San Diego counties, California. We reserve the right to provide training at other locations we designate. You and your fellow trainee must successfully complete the initial training program to our satisfaction before starting operations. We generally require training to be completed two to four weeks before the scheduled opening. We book your training once you have started construction. The initial training program outline is as follows:

Initial Training Program

Position	Hours of Classroom Training	Hours of In-Store Training	Location
Team Member	4	16	Location varies, one of certified corporate owned training stores in California or Texas.
Shift Lead	4	24	Location varies, one of certified corporate owned training stores in California or Texas.
General Manager / Owner	22	32+	Location varies, one of certified corporate owned training stores in California or Texas.
TOTAL TRAINING HOURS	30+*	72+*	

*Our Training Program will require approximately 8 to 12 hours of independent study.

Our instructional materials will consist primarily of our Operations Manual and other written handouts we may elect to provide you.

We provide you with initial training for a minimum of two people (you and your Store's general manager) at no charge. If you want additional persons trained, we will charge \$1,000 for each additional associate person trained; we charge \$2,000 to provide training to a manager. You must pay for your and your staff's compensation, meals, travel, lodging, and other expenses while training.

During every shift of the Store's operation, at least one member of your operating staff must be an approved ANSI Food Safety manager, as certified by your local officials.

If we determine you need additional training in any particular area, we will try to provide the requested training to you. You must reimburse us for our reasonable estimate of our additional costs associated with the additional training. (Franchise Agmt. §§4.4 - 4.7). Training is coordinated by Tesla Sellers, Senior Training Specialist. She may be assisted by Tammy Garbiso, Senior Training Specialist, and by Certified Training Managers that vary from location to location. Ms. Sellers has 5 years of experience of operations and training within the business. We may refine and modify the training course and materials as we deem appropriate.

We provide you on-site opening assistance for up to five days, as we determine appropriate. You must pay for our staff's airfare, hotel, and food expenses while providing this assistance. (Franchise Agmt. §8.4)

We may periodically offer additional training programs to you covering various subjects, such as new products, procedures, marketing, customer services, bookkeeping, and other aspects of business operations that we believe are beneficial. We may charge you our then current rates per program to cover our costs and administrative overhead. These programs may last from one- half day to a full day. (Franchise Agmt. §§4.5-4.7) You pay for your and your staff's meals, travel, lodging, and other expenses while training. Beyond this, we have no obligation to provide you with any other services or support beyond what is specifically described.

ITEM 12

Territory

We grant you a franchise to operate a Yogurtland store at a specific location that you have selected and we have approved. You may not operate your store at any other site without our prior written consent. If you have not selected a particular site for your store when you sign the franchise agreement, we will designate a general geographic area specifying the area within which you may seek a location for your store. You may not offer for sale or sell products or services or any material, supplies, or inventory bearing the trademarks at any site other than your store on a permanent or temporary basis without our prior written consent.

We use our business judgment with respect to the location of each proposed site, as to whether it is satisfactory for a new store. Although we consider the proposed location in relation to existing System Stores, there is no minimum distance that would prevent us from developing or approving a new store at any particular distance from your Store.

You may not relocate your store without first obtaining our prior written consent, which may be conditioned on: (i) the new location meeting our then-current criteria for new locations; (ii) we are satisfied that the proposed relocation will not have an adverse competitive impact on the Yogurtland system; (iii) you are current on all obligations to us; and (iv) you sign a general release of all claims.

The franchise agreement does not grant you any option rights or rights of first refusal or similar rights to acquire any additional franchises.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We reserve the right to develop and operate, and to license others to develop and operate, additional Yogurtland Stores in new locations as we deem appropriate, which new locations may in some instances be perceived by existing Yogurtland operators as impacting their business.

We and our affiliates retain the right to do the following: (1) establish, operate, sell and franchise and license others to establish and operate Yogurtland stores and to sell Yogurtland products and other items and services under the trademarks and other trademarks and service marks through Yogurtland® stores located anywhere; and (2) sell, market, distribute, solicit, and license others to sell, market, distribute and solicit sales of pre-packaged products, yogurt materials and other items identified as Yogurtland or by other brand names, whether or not these brands are authorized for your use as well as other products or services under our marks and other marks through different channels of commerce such as super markets, wholesale markets, other yogurt stores and convenience stores as well as through the Internet, telemarketing, catalog sales, or other direct marketing sales. These activities may compete with you. (Fran. Agmt. §1.3)

We have no obligation and do not intend to compensate you for any of the potential sales described in the paragraph immediately above this one.

Under the terms of the franchise agreement, you are allowed to make sales only from the premises of the Store, and channels approved by us. You have no right to use other channels of distribution such as through Internet, catalog sales, telemarketing, or other direct marketing, to make sales other than in-store sales from the Store.

Neither we nor any affiliate of ours operates, franchises, or has plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those the franchisee will offer, although we and our affiliates reserve the right to do so.

Development Agreement

If you sign an Area Development Agreement, you will have the right and the obligation to develop and open a specified number of Stores within a mutually agreed upon geographical area (the “Development Area”) and timeframe. You will either develop stores at non-traditional locations or traditional locations (any location that is not a non-traditional location), as indicated on your Area Development Agreement. The Development Area only applies to development of new stores under an Area Development Agreement and will cease to apply when the Development Agreement ends. The term of the Development Agreement commences on the Effective Date and ends on the earliest of: (a) its expiration date, (b) the opening of all authorized Stores to be developed under the Development Agreement; or (c) termination for breach including failure to make satisfactory development progress. During the term of your Area Development Agreement, we will not operate or grant a license or franchise to any other person or business entity to operate a Store at a traditional location within the Development Area. We may separate the Development Area into different zones in which you agree to develop a certain number of Stores. The protections granted to you for each portion of the Development Area will expire upon you entering into a lease agreement for the last Store to be developed within the applicable portion of the Development Area.

Subject to our reserved rights (described below), during the Term of the Area Development Agreement, we will not operate or grant a license or franchise to any person to operate a Store at a traditional location or non-traditional location, as applicable, in the Development Area. We reserve the right: (i) to develop, own, operate and grant licenses and franchises for Stores at locations and on terms that we deem appropriate at any location outside the Development Area; (ii) without any geographic limitation, to make and sell, or cause to be made and sold, products (including without limitation products that are also authorized for Stores at traditional locations) under our or other trademarks, service marks, logos or commercial symbols, through other retail stores and other distribution channels on such terms as we deem appropriate; (iii) to develop, own, operate and grant licenses and franchises for Stores inside the Development Area after the expiration or termination of the Area Development Agreement; and (iv) to develop, own, operate and grant licenses and franchises for Stores at Non-Traditional locations (if you develop traditional locations) or non-traditional (if you develop non-traditional location) at any and all locations and on terms that we deem appropriate, regardless of whether these locations are within or outside the Development Area. Until the termination or expiration of the Area Development Agreement, you retain your territorial rights as long as you comply with your development schedule and other obligations under the Area Development Agreement. 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.

Except to the extent expressly provided in the Area Development Agreement as to developing new franchise locations, you do not acquire any rights of first refusal, options, or similar rights to acquire additional Yogurtland franchises.

ITEM 13 **Trademarks**

Trademark	Reg. No.	Reg. Date	Goods/ Services
YOGURTLAND	3,170,144	November 7, 2006	Retail stores featuring self-serve frozen yogurt and frozen yogurt toppings.
	3,883,756	November 30, 2010	Frozen yogurt; restaurant services featuring frozen yogurt and yogurt toppings

Trademark	Reg. No.	Reg. Date	Goods/ Services
	3,887,297	December 7, 2010	Frozen yogurt; restaurant services featuring frozen yogurt and yogurt toppings

We have filed all required affidavits and renewals for the registrations.

No decision of any court or government agency limits our right to use or license the use of the Yogurtland trademark. Concerning our marks, there are no currently effective material determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, trademark administrator of any state or any other government agency, or court. Nor are there any pending infringement, opposition, or cancellation proceedings or pending material litigation involving our marks. However, we did file a lawsuit on July 6, 2012, in the United States District Court for the Northern District of Georgia Atlanta Division, styled as *Yogurtland Franchising, Inc. v. Yogi-Mogli LLC*, et al, with Case No. 1:12-cv-02363-SCJ (N.D. Ga.) alleging infringement by the defendant of our trademarks and trade dress and seeking damages and injunctive relief. That lawsuit was settled in December 2013, and we received from defendant both a lump sum payment and defendants' binding commitment to abide by specified restrictions on its trade dress.

There are no agreements currently in effect that significantly limit our rights to use or license the use of our trademarks in a manner material to the franchise. We are not aware of any superior prior rights or infringing uses that could materially affect your use of our marks. There is no pending material federal or state court litigation regarding our use or ownership rights in our marks.

If you use our trademarks according to the Franchise Agreement and our instructions, we are not required to protect you against claims of infringement or unfair competition arising out of your use of the trademarks. If we choose to defend you, you must fully cooperate with us in such a defense. If we defend, we will pay for the cost of the defense unless you elect to proceed through counsel of your own choosing. You must notify us of all infringements of our marks or confusingly similar marks, which come to your attention. We have sole discretion in deciding what action if any should be taken and have the sole right to control any litigation or administrative proceedings. The franchise agreement does not require us to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving our marks or if the proceeding is resolved unfavorably to you.

We may prosecute or defend any infringement or unfair competition involving our marks or any other actions or proceedings that we deem necessary or desirable to protect our trademarks. You must not contest our right, title, or interest in the marks.

If we modify or stop use of any of our trademarks, you must also modify or stop their use. You must pay all costs to make these changes. We have no obligation to reimburse you for any expense resulting from these changes.

On termination or expiration of the franchise agreement, your right to use our marks ends. Thereafter you must not identify yourself as a Yogurtland franchisee or publicly identify yourself, or any business entity you are then associated with, as a former Yogurtland franchisee, or use any of our confidential information or trade secrets.

ITEM 14 **Patents, Copyrights, and Proprietary Information**

We do not own any patents that are material to the franchised business. We claim copyrights in our confidential Operations Manual, construction plans, advertisements, promotional material, and in other written materials we provide to you. However, none of these is registered in the U.S. Copyright Office. You

will also learn information that we consider trade secrets. This includes all ideas, concepts, techniques or materials relating to a Store, operating procedures and contents of training, and information on how we operate. You must keep all of this confidential. The manuals and other materials we provide to you are only for use in the operation of your licensed store. The Franchise Agreement grants you the right to use the material for the term of the franchise and obligates you to operate the store in accordance with the format and operating system provided in the manuals. You may not divulge any trade secrets or reproduce or exhibit any portion of the manuals or other materials to any person other than to your employees and then only to the extent necessary to operate your store in accordance with the Franchise Agreement and only in confidence.

There are no current determinations of the Copyright Office or any court regarding our claimed copyrights. There are no agreements limiting our use of our copyrights. We are not aware of any patent or copyright infringement that could materially affect your franchise. There is no specific requirement in the franchise agreement requiring us to protect our copyrights or to defend and indemnify you for claims of copyright infringement. However, if you use our copyright materials as required by the Franchise Agreement, Operations Manual, and our instructions, we may, as a matter of policy, elect to do so. We alone have the right to control any litigation. We are not required to compensate you even if you must stop using any of our copyrighted or trade secret materials.

On termination or expiration of your Franchise Agreement, you must immediately return to us your manuals and all other materials containing our trade secrets and confidential information.

ITEM 15

Obligation to Participate in the Actual Operation of the Franchise Business

You or your manager must devote best efforts and dedicate a minimum of 40 hours per week to on site management of your franchised business. If you are a corporation, partnership, limited liability company, or other business organization, you must designate an individual we can rely on for the personal and direct onsite management of the franchised business, and who will dedicate a minimum of 40 hours per week exclusively to this business. This designated person must complete the initial training program to our satisfaction. If the designated person separates from the franchised business, then you must designate another person, who must then complete the initial training program to our satisfaction within 90 days of his or her predecessor's separation from the franchised business. The manager need not have an ownership interest in your Yogurtland business. One of the following combinations of individuals must complete all phases of our training program to our satisfaction and participate in all other activities we require to open your store. Those combinations are (a) Franchisee and Franchisee's initial store manager, or (b) Franchisee and spouse IF both are actively involved in the operation of the Store. Each and every replacement manager must satisfactorily complete our training program within 60 days of becoming the manager. If you use a manager (instead of participating directly in your operations), we still recommend that you personally remain involved in your business.

You are responsible for ensuring that at least one Store employee has an approved ANSI Food Safety certification.

You must operate your store continuously during the hours we specify. We may require you to open your store for business as early as 7 A.M. and stay open until as late as midnight or later, and remain open seven days per week, and each day during the year.

If you are a corporation, partnership, or limited liability company, the respective shareholders, officers, partners, and members, must personally guarantee your obligations under the Franchise Agreement. In addition, the respective spouse of each of the owners of the business organization must also sign the Guaranty agreement.

Each of your managers must sign a confidentiality agreement as well as a covenant not to compete with us. See Attachment E of Exhibit D.

ITEM 16

Restrictions on What the Franchisee May Sell

You must offer for sale all and only the goods we designate for your store, and which comply with our standards for kind and quality according to our operation manual or as otherwise we designate in writing. We reserve the right to change approved suppliers or items, to delete formerly approved suppliers or items, at our sole discretion without prior notice, at any time. The restrictions on what you are permitted to sell may change, and you must comply with these changes with reasonable notice to you. There are no limits on our right to make changes. You must offer all products we authorize you to sell. However, we are not obligated to authorize you to sell all available Yogurtland products that we may have.

Without our prior written consent, you may not offer or sell any Yogurtland products or services at any site other than your licensed store. You may only sell finished Yogurtland products that have been approved for sale at your licensed store and only to retail customers. You may not sell any Yogurtland products, whether finished or unfinished, to any person or entity for resale. In addition, you may not use your licensed store for any purpose other than operation of the Yogurtland store. You may not install or operate in your store any ATM machine, public telephone, jukebox, vending machine, lottery ticket terminal, video game, or any other game or machine without our written approval. If you sell products, services, or anything else that we have not approved, we may require you to remove the unapproved products, services, or items. We may also declare you in default for doing so.

ITEM 17

Renewal, Termination, Transfer and Dispute Resolution the Franchise Relationship

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Franchise Agreement

Provision	Section in Franchise or other Agreement	Summary
a. Length of Franchise Term	Sec. 9.1	Traditional: 10 years, unless: (1) you are purchasing an existing Store in which case, the expiration of your Franchise Agreement will be the expiration date of the franchise agreement for the Store you are purchasing or (2) you are signing the franchise agreement as a renewal franchise agreement, in which case the term will be the applicable renewal term in your franchise agreement or renewal addendum, as applicable. Non-Traditional: 5 years, except that we may modify the term of the agreement to be co-terminus to the site lease, including appropriate renewals.
b. Renewal or extension of the term	§§ 9.2 and 9.3	You may renew for one additional period of 10 years, if you meet all conditions.
c. Requirements to renew or extend	Sec. 9.3	To renew for an additional term you must: comply with the franchise agreement throughout the term of your franchise; deliver written notice of your desire to renew at least 180 days but no more than 365 days before expiration of the then current term; pay the pertinent renewal fee; sign our then current Franchise Agreement

Provision	Section in Franchise or other Agreement	Summary
		to reflect the renewal term; sign a general release; remodel, redecorate, renovate, and upgrade the Store to meet our then current standards; be current on all amounts due to us and our affiliates. You may be asked to sign agreements that contain materially different terms and conditions than your current franchise agreement and other agreements. In every case, you must also ensure that you have adequate rights under your lease of the Store's premises to cover the renewal term.
d. Termination by franchisee	Sec. 9.4	Subject to state law, you may terminate, if we materially breach the agreement and fail to cure the breach, after providing us written notice and an opportunity to cure. Claims may only be brought for specific violation of the Franchise Agreement and Development Agreement, which must be specifically cited in your initial complaint.
e. Termination by franchisor without cause	N/A	We cannot terminate without cause.
f. Termination by franchisor with cause	§ 9.5	We may terminate if you default on any of your obligations and fail to cure the default in the given time for curable defaults, but for some defaults there is no opportunity to cure.
g. "Cause" defined- curable defaults	§9.5	You have 30 days to cure most defaults. Defaults not listed in box H below might be curable.
h. "Cause" defined- non-curable defaults (all franchise agreements)	§9.6	Failure to secure a location approved by us within 6 months of the Effective Date; we reasonably determine that continued operation would present imminent danger to public health or safety; we determine your conduct of the business materially and negatively affects the reputation of the brand; failure to comply with any federal, state, or local law or regulation for 10 days after notice of non- compliance; failure to operate the business for 3 or more consecutive days when you are obligated to operate; any assignment, transfer, or sublicense of your agreement without our consent; you become insolvent, make an assignment for the benefit of creditors; inability to pay obligations, bankruptcy, composition, adjustment, liquidation, dissolution, or similar relief, a receiver is appointed for substantial part of your assets or the Store; however, termination for bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.), or a

Provision	Section in Franchise or other Agreement	Summary
		final judgment or involuntary lien remains on the record, unsatisfied for 60 days or longer; Store premises are seized, taken over, or foreclosed on by government official or creditor; a final judgment remains unsatisfied after 30 days, or an involuntary lien in the amount of \$1,000 or more on any of your assets or property that is not removed within 15 days; you or any owner or officer of the franchisee is convicted of criminal misconduct relevant to operation of the Store or the brand or any felony; you make material misrepresentations relating to the acquisition or operation of the business; you submit false sales reports; your failure to pay fees or other amounts due us or fail to obtain insurance after 5 days' notice; default after cure of breach, recurrence of any breach, failure, or default, whether or not the conduct, noncompliance or recurrence is corrected after notice; your failure on 3 separate occasions within 6 months to comply with any requirement under the Franchise Agreement.
i. Franchisee's obligations on termination/non-renewal	§§ 9.7–9.9 Non- compete & Non-disclosure Agrmt, all sections	Complete de-identification, pay amounts due, return all confidential materials, cease operations, stop using marks, systems, confidential information, cancel all assumed names, deliver/sell your equipment, inventory, and fixtures to us if we request, assign phone numbers to us, and comply with non-competition and non-solicitation requirements.
j. Assignment of contract by franchisor	§11.1	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	§ 11.2	Sale, assignment, or transfer of your interest in the agreement or assets.
l. Franchisor approval of transfer by franchisee	§ 11.2	We have the right to deny approval of all proposed transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	§11.3	You pay a \$20,000 transfer fee; sign a general release that covers all claims against us; pay all amounts owed; provide a copy of all agreements and proposed agreements concerning the proposed transfer and other information we request; you make any changes to the terms of the transfer which we require; the proposed transferee qualifies and provides all information we request; the transferee assumes all obligations under the Agreement and/or, at our request, enters into our current form of Agreement for the remaining term; the Store is upgraded to our then-current standards prior to closing

Provision	Section in Franchise or other Agreement	Summary
		the transaction; and, you and the transferee obtain in writing, the landlord's consent. The transferee must also pay a \$5,000 training fee and complete the training program prior to the completion of the transfer.
n. Franchisor's right of first refusal to acquire franchisee's business	§§11.4 &11.5	We may match any offer, for your business and thereby require you to transfer business to us.
o. Franchisor's option to purchase franchisee's business	§9.9	Following termination or expiration other than due to our uncured breach, we or our assignee have the right, by delivering written notice to you, to purchase from you, any or all of the Store's equipment, fixtures, inventory, products, materials and supplies as we choose, and to take an assignment of the lease of the Store premises.
p. Death or disability of franchisee	§11.7	Surviving heirs may operate the business if they qualify within 180 days, or they may assign to an approved buyer.
q. Non-competition covenants during the term of the franchise	§§10.4-10.5 Non- compete & Non-disclosure Agrmnt §§5 & 6	Neither you nor your managers can directly or indirectly operate anywhere a business similar to your franchised business. You or your managers may also not have an ownership interest in any entity which grants franchises or licenses to others to operate stores specializing in yogurt, drinks, desserts, snacks or similar foods, excluding existing Stores for which there are validly existing franchise agreements in place.
r. Non-competition covenants after the franchise is terminated or expires	§§10.4- 10.5 Non-competition and non-disclosure agrmt §§ 5-6	For 3 years following termination or expiration, neither you nor your managers can operate or have an interest in a competing business within a 15-mile straight-line radius from the front door of your Store, or have an ownership interest in any entity that grants franchises or licenses to others to operate stores specializing in yogurt, drinks, desserts or similar foods.
s. Modification of the agreement	§16.7	No modification is valid except in writing signed by you and us. Manuals may change at our discretion, including our Manual. Manual changes are not changes to the agreement.
t. Integration/merger clause	§16.25	Subject to state law, nothing in the agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document. Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable.

Provision	Section in Franchise or other Agreement	Summary
u. Dispute resolution by arbitration or mediation	§§15.2 & 15.3	Except for certain claims, all disputes must be mediated before resorting to arbitration or court action. If mediation fails, the parties agree to arbitrate dispute (except for certain specified claims).
v. Choice of forum	§15.5	Arbitration in Dallas County, Texas, subject to state law.
w. Choice of law	§15.1	Subject to state law, Texas law applies, except for a) issues of arbitration, which are governed by the Federal Arbitration Act; b) issues involving trademarks, which are governed by the Lanham Act; and c) franchise registration and disclosure issues, unless California's Franchise Investment Law would apply to those issues independently from Section 15.1 of the Franchise Agreement.

Area Development Agreement

Provision	Section in Area Development Agreement	Summary
a. Length of development agreement term	Sec. 3	The period between the date you sign the agreement and the earliest of (i) the opening of the last Store under the Development Schedule; (ii) the last day for a scheduled store opening as agreed by you and us; and (iii) a termination of the agreement.
b. Renewal or extension of the term	Not applicable	Not applicable
c. Requirements to renew or extend	Not applicable	Not applicable
d. Termination by franchisee	Not applicable	Subject to state law, not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Sec. 3.2, 3.3	We may terminate if you default on any of your obligations, including failure to satisfy the development schedule.
g. "Cause" defined - curable defaults	Sec. 3.2, 6.2	Failure to comply with the terms of the development agreement.
h. "Cause" defined - non-curable defaults	Sec. 3.2	Non-curable defaults under any franchise agreement you have with us, if any; conviction of crime related to operation of a Store; unauthorized transfer of the agreement; repeated defaults; termination of franchise

Provision	Section in Area Development Agreement	Summary
		or other agreement with us; and others, including your bankruptcy, however, termination for bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).
i. Franchisee's obligations on termination/non-renewal	Sec. 3.3	No continuing right to develop in the Development Area or anywhere else
j. Assignment of contract by franchisor	Sec. 7.1	No restriction on our right to assign.
k. "Transfer" by franchisee - defined	Sec. 7.2	Sale, assignment, or transfer of any of your interest in the agreement.
l. Franchisor approval of transfer by franchisee	Sec. 7.2, 7.3	We have the right to approve or disapprove all transfers in our sole discretion.
m. Condition for franchisor approval of transfer	Sec. 7.4	You pay a \$20,000 transfer fee to us, pay all other amounts due under the Development Agreement or any other agreements with us; you sign a general release that covers all claims against us other than any liability that cannot be waived or released; provide a copy of all agreements and proposed agreements concerning the proposed transfer and other information we request; the proposed transferee qualifies and provides all information we request; the transferee assumes all obligations under the Agreement or, at our request, enters into our then current form of Development Agreement for the remaining term.
n. Franchisor right of first refusal to acquire franchisees' business	Not applicable	Not applicable
o. Franchisor option to purchase franchisees' business	Not applicable	Not applicable
p. Death or disability of franchisee	Sec. 7.5	Surviving heirs may operate the business if they qualify within 180 days, or they may assign to an approved buyer.
q. Non-competition covenants during the term of the franchise	See franchise agreement.	See franchise agreement and Non-compete & Non-disclosure agreement.
r. Non-competition covenants after the franchise is terminated or expires.	See franchise agreement.	See franchise agreement and Non-compete & Non-disclosure agreement.
s. Modification of the	Sec. 8.3	No modification except in writing signed by you and us.

Provision	Section in Area Development Agreement	Summary
agreement		
t. Integration/merger clause	Sec. 9.4	Subject to state law, nothing in the agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document. Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable.
u. Dispute resolution by arbitration or mediation	§§ 8.9-8.12	Except for certain claims, all disputes must first be mediated before resorting to arbitration or court action. If mediation fails, the parties agree to arbitrate their dispute.
v. Choice of forum	Sec. 8.12	Litigation and arbitration in Dallas County, Texas, subject to state law.
w. Choice of law	Sec. 8.12	Subject to state law, Texas law applies, except for a) issues of arbitration, which are governed by the Federal Arbitration Act; b) issues involving trademarks, which are governed by the Lanham Act; and c) franchise registration and disclosure issues, unless California's Franchise Investment Law would apply to those issues independently from Section 8.12 of the Development Agreement.

ITEM 18 Public Figures

We do not use any public figure to promote our franchise. We, however, reserve the option to do so in the future.

ITEM 19 Financial Performance Representations

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

The following information reflects the historical financial performance of the combined system, i.e., that of our Affiliates, Higher Ground Development Corporation, which operated one retail store (in Irvine, CA) for the full calendar year 2024, PMC Enterprise Inc., which operated two retail stores (in Los Angeles and Lakewood, CA) for the full calendar year 2024, MCP Enterprise Inc., which operated one retail store (in Seal Beach, CA) for the full calendar year 2024, YL Downey, Inc. which operated one retail store (in Downey, CA) for the full calendar year 2024, YL Genesee Plaza, Inc. which operated one retail store (in San Diego, CA) for the full calendar year 2024, YL South Gate, which operated one retail store (in South

Gate, CA), for the full calendar year 2024, and franchise-operated retail stores for the full calendar year 2024 (“Franchisee Stores”). This information consists of average Net Sales for Higher Ground, PMC, MCP, YL Downey, YL Genesee, YL South Gate, and Franchisee Stores, as well as certain fixed and controllable costs achieved by Higher Ground, PMC, MCP, YL Downey, YL Genesee, YL South Gate, Stores that were open for the full calendar year 2024.

We are aware of no shared characteristics of the included stores (each open for at least the full calendar year 2024) that would be expected to differ materially from those of the store or location that might be approved for your franchise.

Some Stores have sold or earned the various amounts described below or shown in the charts below. Your individual results may differ. There is no assurance you will sell or earn as much.

Net Sales of Yogurtland Stores

For the full calendar year 2024, our Affiliates, Higher Ground Development Corporation, PMC Enterprise Inc., MCP Enterprise Inc., YL Downey, YL Genesee, and YL South Gate operated seven retail stores in aggregate for the entire year (which serves as the basis for the analysis below). In addition, there were 191 franchised stores that were open and reported sales for the full calendar year of 2024. Stores open less than one full year have been omitted. The range of Net Sales (less sales tax, discounts and coupons) of the seven Affiliates' Stores and 191 Franchise Stores open and reported sales for the full year of 2024 are shown in the table below. The systemwide average Net Sales for 2024 for all seven Affiliates' Stores and 191 Franchisee Stores open and reported sales for the full calendar year combined was \$875,048, and 99 of those Stores (50%) achieved sales at that average level or higher.

Affiliates' Stores Average Net Sales

Average Net Sales for calendar year 2024 for the seven Affiliates' Stores open the full calendar year was \$967,217. Three of those Stores (43%) achieved sales at that average level or higher.

Median Net Sales for calendar year 2024 for the seven Affiliates' Stores open the full calendar year was \$933,625. The range of Net Sales for calendar year 2024 (low to high) was \$822,136 to \$1,211,481.

Franchise Stores Average Net Sales

The average Net Sales for calendar year 2024 for the 191 Franchised Stores that were open and reported sales for the full calendar year was \$871,670 and 95 of those Stores (50%) achieved sales at the average level or higher.

Median Net Sales for calendar year 2024 for the 191 Franchised Stores that were open and reported for the full-calendar year was \$855,087. The range of Net Sales for calendar year 2024 (low to high) was \$70,246 to \$2,231,888.

All Affiliate-Operated and Franchised Stores

(2024 Net Sales for all Affiliate-Operated and Franchised Stores operated for full calendar year in the United States.)

Sales Range	Number of Affiliates' Stores	Number of Franchised Stores
>\$1,000,000	3	61
\$750,000 - \$999,999	4	64
\$500,000 - \$749,999	0	45
\$250,000 - \$499,999	0	17
\$0 - \$249,999	0	4
TOTAL	7	191

All Affiliates' Stores

(Certain Sales and Expense Information for all Affiliate-Operated Stores (Note 1)

Category	No. of Restaurants	Average	Median	Average As Percentage of Sales	No. and Percent at or Below Average % of Sales
Net Sales (Note 2)	7	\$967,217	\$933,625	N/A	N/A
Food and paper cost (Note 3)	7	\$287,007	\$274,548	29.67%	4/57.14%
Labor (Note 4)	7	\$259,149	\$256,810	26.79%	2/28.57%

Notes and Assumptions:

1. The information contained in the average EBITDA statement above is for our Affiliates' (Higher Ground, PMC, MCP, YL Downey, YL Genesee Plaza, and YL South Gate) Stores only.
2. Sales shown here are Net Sales (derived from Higher Ground, PMC, MCP, YL Downey, YL Genesee Plaza, and YL South Gate Stores) and include sales of all food, beverage and promotional items, net of sales taxes, discounts and coupons.
3. "Food and paper" includes food, paper, and other items for resale to the customer.
4. Labor includes wages paid to all hourly and management employees working in the Store, as well as all management bonuses. Your costs could vary depending on the prevailing wage rates of the area of the country in which a store is located and the specific labor laws.

Written substantiation of the data presented in this financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mr. Charles Ballard, 2100 Valley View Lane Suite 101, Farmers Branch, Texas 75234, Telephone: (949) 265-8000, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 **Outlets and Franchisee Information**

Table No. 1 Systemwide Outlet Summary For Years 2022 to 2024*

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	202	201	-1
	2023	201	194	-7
	2024	194	194	0
Company- Owned	2022	7	7	0
	2023	7	7	0
	2024	7	8	+1
Total Outlets	2022	209	208	-1

	2023	208	201	-7
	2024	201	202	+1

**Table No. 2 Transfers of Outlets from Franchisees to New Owners
(other than to Franchisor) For Years 2022 to 2024**

State	Year	Number of Transfers
Arizona	2022	2
	2023	0
	2024	0
California	2022	13
	2023	6
	2024	6
Utah	2022	0
	2023	0
	2024	0
Texas	2022	0
	2023	0
	2024	1
Totals	2022	15
	2023	6
	2024	7

**Table No. 3
Status of Franchised Outlets
For Years 2022 to 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	2022	4	0	0	1	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
California	2022	160	5	0	2	0	2	161
	2023	161	3	0	3	0	8	153
	2024	153	1	0	1	0	1	152
Colorado	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Hawaii	2022	1	0	0	1	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Louisiana	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Nevada	2022	11	0	0	0	0	0	11
	2023	11	1	0	0	0	0	12
	2024	12	0	0	0	0	0	12

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
New Jersey	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Pennsylvania	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	1	0	0	0
Texas	2022	12	0	0	0	0	0	12
	2023	12	1	0	0	0	1	12
	2024	12	1	0	0	0	0	13
Utah	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Totals	2022	202	5	0	4	0	2	201
	2023	201	5	0	3	0	9	194
	2024	194	3	0	2	0	1	194

Table No. 4
Status of Company Owned Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California	2022	7	0	0	0	0	7
	2023	7	0	0	0	0	7
	2024	7	1	0	0	0	8
Totals	2022	7	0	0	0	0	7
	2023	7	0	0	0	0	7
	2024	7	1	0	0	0	8

Table No. 5
Store Projected Openings as of December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchise Yogurtland Outlets in the Next Fiscal Year	Projected New Company-Owned Yogurtland Outlets in the Next Fiscal Year
Arizona	0	1	0
California	5	10	0
Colorado	0	0	0
Nevada	0	1	0
New Jersey	0	0	0
Texas	0	18	1
Utah	0	0	0
Totals	5	30	1

Attached to this disclosure document as Exhibit H is a list of the names, addresses and phone numbers of our current franchisees as of December 31, 2024, as well as the name, city, state, and current business telephone number (or if unknown, the last known telephone number) of every franchisee who had an outlet terminated, cancelled, or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under the franchise agreement in the year ending December 31, 2024, or who has not communicated with us in the 10 weeks preceding the disclosure document issuance/application date.

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

During the last three fiscal years, we have signed confidentiality clauses with some current or former franchisees. In some instances, current, and former franchisees sign provisions restricting their ability to speak openly about their experience with Yogurtland. You may wish to speak with current and former franchisees, however, be aware that not all such franchisees will be able to communicate with you.

ITEM 21
Financial Statements

Attached to this Disclosure Document as Exhibit C are audited financial statements consisting of our audited balance sheets as of December 31, 2024, and December 31, 2023, and related statements of income,

stockholder's equity (deficit), and cash flows for our fiscal years 2024, 2023, and 2022. Our fiscal year end is December 31.

ITEM 22
Contracts

Attached to this Disclosure Document are the following agreements:

Exhibit D Franchise Agreement
Exhibit E Area Development Agreement

ITEM 23
Receipts

The receipt to this Disclosure Document is attached as Exhibit K.

State Appendix

For the State of California

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the Disclosure Document. The term “Franchise Agreement” as used in this Addendum refers to the Standard Franchise Agreement.

Neither Yogurtland, nor any person or franchise broker in Item 12 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78A et seq., suspending or expelling these persons from membership in this association or exchange.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Dallas County, Texas, with the costs being borne equally by the disputing parties, except that the arbitrator may award attorneys' fees and costs to the prevailing party in such arbitration.

The Franchise Agreement and Development Agreement, as applicable, pertaining to Yogurtland Stores located or to be located in the State of California will be modified by the terms of the applicable addendum included below providing for recovery by the prevailing party of attorneys' fees and costs incurred in arbitration or litigation related to this offering, negotiations, or the Franchise Agreement or Development Agreement, as applicable.

The Franchise Agreement contains two separate liquidated damages clauses. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

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

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

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

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

You must sign a general release 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 Section 31000 through 31516).

Our website www.Yogurt-land.com has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the contents of this website may be directed to the California Department of Financial Protection and Innovation at www.DFPI.CA.GOV.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

Representations made by the franchisor or its personnel or agents to a prospective franchisee.

Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

Violations of any provision of this division.

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.

Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

For the State of Maryland

Item 5 is supplemented with the following:

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

RISK FACTORS:

Ownership Change: The franchisor recently had a change of ownership. The support provided by the franchisor may be different from previous owners. Therefore, the expenses related to operating the franchise and the potential revenue you might achieve may be different from past performance.

Any release or waiver provision contained in the Franchise Agreement or any release required as a condition of the sale, renewal, and/or assignment/transfer of the franchise shall not apply to any liability incurred under the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law").

Provisions that the Franchise Agreement may be terminated upon filing of bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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

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 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.

For the Commonwealth of Virginia

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the disclosure document is supplemented by the following:

"Under 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."

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 franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT A
TO YOGURT LAND FRANCHISE DISCLOSURE DOCUMENT
List of State Administrators

LIST OF STATE ADMINISTRATORS

California

Department of Financial Protection & Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677

Hawaii

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Office of Attorney General
500 S. Second Street
Springfield, Illinois 62701
(217) 782-4465

Indiana

Franchise Section
Securities Division
302 W. Washington St., Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-7042

Michigan

Consumer Protection Division
Antitrust and Franchise Unit
Department of Attorney General
525 W. Ottawa St.
G. Mennen Williams Bldg., 1st Floor
PO Box 30212
Lansing, Michigan 48909
(517) 335-7622

Minnesota

Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

New York

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
212-416-8222

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island

Securities Division
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 68-2
Cranston, Rhode Island 02920
(401) 462-9527

South Dakota

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia

State Corporation Commission
Division of Securities and Retail
Franchising
1300 Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Washington

Department of Financial Institutions
Securities Division
P.O. Box 41200
Olympia, Washington 98504-1200
(360) 902-8760

Wisconsin

Franchise Administrator
Division of Securities
Department of Financial Institutions
345 West Washington Avenue
Madison, Wisconsin 53703
(608) 266-8557

EXHIBIT B
TO YOGURT LAND FRANCHISE DISCLOSURE DOCUMENT
Agents for Service of Process

AGENTS FOR SERVICE OF PROCESS

California

Department of Financial Protection & Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677

Hawaii

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
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Indianapolis, Indiana 46204
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(605) 773-3563

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Washington

Department of Financial Institutions
Securities Division
P.O. Box 41200
Olympia, Washington 98504-1200
(360) 902-8760

Wisconsin

Franchise Administrator
Division of Securities
Department of Financial Institutions
345 West Washington Avenue
Madison, Wisconsin 53703
(608) 266-8557

EXHIBIT C
TO YOGURT LAND FRANCHISE DISCLOSURE DOCUMENT
Financial Statements

YOGURTLAND FRANCHISING, INC.

Financial Statements and
Independent Auditor's Report

As of and for the Years Ended
December 31, 2024, 2023 and 2022

YOGURTLAND FRANCHISING, INC.
As of and for the Years Ended December 31, 2024, 2023 and 2022

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Independent Auditor's Report

To the Board of Directors of
Yogurtland Franchising, Inc.
Farmers Branch, Texas

Opinion

We have audited the financial statements of Yogurtland Franchising, Inc. (the “Company”), which comprise the balance sheets as of December 31, 2024 and 2023, the related statements of comprehensive income, stockholder’s equity and cash flows for the years then ended, and the related notes to the financial statements (collectively, the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Basis for Opinion on the 2024 and 2023 Financial Statements

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

Other Matter - 2022 Financial Statements

The financial statements of the Company, as of and for the year ended December 31, 2022, were audited by other auditors, whose report, dated November 28, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the 2024 and 2023 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audits of the 2024 and 2023 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 auditor's 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Macias Gini & O'Connell LLP

Melville, New York
March 27, 2025

YOGURT LAND FRANCHISING, INC.

Balance Sheets

As of December 31, 2024, 2023 and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 643,274	\$ 10,198,436	\$ 10,767,912
Restricted cash - gift card funds	1,945,401	1,875,447	1,503,442
Investment funds	9,561,099	-	-
Accounts receivable, net	1,133,829	928,106	870,439
Due from related parties	3,379,052	1,639,109	1,637,979
Income tax receivable	-	-	156,054
Prepaid expenses and other current assets	<u>527,875</u>	<u>681,085</u>	<u>687,865</u>
Total current assets	<u>17,190,530</u>	<u>15,322,183</u>	<u>15,623,691</u>
Property and equipment, net	400,796	321,304	597,876
Related party notes receivable	3,360,000	2,432,000	1,276,000
Deferred tax assets	<u>62,333</u>	<u>62,333</u>	<u>62,333</u>
Total assets	<u>\$ 21,013,659</u>	<u>\$ 18,137,820</u>	<u>\$ 17,559,900</u>
Liabilities and Stockholder's Equity			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,580,112	\$ 2,201,815	\$ 1,910,958
Gift card liability	7,487,726	7,416,167	7,314,690
Contract liabilities, current portion	<u>327,239</u>	<u>417,385</u>	<u>550,739</u>
Total current liabilities	<u>9,395,077</u>	<u>10,035,367</u>	<u>9,776,387</u>
Long-term liabilities:			
Due to stockholder	630,000	630,000	630,000
Related party loans payable	1,320,000	1,370,000	1,500,000
Due to related parties	458,931	340,084	469,511
Contract liabilities, net of current portion	<u>613,892</u>	<u>728,336</u>	<u>801,273</u>
Total liabilities	<u>12,417,900</u>	<u>13,103,787</u>	<u>13,177,171</u>
Stockholder's equity:			
Common stock, no par value; 12,500,000 shares authorized;			
10,000,000 shares issued and outstanding	100,000	100,000	100,000
Retained earnings	<u>8,495,759</u>	<u>4,934,033</u>	<u>4,282,729</u>
Total stockholder's equity	<u>8,595,759</u>	<u>5,034,033</u>	<u>4,382,729</u>
Total liabilities and stockholder's equity	<u>\$ 21,013,659</u>	<u>\$ 18,137,820</u>	<u>\$ 17,559,900</u>

See notes to financial statements.

YOGURT LAND FRANCHISING, INC.
Statements of Income
For the Years Ended December 31, 2024, 2023 and 2022

	2024	2023	2022
Net revenues	\$ 15,208,083	\$ 13,146,516	\$ 12,542,889
Operating expenses	<u>11,295,581</u>	11,198,044	10,899,671
Income from operations	3,912,502	1,948,472	1,643,218
Other income (expense), net	<u>693,151</u>	(401,206)	354,231
Income before provision for income taxes	4,605,653	1,547,266	1,997,449
Income tax expense	<u>1,050,442</u>	503,005	399,991
Net income	<u>\$ 3,555,211</u>	\$ 1,044,261	\$ 1,597,458

See notes to financial statements.

YOGURT LAND FRANCHISING, INC.
Statements of Stockholder's Equity
For the Years Ended December 31, 2024, 2023 and 2022

	Common Stock		Retained Earnings	
	Shares	Amount		Total
Balance, December 31, 2021 - as restated	10,000,000	\$ 100,000	\$ 2,685,271	\$ 2,785,271
Net income	-	-	1,597,458	1,597,458
Balance, December 31, 2022 - as restated	10,000,000	100,000	4,282,729	4,382,729
Stockholder distributions	-	-	(400,000)	(400,000)
Capital contributions	-	-	7,043	7,043
Net income	-	-	1,044,261	1,044,261
Balance, December 31, 2023	10,000,000	100,000	4,934,033	5,034,033
Capital contributions	-	-	6,515	6,515
Net income	-	-	3,555,211	3,555,211
Balance, December 31, 2024	10,000,000	\$ 100,000	\$ 8,495,759	\$ 8,595,759

See notes to financial statements.

YOGURT LAND FRANCHISING, INC.

Statements of Cash Flows

For the Years Ended December 31, 2024, 2023 and 2022

	2024	2023	2022
Cash flows from operating activities:			
Net income	\$ 3,555,211	\$ 1,044,261	\$ 1,597,458
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	59,001	145,663	138,450
Loss on disposal of property and equipment	-	317,252	-
Bad debt expense	59,000	-	-
Unrealized holding gains on investment securities	(257,009)	-	-
Changes in operating assets and liabilities:			
Accounts receivable	(205,723)	(57,667)	(50,118)
Income tax receivable	-	156,054	-
Prepaid expenses and other current assets	153,210	6,780	49,816
Accounts payable and accrued expenses	(459,703)	290,857	(92,455)
Gift card liability	71,559	101,477	172,978
Contract liabilities	(204,590)	(206,291)	(274,598)
Net cash provided by operating activities	2,770,956	1,798,386	1,541,531
Cash flows from investing activities:			
Purchase of investment funds	(9,304,090)	-	-
Purchase of property and equipment	(138,493)	(186,343)	(53,700)
Net cash used in investing activities	(9,442,583)	(186,343)	(53,700)
Cash flows from financing activities:			
Repayments received from stockholder	-	-	325,620
Repayments under notes receivable agreements	356,000	7,040,000	61,000
Borrowings under notes receivable agreements	(1,505,000)	(8,196,000)	-
Repayments under loan payable agreements	(50,000)	(130,000)	(130,000)
Payments from (to) related parties	(1,621,096)	(130,557)	(741,305)
Shareholder distributions	-	(400,000)	-
Capital contributions	6,515	7,043	-
Net cash used in financing activities	(2,813,581)	(1,809,514)	(484,685)
Net change in cash, cash equivalents and restricted cash	(9,485,208)	(197,471)	1,003,146
Cash, cash equivalents and restricted cash, beginning of year	12,073,883	12,271,354	11,268,208
Cash, cash equivalents and restricted cash, end of year	\$ 2,588,675	\$ 12,073,883	\$ 12,271,354
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Income taxes	\$ 895,384	\$ 168,178	\$ 68,422

See notes to financial statements.

YOGURTLAND FRANCHISING, INC.

Notes to Financial Statements

As of and for the Years Ended December 31, 2024, 2023 and 2022

NOTE 1 – NATURE OF OPERATIONS

Yogurtland Franchising, Inc. (the “Company” or “Yogurtland”) was incorporated in the State of California in November 2006. As of January 2023, the Company is incorporated in the State of Texas. As a franchisor, the Company is engaged in franchising its Yogurtland brand to promote its frozen yogurt as well as creating new frozen yogurt flavors through research and development. The Company licenses or franchises locations primarily throughout the United States, as well as Australia, Singapore, Thailand, Myanmar, Oman, United Arab Emirates and Venezuela. The Company has developed more than 300 yogurt, sorbet, gelato, ice cream and shakes flavors and serves a variety of dry, cold and fruit toppings. The Company is also developing other new product platforms.

The Company franchises and licenses the right to use the Yogurtland name, operating procedures and method of merchandising to franchisees. Upon signing a franchise agreement, the Company is committed to provide training, some supervision and assistance, and access to operations manuals. As needed, the Company will also provide advice and written materials concerning techniques of managing and operating the stores. The franchises are operated under the name Yogurtland. Each franchise agreement term is typically for 5 - 15 years with renewal options available.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared in conformity with U.S. GAAP.

Accounting Estimates

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

Store Franchise Agreements

The Company began selling franchises in 2006. The franchisees pay initial franchise fees to the Company for the right to own and operate a Yogurtland store. The Company is obligated to provide training, an operations manual and other initial and continuing services. The franchise agreements provide for, among other items, required duties of the franchisor and franchisee and also provide remedies for both in case either fails to perform a required duty.

Franchise agreement activity is as follows:

	2024	2023	2022
Balance, beginning of year	194	201	202
Outlets opened	3	5	5
Ceased operations	(1)	(9)	(2)
Non-renewals	(2)	(3)	(4)
Balance, end of year	194	194	201

Additionally, there were 36, 43 and 45 franchise agreements representing unopened stores at December 31, 2024, 2023 and 2022, respectively.

YOGURTLAND FRANCHISING, INC.
 Notes to Financial Statements (Continued)
 As of and for the Years Ended December 31, 2024, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and accounts receivable. Management believes it is not exposed to any significant credit risk on cash and cash equivalents and restricted cash. The Company routinely assesses the financial strength of its customers and, as a result, believes that its accounts receivable credit risk exposure is limited.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification (“ASC”) Topic 606 “*Revenue from Contracts with Customers, as amended*” (“ASC Topic 606”) when, or as, all material services or conditions relating to the sale have been substantially performed or satisfied by the Company (usually upon store opening or expiration of franchise agreement). The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which includes the transfer of the franchise license. The services provided by the Company are highly interrelated with the franchise license and are considered a single performance obligation. Franchise fee revenue from the sale of individual franchises is recognized over the term of the individual franchise agreement on a straight-line basis. Unamortized non-refundable deposits collected in relation to the sale of franchises are recorded as contract liabilities.

The franchise fee may be adjusted from time to time at management's discretion. Deposits are non-refundable upon acceptance of the franchise application. In the event a franchisee does not comply with their development timeline for opening franchise stores, the franchise rights may be terminated, at which point the franchise fee revenue is recognized for non-refundable deposits.

The Company determines revenue recognition through the follow steps:

- Identification of the contract, or contracts, with a customer/franchisee
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue, when, or as a performance obligation is satisfied

Revenues are summarized as follows for the years ended December 31,:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Recognized</u>
Franchise revenue royalty	\$ 10,378,635	\$ 8,734,682	\$ 8,095,574	Point in time
Market fund fee revenue	3,518,479	2,958,140	2,741,503	Point in time
Market fund administrative fee revenue	607,339	513,939	481,384	Point in time
Franchise fees	550,231	755,217	827,226	Over time
Gift card breakage revenue	99,399	101,538	77,287	Point in time
Training fee	42,000	27,000	39,000	Point in time
Other	12,000	56,000	280,915	Point in time
	<u>\$ 15,208,083</u>	<u>\$ 13,146,516</u>	<u>\$ 12,542,889</u>	

YOGURTLAND FRANCHISING, INC.

Notes to Financial Statements (Continued)

As of and for the Years Ended December 31, 2024, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Royalties - Royalty fees are charged up to 6% of gross sales on a monthly basis and recognized as earned.

Marketing - The Company collects 2% of gross sales on a monthly basis and uses these funds for marketing and advertising efforts. Advertising funds collected are required to be spent for specific advertising purposes. Advertising revenue and the associated expense are recorded gross on the Company's statement of income. Assets and liabilities associated with the related advertising fees are reflected in the Company's balance sheet. The Company has the right to spend in any fiscal year more or less than the amount of contributions to the fund. Funds not spent in a fiscal year may be applied to future expenses.

Gift Certificates and Gift Cards

Revenue related to the sale of gift certificates and gift cards is deferred until the gift certificate or gift card is redeemed or the redemption is considered unlikely (breakage). Gift cards and gift certificates purchased do not have a set expiration date. The Company has centralized its gift card and gift certificates transaction process in order to simplify handling gift card and gift certificate sale activities across all franchise locations. Thus, instead of each franchisee calculating its own monthly gift card and gift certificate sales and redemption transactions, the Company handles all gift card and gift certificate related transactions on behalf of all franchisees in the centralized account.

Cash, Cash Equivalents and Restricted Cash

The Company considers all financial instruments with original maturities of three months or less to be cash equivalents for the purpose of these financial statements. The Company maintains its cash accounts at financial institutions. At this time, the Company's cash bank balances may exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limit. The Company has not experienced and does not anticipate any losses related to these balances, and management believes it is not subjected to any significant risk on cash and cash equivalents.

Restricted cash represents deposits held or restricted for a specific use. The Company's restricted cash balance relates to their centralized cash accounts holding gift card funds for all franchise locations. The Company had restricted cash totaling \$1,945,401, \$1,875,447, and \$1,503,442 at December 31, 2024, 2023, and 2022, respectively.

Investment Securities

All investment securities are classified as equity securities and are carried at fair value with realized and unrealized gains and losses included in other income (expense) reported on the statements of income. Gains and losses on the sale of equity securities are determined using the specific identification method.

Accounts Receivable

Accounts receivable represents outstanding principal balances due from the Company's franchisees and related parties for which management has the intent and ability to hold until payment is received. An allowance for doubtful accounts is evaluated by management regularly and primarily based on their knowledge of the Company's customer base. The allowance is maintained based on the length of time receivables are past due, the status of franchisees' and related parties' financial position, and other credit risk indicators. The allowance for doubtful accounts was \$65,642 at December 31, 2024, 2023, and 2022. Accounts receivable as of December 31, 2021 was \$820,321.

YOGURTLAND FRANCHISING, INC.
Notes to Financial Statements (Continued)
As of and for the Years Ended December 31, 2024, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment is carried at cost.

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Automobiles	3 years
Computers	5 years
Furniture and fixtures	7 years
Machinery and equipment	5 years
Leasehold improvements	Shorter of estimated useful life or the remaining lease term

Normal repairs and maintenance are expensed as incurred, whereas significant charges which materially increase values or extend useful lives are capitalized and depreciated or amortized over the estimated useful lives of the related assets.

Impairment of Long-lived Assets

The Company follows the provisions of ASC No. 360-10, *“Property, Plant and Equipment - Impairment or Disposal of Long-Lived Assets”* (“ASC No. 360-10”). ASC No. 360-10 requires evaluation of the need for an impairment charge relating to long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When such events occur, management determines whether there has been impairment by comparing the anticipated undiscounted net future cash flows to the related asset’s carrying value. If impairment exists, the asset is written down to its estimated fair value. The Company assesses the impairment of long-lived assets annually on December 31. The Company has determined that there were no impairments for the years ended December 31, 2024, 2023 and 2022.

Fair Value of Financial Instruments

Level 1: Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2: Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in markets which are not active, or other inputs observable or can be corroborated by observable market data.

Level 3: Valuations based on unobservable inputs reflecting the Company’s own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

At December 31, 2024, 2023 and 2022, the carrying amounts of the Company’s financial instruments, including cash and cash equivalents, restricted cash, accounts and notes receivable, and accounts and loans payable approximate their respective fair value due to the short-term nature of these instruments.

Advertising

Advertising expense for the years ended December 31, 2024, 2023 and 2022 totaled \$182,234, \$202,973 and \$307,433, respectively.

YOGURTLAND FRANCHISING, INC.

Notes to Financial Statements (Continued)

As of and for the Years Ended December 31, 2024, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter C of the Internal Revenue Code (“IRC”). As a C Corporation, the Company accounts for income taxes under the liability method. Deferred income tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and the respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Valuation allowances are established, when necessary, to reduce deferred income tax assets to the amount expected to be realized.

The Company’s federal income tax returns for tax years ended December 31, 2021 and subsequent remain open to examination by the Internal Revenue Service. The returns for California, its most significant state jurisdiction, remain open to examination by state taxing authorities for tax years ended December 31, 2020 and subsequent.

The Company follows Financial Accounting Standards Board (“FASB”) authoritative guidance relating to accounting for uncertainty in income taxes, ASC Topic 740. The Company evaluated its tax position for the years ended December 31, 2024, 2023 and 2022, and believes that it does not have any significant uncertain tax positions.

Adopted Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-13, “Financial Instruments - Credit Losses” (“ASU No. 2016-13”), which prescribes an impairment model for most financial instruments based on expected losses rather than incurred losses. Under this model, an estimate of expected credit losses over the contractual life of the instrument is to be recorded as of the end of a reporting period as an allowance to offset the amortized cost basis, resulting in a net presentation of the amount expected to be collected on the financial instrument. The expected credit loss model incorporates historical collection experience and other factors, including those related to current market conditions and events. The Company monitors trade receivable balances and other related assets, and estimates the allowance for lifetime expected credit losses. ASU No. 2016-13 became effective for companies for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. For most instruments, entities must apply the standard using a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. The adoption of ASU No. 2016-13 on January 1, 2022 did not have a material impact on the Company’s financial statements.

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This ASU requires enhanced disclosures about a reporting entity's effective tax rate and its income taxes paid (refunded). ASU 2023-09 is effective for public business entities for annual periods beginning after December 15, 2024 and for annual periods beginning after December 15, 2025, for all other entities. The Company is currently evaluating the effects that the adoption of ASU 2023-09 will have on the Company’s financial statements.

YOGURT LAND FRANCHISING, INC.
 Notes to Financial Statements (Continued)
 As of and for the Years Ended December 31, 2024, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain balances from 2023 and 2022 have been reclassified to conform with the current year presentation.

Subsequent Events

Management has evaluated material subsequent events for recognition or disclosure through the date these financial statements were available to be issued, March 27, 2025. The Company has concluded that no subsequent events have occurred that require additional recognition or additional disclosure in the financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2024	2023	2022
Automobiles	\$ 45,717	\$ 45,717	\$ 45,717
Computers	273,654	259,588	231,705
Furniture and fixtures	292,266	292,266	292,266
Leasehold improvements	273,928	149,501	1,259,107
Machinery and equipment	525,630	525,630	500,313
Construction-in-progress	<u>83,045</u>	<u>83,045</u>	<u>83,045</u>
	1,494,240	1,355,747	2,412,153
Less: accumulated depreciation and amortization	<u>(1,093,444)</u>	<u>(1,034,443)</u>	<u>(1,814,277)</u>
Property and equipment, net	<u>\$ 400,796</u>	<u>\$ 321,304</u>	<u>\$ 597,876</u>

Depreciation and amortization expense for the years ended December 31, 2024, 2023 and 2022 was \$59,001, \$145,663 and \$138,450, respectively. During the year ended December 31, 2023, the Company wrote off approximately \$1,200,000 worth of old property and equipment, resulting in a loss on disposal of approximately \$317,000.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Operating Leases

On January 1, 2022, the Company adopted the new accounting pronouncement, ASC 842, as it relates to its leases which requires a lessee to recognize all long-term leases on its balance sheet as a liability for its lease obligation, measured at the present value of lease payments not yet paid, and a corresponding asset representing its right to use the underlying asset over the lease term.

In accordance with ASC 842, the Company, at the inception of the contract, determines whether a contract is or contains a lease. For leases with terms greater than 12 months, the Company records the related operating or finance Right of Use (“ROU”) asset and lease liability at the present value of lease payments over the lease term at commencement date. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

YOGURTLAND FRANCHISING, INC.
Notes to Financial Statements (Continued)
As of and for the Years Ended December 31, 2024, 2023 and 2022

NOTE 4 – COMMITMENTS AND CONTINGENCIES (Continued)

Operating Leases (Continued)

The Company subleases its corporate office in Irvine, California under a non-cancelable operating lease agreement from a related party on a month-to-month basis which commenced September 1, 2022, with monthly payments of \$4,500. The Company also has a month-to-month lease with a related party for office space in Irving, Texas for approximately \$2,500 per month. Total rent expense was approximately \$107,000, \$137,000 and \$377,000 for the years ended December 31, 2024, 2023 and 2022, respectively. Management has determined that due to the common ownership with the Company, these related parties qualify as variable interest entities in which the Company is the primary beneficiary. However, they meet certain conditions that allow the Company not to consolidate these entities into the Company's financial statements (see Note 6).

The Company is party to nine (9) lease agreements (with unrelated lessors) for facilities located in California, where the Company and the Company's stockholder has guaranteed the rent of the related franchisees and sublessors. The total guaranteed amount for lease terms ranging from 3 to 10 years remaining as of December 31, 2024 is approximately \$4,864,000.

Litigation

The Company is involved in various claims and legal actions that arise in the ordinary course of business. Management does not believe that the ultimate resolution of these actions will have a material adverse effect on the Company's financial position, results of operations, liquidity or capital resources.

NOTE 5 – 401(k) PLAN

The Company's employees are eligible to participate in the Company's voluntary retirement plan under Section 401(k) of the IRC. The plan covers all employees within one year of employment with the Company and provides annual matching of 4%. The expense of matching contributions to the voluntary retirement plan were approximately \$101,000, \$121,000 and \$85,000 in 2024, 2023 and 2022, respectively.

NOTE 6 – RELATED PARTY TRANSACTIONS

Certain franchisees are related parties to the Company through common ownership. The Company has determined that these related parties qualify as variable interest entities in which the Company is the primary beneficiary. However, the Company is not required to consolidate these related parties into the Company's financial statements as they meet certain conditions under FASB ASU No. 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities*. Transactions and balances with these affiliates have been included in the accompanying financial statements as they are not owned or controlled by the Company, but rather by the spouse of the Company's stockholder.

Sales of various supplies, marketing materials and services provided to these related parties totaled approximately \$754,000, \$687,00 and \$1,775,000 for the years ended December 31, 2024, 2023 and 2022, respectively. Amounts due from these related parties totaled \$3,379,052 \$1,639,100 and \$1,637,979 at December 31, 2024, 2023 and 2022, respectively. Amounts owed to these related parties totaled approximately \$458,000, \$340,000 and \$470,000 at December 31, 2024, 2023 and 2022, respectively.

For the year ended December 31, 2023, the Company entered into a management shared services agreement with a related party and recorded related income of \$50,000. No such services were provided during the year ended December 31, 2024.

YOGURTLAND FRANCHISING, INC.
 Notes to Financial Statements (Continued)
 As of and for the Years Ended December 31, 2024, 2023 and 2022

NOTE 6 – RELATED PARTY TRANSACTIONS (Continued)

The due to stockholder of \$630,000 at December 31, 2024, 2023, and 2022 is unsecured and noninterest bearing. Management indicates that these notes will not be paid in the next 12 months. As such these notes have been classified as long-term in these financial statements.

The Company has various loan agreements with its related parties, for which the total loan receivables balance amounted to \$3,360,000, \$2,432,000 and \$1,276,000 at December 31, 2024, 2023 and 2022, respectively. All amounts due from the various related parties are non-interest bearing and without definite due dates.

The Company had a consulting contract with a related party (Yogurtland International) for \$11,000 per month. The contract expired in December 2024 and has not been renewed.

Included in the balances due from related parties at December 31, 2024, 2023 and 2022, respectively, include the following significant relationships:

<u>Related Party</u>	<u>Reason</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Paramount Dairy	Product manufacturer	\$ 24,129	\$ 409,266	\$ 411,845
YL Marketing	Marketing expenses	297,218	62,507	194,669
Egg N Bird Corporation	Corporate stores	3,031,759	1,128,863	648,801
Jennifer Kang	Related franchisee	-	-	216,703
Other corporate stores	Supplies and equipment	25,946	38,473	165,961
		<u>\$ 3,379,052</u>	<u>\$ 1,639,109</u>	<u>\$ 1,637,979</u>

The loan payable of \$1,320,000, \$1,370,000 and \$1,500,000 at December 31, 2024, 2023 and 2022, respectively, represents “RRF” amounts loaned to the Company from its corporate stores. The loans are summarized as follows:

“RRF” represents funds received by the related parties from the Restaurant Revitalization Fund that was provided specifically to restaurants by the federal government as part of the COVID relief effort. The related parties then loaned those funds to the Company. All of the loans are unsecured, noninterest bearing and will not be paid in the next twelve months. Thus, they are classified as long-term in these financial statements.

<u>Related Party</u>	<u>Reason</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
YL Alhambra	RRF	\$ 100,000	\$ 100,000	\$ 100,000
YL Lakewood	RRF	250,000	250,000	250,000
MCP Enterprise	RRF	340,000	340,000	340,000
YL Downey	RRF	60,000	60,000	60,000
YL Southgate	RRF	300,000	300,000	300,000
YL Edinger	RRF	-	50,000	130,000
YL Genesee	RRF	160,000	160,000	210,000
YL Long Beach	RRF	110,000	110,000	110,000
		<u>\$ 1,320,000</u>	<u>\$ 1,370,000</u>	<u>\$ 1,500,000</u>

YOGURT LAND FRANCHISING, INC.
Notes to Financial Statements (Continued)
As of and for the Years Ended December 31, 2024, 2023 and 2022

NOTE 7 – INCOME TAXES

The provision for income taxes consisted of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current:			
Federal	\$ 742,818	\$ 353,060	\$ 289,513
State and county	<u>307,624</u>	<u>149,945</u>	<u>110,478</u>
	<u>\$ 1,050,442</u>	<u>\$ 503,005</u>	<u>\$ 399,991</u>

As of December 31, 2024, 2023, and 2022, the Company had no deferred income tax expenses.

EXHIBIT D
TO YOGURT LAND FRANCHISE DISCLOSURE DOCUMENT
Franchise Agreement

YOGURTLAND FRANCHISE AGREEMENT

SUMMARY PAGES

Store Number: _____

Effective Date: _____

Expiration Date: _____
The day immediately before the (_____) anniversary of the Operations Commencement Date (as defined herein) or, in the case that this Agreement is signed in connection with the transfer, relocation or renewal of an existing Store.

Franchisee: _____

If a Business Entity _____

Type and State of Formation _____

Business Entity Owners: _____

Name	Ownership Interest In Franchisee	Nature Of Interest

Franchisee Address for Notices: _____

Franchisee Telephone Number: _____

Franchisee Email Address: _____

Designated Manager: _____

Site Selection Area: _____

Type of Store: _____ (Traditional or Nontraditional)

Initial Franchise Fee: \$ _____

Monthly Royalty Fee: 6% of Net Sales for the preceding month

Monthly Marketing Fee: 2% of Net Sales for the preceding month

Renewal Fee: \$20,000

Transfer Fee \$20,000; provided that, if Franchisee is comprised of one or more individuals desiring to transfer their interests to a newly formed entity for convenience of operation, the transfer fee is \$750, or if Franchisee is an entity and Franchisee's Owners desire to transfer interests among themselves or desire to transfer a non-controlling interest to one or more third parties, the transfer fee is \$5,000.

Franchisor Address for Notices:
Yogurtland Franchising, Inc.
2100 Valley View Lane, Suite 101
Farmers Branch, Texas 75234
Attention: President

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FRANCHISE AGREEMENT

This **FRANCHISE AGREEMENT** is entered into by and between Franchisor and the Franchisee identified in the Summary Page, to be effective on the Effective Date identified on the Summary Page.

RECITALS

A. Franchisor has developed and continues to develop a System (as defined below) for the operation of retail stores that specialize in the offer and sale of frozen desserts, and, if required or permitted by Franchisor, beverages and other similar and dissimilar items of food, beverage and merchandise under the Marks (as defined below), using valuable trade names, trademarks and service marks belonging to Franchisor and which system features distinctive business formats, systems, copyrights, methods, recipes, procedures, designs, layouts and specifications and various Trade Secrets and other Confidential Information, and in some cases, includes architectural designs, trade dress, uniforms, equipment specifications, layout plans, inventory, record-keeping and marketing techniques developed and owned by Franchisor.

B. Franchisor and/or its Affiliates may operate, and Franchisor licenses and franchises others to operate stores that utilize Franchisor's business operating methods for a store, including interior and exterior store design; other items of trade dress; specifications for equipment, fixtures, and uniforms; formats; systems; copyrights; Manuals; methods; procedures; designs and layouts; specifications; defined product offerings, recipes and preparation methods; Trade Secrets and other Confidential Information; standard operating and administrative procedures; management and technical training programs; inventory procedures; marketing and public relations programs; and other materials, trade secrets, know-how, and technology, all as the same may exist today or as they may change from time to time, as specified in the Manual or as otherwise directed by Franchisor from time to time (the "System").

C. Franchisor owns or controls various trademarks, service marks, trade names, logotypes, trade dress, designs (including product package designs), symbols, emblems, logos, insignias, external and internal building designs, and architectural features, copyrights, and combinations of the foregoing, which are used by Franchisor, its franchisees and licensees in offering, selling, and distributing its products and services, all of which, together with those trademarks, service marks, trade names, logotypes, commercial symbols, and copyrights that Franchisor designates (including substitutions and modifications) from time to time are collectively referred to herein as the "Marks."

D. The retail stores that Franchisor and its Affiliates operate under the Marks and using the System and that Franchisor license and franchise third parties to operate under the Marks and System enjoy widespread public acceptance due in part to (1) high standards for the ingredients, preparation, presentation, and service of food, beverages and other items; (2) the menu, image, appearance, and methods of operation of the stores; (3) use of the System and the valuable and distinctive Marks; and (4) Franchisor's franchisees' and licensees' commitments to maintain and enhance the goodwill and public acceptance of authorized products, services, and stores by adherence to these Franchisor's standards as they now exist and may be revised from time to time.

E. Franchisee desires, and has applied for a franchise, to establish and operate a retail store that specializes in the offer and sale of frozen desserts, and, if required or permitted by Franchisor, beverages and other similar and dissimilar items of food, beverage and merchandise under the Marks and using the System (the "Store") at a location to be specified and accepted by Franchisor, in accordance with the terms of this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Franchisor and Franchisee, and intending to be legally bound hereby, the parties agree as follows:

Article 1

GRANT OF FRANCHISE

1.1 License Rights. Franchisor licenses Franchisee the limited right and license and Franchisee hereby accepts the right and license, during the Term, to use the System in operating a franchised business under the Marks.

1.2 Single Site and Relocation. Franchisor grants Franchisee the right to operate a Store only at the Store Location identified on Attachment C. If the Accepted Location has not been identified as of the Effective Date, Franchisee shall identify a site for Store within the Site Selection Area identified in the Summary Pages. Franchisee shall not delegate, franchise, or sub-franchise the right to use the Marks or authorize (whether by management agreement or otherwise) any independent contractor or any other party, including those with whom Franchisee conducts business, to use the Marks. Franchisee shall have no right to relocate the Store, and Franchisee shall not relocate the Licensed Store without first obtaining Franchisor's prior written consent, which may be withheld in Franchisor's sole discretion. The Store to be developed, developed and operated hereunder may sometimes be referred to herein as the "**Licensed Store**."

1.3 Reservation of All Other Rights. Franchisee acknowledges that it is not granted any territorial rights or protection. The license granted to the Franchisee under this Agreement to use the Marks is non-exclusive and Franchisor reserves all rights, except as expressly stated in this Agreement, including but not limited to the right to open additional Stores and to offer additional franchises and licenses for additional Stores to other parties as Franchisor deems in its best interest and in its sole and absolute discretion, including under the Marks both within and outside the Store trading area, and to develop and license other names and marks on any such terms and conditions as Franchisor deems appropriate.

Article 2

TRADEMARKS AND COPYRIGHTS

2.1 Use Permission. Franchisor grants to Franchisee the right and license to use the Marks at the Licensed Store and nowhere else, except as expressly approved by Franchisor during the Term (as defined below) for identification, advertising, and promotion of Franchisee's Yogurtland franchise. Franchisee shall adopt and use the Marks only in the manner expressly approved by Franchisor from time to time during the Term (as defined below).

2.2 Ownership of Marks, Additions, Deletions, and Changes. Franchisee acknowledges: that Franchisor owns the Marks; that Franchisee's right to use the Marks is derived solely from this Agreement and is limited to operating the Licensed Store in compliance with this Agreement and all Franchisor's standards, specifications, and operating procedures; that all goodwill developed from Franchisee's use of the Marks shall be for Franchisor's exclusive benefit; and, that this Agreement does not confer any goodwill or other interest in the Marks on Franchisee except the limited right to use them in operating one Yogurtland store in compliance with this Agreement. Nothing contained in this Agreement shall be construed to vest in Franchisee any right, title or interest in or to the Marks, the goodwill now or hereafter associated therewith, or any right in the design or any Store building, other than the limited rights and license expressly granted herein. Franchisor shall have the right at any time and from time to time upon notice to Franchisee to make additions to, deletions from, and changes in the Marks, or any of them, all of which additions, deletions and changes shall be as effective as if they were incorporated in this Agreement. Franchisee represents, warrants, and promises that neither during the Term of this Agreement nor after the expiration or other termination hereof, shall the Franchisee directly or indirectly contest or aid in contesting the validity, ownership or use of the Trademarks by the Franchisor or take any action whatsoever in derogation of the rights claimed therein by the Franchisor.

2.3 Restriction on Use. Franchisee shall not use any Mark or Marks as part of any corporate or trade name or with any prefix, suffix, or in any modified form or with other modifying words, terms, designs

or symbols, unless specifically approved by Franchisor in writing. Franchisee shall be permitted to identify Franchisee's business using a fictitious business name of Franchisee's Store in a format as the law permits and Franchisor approved or designates, in Franchisor's sole discretion, from time to time, such as "Yogurtland" or [geographic designation]. Franchisee shall file all fictitious name affidavits required by law in the state and county where Franchisee is located. Franchisee shall not use the Marks in any manner not expressly authorized in writing by Franchisor. Franchisee shall use and display all Marks in the manner Franchisor specifies. Franchisee shall use the encircled R registration symbol "®" with Marks that are registered in the U.S. Patent and Trademark Office and shall give additional notices of trade and service mark registrations as Franchisor specifies. Franchisee shall refrain from any business or marketing practice that might injure Franchisor or the business and goodwill associated with the Marks or the System.

2.4 Trademark Protection. Franchisor shall have no obligation to protect Franchisee against claims of infringement or unfair competition arising out of the use of the Marks or to defend Franchisee in any legal action. However, Franchisor will take such action as Franchisor considers appropriate under the circumstances, provided Franchisee has promptly notified Franchisor in writing of the facts of the claim or challenge and provided further that Franchisee has used the Marks in strict accordance with this Agreement and all Franchisor's rules, regulations, requests, and procedures. Franchisor may assume the defense of the action at any time, even if Franchisor initially declined to take over the defense. If Franchisor chooses to defend Franchisee, then Franchisee shall fully cooperate with Franchisor in that defense.

2.5 Control of Actions and Trademark Usage. Franchisor shall have the sole right to bring and control any legal actions or proceedings including settlements involving claimed trademark infringement or unfair competition against Franchisee or against others using the Marks. Franchisor may, at Franchisor's sole discretion, prosecute or defend any infringement or unfair competition claim involving the Marks or any other actions or proceedings that Franchisor deems necessary or desirable to protect the Marks.

2.6 Notification of Claims. Franchisee shall immediately notify Franchisor of any apparent infringement of or challenge to Franchisee's use of any Marks or claim by any person of any rights in any Mark. Franchisee shall not communicate with any person other than Franchisor or Franchisor's legal counsel concerning the alleged infringement, challenge, or claim. Franchisee shall execute any instruments and documents, provide assistance, and do those things (including being named as a party) that, in the opinion of Franchisor's legal counsel, may be necessary or advisable to protect and maintain Franchisor's interests in any litigation, or U.S. Patent and Trademark Office, or other proceeding, or otherwise protect and maintain Franchisor's interests in the Marks.

2.7 Stopping or Changing Use of Marks. If it becomes advisable at any time in Franchisor's sole discretion for Franchisor or Franchisee to modify or stop using any Mark(s) or to use one or more additional or substitute trade or service marks, Franchisee shall comply with Franchisor's directions to modify or stop using the Marks or to use one or more additional or substitute trade or service marks within a reasonable time after notice from Franchisor. Franchisor shall have no obligation to pay for or reimburse Franchisee for the expenses to modify or stop using any Mark(s), or in substituting different trade or service marks.

2.8 Copyrights. Franchisor claims copyright rights in the Manual, construction plans, advertising and promotion materials, and in other materials used in the System. Franchisee acknowledges that Franchisor owns such copyright rights regardless of whether the copyrights are at any particular time registered in the Copyright Office of the Library of Congress.

2.9 Franchisor's Rights to Additional Trademarks and Other Marks. Franchisee understands and expressly acknowledges and agrees that the Franchisor has the exclusive, unrestricted right to engage directly and indirectly, through its employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, within the Licensed Store's trading area and elsewhere, in (a) the production, distribution and sale of food products and beverages under the Trademarks licensed hereunder or other marks; and (b) the use, in connection with such production, distribution and sale, of any and all

trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by the Franchisor, whether or not licensed to Franchisee.

2.10 No Pre-Packaged Products. Except as expressly permitted by this Agreement and the Manual, the license granted under this Agreement does not include any right or authority of any kind whatsoever to Franchisee to produce or sell, or license others to produce or sell, pre-packaged food products or beverages under the Marks.

2.11 Use Only in Good Taste. Franchisee shall use and display the Marks only in good taste (per Franchisor's judgment) and shall not use the Marks in connection with any statement (including in advertising and social media) or material which may, in the judgment of Franchisor, be in bad taste or inconsistent with Franchisor's public image, or tend to bring disparagement, ridicule or scorn upon Franchisor, the Marks, or the goodwill associated therewith.

Article 3 **CONFIDENTIAL BUSINESS OPERATIONS MANUAL**

3.1 Confidential Business Operations Manual. Franchisor has created a Confidential Business Operations Manual (the "Manual") which contains policies, specifications, procedures, and instructions developed by Franchisor pertaining to the operation of Stores. During the Term, Franchisor will loan, or make available (if in electronic format) to, Franchisee one copy of the Manual.

3.2 Ownership. The loaned copy of the Manual and its contents are solely Franchisor's property. Franchisee shall return the loaned copy of the Manual to Franchisor promptly on expiration or termination of this Agreement. The Manual and all amendments to the Manuals (and copies thereof) are copyrighted and remain Franchisor's property. The Manuals are highly confidential documents which contain certain Confidential Information of Company. Franchisee shall not make, or cause or allow to be made, any copies, reproductions or excerpts of all or any portion of the Manuals without Franchisor's express prior written consent.

3.3 Confidentiality. Franchisee acknowledges and agrees that the contents of the Manual are confidential and proprietary to Franchisor. Franchisee shall keep the contents of the Manual confidential, shall take all commercially reasonable steps to maintain the confidentiality of the Manual, and shall take any additional steps that Franchisor requests from time to time to protect the confidentiality of the Manual. Franchisee shall make no copy in any format whatsoever of the Manual or any portion of the Manual.

3.4 Additions and Modifications. Franchisor may from time to time add to, delete from, supplement or otherwise modify the contents of the Manual. Franchisee shall promptly insert any revised pages or other forms of supplements into the loaned copy of the Manual. In any dispute about the contents of the Manual, any master copy maintained by Franchisor shall be deemed to be controlling. Franchisor has the right to develop, operate and change the policies, specifications, procedures, and instructions in any manner and Franchisor shall have the right to modify the Manual at any time and from time to time; provided, that no such modification shall alter Franchisee's fundamental status and rights under this Agreement. Modifications in the Manual shall become effective upon delivery of written or electronic notice thereof to Franchisee unless a longer period is specified in such written notice or unless a longer period is set forth in this Agreement. Franchisee agrees that Franchisor reserves the right and privilege, in its discretion to vary the Manual and the policies, specifications, procedures and instructions set forth therein for any franchisee or group of franchisees based on the peculiarities of any condition or factors that Franchisor considers important. Franchisee has no right to require Franchisor to grant a similar variation or accommodation. The Manual, as modified from time to time, shall be an integral part of this Agreement and reference made in this Agreement, or in any amendments, exhibits or schedules hereto, to the Manual shall be deemed to mean the Manual kept current by amendments from time to time. If the Summary Page reflects that the Licensed Store is a Non-Traditional Store, then Franchisee hereby acknowledges and agrees

that Franchisee may be required by Franchisor to comply with different specifications, standards and instructions than Stores that are not Non-Traditional Stores, in each case as Franchisor determines in its sole discretion from time to time throughout the Term and communicates to Franchisee.

3.5 Acknowledgement of Critical Nature of Uniformity within the System. Subject to variation permitted by Franchisor, Franchisee acknowledges and agrees that strict conformity with the System, including the standards, specifications, systems, procedures, requirements, and instructions contained in this Agreement and in the Manual, is vitally important to the success not only of Franchisor, but to the collective success of the System, including Franchisee, by reason of the benefits all franchisees and Franchisor will derive from uniformity in food products, identity, quality, appearance, facilities, payment methods (including gift certificates, gift cards, stored value cards, customer loyalty programs, etc.), social networking, websites, advertising, promotions, and service among Stores. Any failure to adhere to the standards, specifications, requirements, or instructions contained in this Agreement or in the Manual shall constitute a material breach of this Agreement. The System does not include policies or procedures regarding human resources or security issues. If Franchisor elects in the future to communicate any policies or procedures regarding human resources or security issues, Franchisee's adoption or use of them will be completely voluntary and at Franchisee's sole discretion, unless Franchisor unequivocally requires in writing Franchisee to implement them. Franchisee hereby acknowledges and agrees that Franchisor is not responsible for and does not control the policies or procedures of Franchisee regarding the human resource, employment, work environment or the safety of Franchisee's employees, customers or guests.

3.6 Compliance. Franchisee shall operate the Licensed Store in compliance with all the contents of the Manual, as modified from time to time by Franchisor, and Franchisee acknowledges and accepts that additional investment and expenditures by Franchisee may be necessary in order to comply with such modifications.

Article 4 **TRAINING**

4.1 Training Programs. Franchisor will provide an initial training program and may provide other mandatory and optional training programs. All training programs will be conducted at locations and times that Franchisor designates.

4.2 Initial Training. During the 30 days prior to Franchisee's scheduled opening, Franchisor shall provide two management individuals selected by Franchisee (which may be Franchisee and Franchisee's initial store-manager, two managers, or Franchisee and Franchisee's spouse, if both are actively involved in the operation of the Licensed Store) with Franchisor's initial training program, which training shall be at Franchisee's expense. The parties acknowledge that the initial training program is anticipated to occupy each trainee on a full-time basis and to last 12 days. Training shall take place at a location designated by Franchisor, which may be a Franchisor-operated store or the Licensed Store. Each additional management employee of Franchisee must be trained to the sole, subjective satisfaction of Franchisor, and Franchisee shall pay each additional management training fee as provided in Section 6.3.

4.3 Failure to Complete Initial Training. If Franchisee or the initial store manager fails to complete the initial training program to Franchisor's sole, subjective satisfaction, then Franchisor shall have the right to terminate this Agreement effective on delivery of notice of termination to Franchisee. On termination under this Section, there shall be no refund of any fee or expense, and Franchisor shall keep all initial franchise and other fees paid.

4.4 Additional Mandatory and Optional Training. Franchisor, at Franchisor's discretion, may provide from time to time mandatory or optional training programs on new products, operating procedures, selling techniques, services, preferred suppliers, management skills, and other aspects of business operations that Franchisor believes may be beneficial. Franchisor shall have the right to determine the duration, location, composition, subject matter, whether or not there will be an additional charge for a

particular program, the amount of the charge, and all other aspects of these training programs. Franchisee shall attend and complete, and cause Franchisor-described personnel to attend and complete, all training programs that Franchisor specifies as mandatory.

4.5 Training Requested by Franchisee. If Franchisee requests and Franchisor agrees to provide training or assistance at the Licensed Store in addition to the initial training, Franchisee shall pay Franchisor's then standard rates for each day of such additional training or assistance and reimburse Franchisor's expenses for these special or additional training programs, including but not limited to compensation and reasonable expenses of instructors.

4.6 Franchise Specific Additional Training. Special or additional training programs may be implemented by Franchisor at Franchisor's sole discretion when Franchisor believes such programs could provide particular value to Franchisee or that Franchisee is in particular need for such training. Franchisee shall pay Franchisor applicable training fees and reimburse Franchisor's expenses for these special or additional training programs, including but not limited to compensation of instructors, payment for facilities, and training manuals.

4.7 Training Expenses. Franchisee is solely responsible for all expenses incurred by Franchisee, Franchisee's designated manager, and other of Franchisee's employees for all training programs including training fees, cost of travel, lodging, meals, and compensation. There will be no compensation of any kind from Franchisor for work performed or participation in any training program, even if the training involves customer service, food preparation, or other work at or beneficial to a Store owned or operated by Franchisor or another franchisee.

4.8 Proprietary Materials. At the Initial Training Program or other training programs (if any), Franchisor may provide to Franchisee proprietary information, training materials, training curricula, and related materials for use in connection with the training of Franchisee's management and staff. Such items are deemed Confidential Information and will remain the property of Franchisor. Franchisor may also from time to time make available to Franchisee for purchase other materials relevant to the System and Franchisee's Yogurtland business. Franchisee must not, and must not allow its employees or others, to copy, reproduce, disseminate, or otherwise reveal to third parties any of such proprietary information or materials without Franchisor's express, prior, written consent.

4.9 Conventions. From time to time, Franchisor may, but is not obligated to, arrange for meetings or conventions of franchisees and licensees to provide additional exchange of information and ideas, to recognize accomplishments of franchisees, or for other purposes related to the System. Franchisee shall, at Franchisee's expense, attend and participate in all meetings and conventions that Franchisor designates as mandatory.

Article 5 **MARKETING**

5.1 Marketing Fund.

A. Establishment. Franchisor has established a marketing fund to advertise and promote the System (the "**Marketing Fund**").

B. Uses. The Marketing Fund collected is mainly used for international, national, regional or local marketing purposes, but may also be used for advertising, marketing, public relations, and related purposes that Franchisor deems appropriate, in its sole discretion. By way of illustration and not limitation the Marketing Fund may be used to pay costs of marketing surveys and research; employing public relations firms; developing and maintaining Internet website and social media communications; preparing and producing video, audio and written marketing materials; buying Internet, social media, TV, radio, paid digital advertising, satellite, podcast, magazine, billboard, newspaper and other media advertising; employing advertising agencies; providing or selling marketing materials to Stores; holding conventions

and meetings for personnel of Stores; and paying costs to account for and report on contributions, expenditures, and related activities of the Marketing Fund.

C. Promotion Materials. Franchisor may use the Marketing Fund to develop and market promotional items from time to time. If and when developed, those items will be made available to Franchisee for purchase at Franchisee's sole cost and expense. Franchisee shall maintain a representative inventory of promotional items in accordance with requirements established by Franchisor.

D. Coupons. The Marketing Fund may be used to develop programs that include special offers and coupons. Franchisee shall honor all such special offers and coupons. Franchisor has no obligation to reimburse Franchisee for any cost or discount related to acceptance of coupons or special offers.

E. Franchisee's Contributions. Franchisee shall contribute the amounts stated in Section 6.6 to the Marketing Fund. Franchisee's contributions to the Marketing Fund are non-refundable.

F. Franchisor Contributions. Franchisor, or its affiliates who operate Stores, may, but shall have no obligation to, make periodic contributions to the Marketing Fund.

G. Contributions from Other Sources. Franchisor shall have the right, but is not obligated, to collect and contribute to the Marketing Fund any advertising or other rebates received from suppliers or others.

H. Maintenance. Contributions to the Marketing Fund may, but need not be maintained in accounts separate from Franchisor's other funds. The Marketing Fund will not be used to defray Franchisor's general operating expenses, except Franchisor may allocate a portion of the Marketing Fund (not to exceed 25%) to reimburse it for internal expenses (including an allocation of employee salaries) incurred in the operation and the administration of the Marketing Fund, which may include costs associated with developing, managing and placing advertisements.

I. Administration. Franchisor shall oversee all programs financed by the Marketing Fund, with sole discretion over their creative concepts, materials, timing, placement, allocation and other aspects. Franchisor has no obligation to cause Marketing Fund expenditures to benefit any particular Franchisee or group of Franchisees or DMA equivalently or proportionately to Franchisee's contributions, or at all, or to ensure that Franchisee or any one or more particular franchisees benefit directly or pro rata from uses of the Marketing Fund.

J. Timing. Franchisor will give consideration to spending contributions to the Marketing Fund during approximately Franchisor's fiscal year when the contributions were made. Franchisor shall have the right to spend in any fiscal year, more or less than the amount of contributions to the Marketing Fund made in that year. Funds not spent in a fiscal year when contributed may be retained and applied and used for Marketing Fund expenses in other years, which could also include payment of expenses from prior years. The Marketing Fund may borrow from Franchisor or others to finance operations and to cover deficits.

K. Accounting. A summary unaudited statement of Marketing Fund contributions and expenditures shall be prepared annually and shall be made available to Franchisee upon written request, which request must have been made during the succeeding calendar year. Franchisor shall have the right but no obligation to cause statements to include an independent certified public accountant's audit of Marketing Fund contributions and expenditures. Franchisor shall have the right to cause the Marketing Fund to pay for or reimburse Franchisor for the cost incurred in connection with the preparation of such statements.

L. Termination. Franchisor shall have the right to terminate or suspend operation of the Marketing Fund at any time, either temporarily or permanently, effective when arrangements have been made for the use or expenditure of monies in the Marketing Fund. Franchisor shall have the right to restart the Marketing Fund after termination or suspension.

5.2 Advertising and Promotion Activities by Franchisee. In addition to any contributions by

Franchisee to the Marketing Fund, Franchisee shall advertise and market the Licensed Store in amounts described in Section 6.7. Franchisee shall provide Franchisor written verification of Franchisee's local advertising expenditures, as Franchisor requires from time to time. Franchisee shall obtain the prior written approval of Franchisor of all marketing and advertising materials developed by Franchisee, which consent shall be granted or withheld in Franchisor's sole discretion. Franchisee shall be responsible to assure that all advertising, promotion and marketing by Franchisee are clear, truthful and not misleading, and conform to the highest standards of ethical marketing and promotion policies that may be prescribed by Franchisor. Franchisee shall not advertise, solicit business or make sales via the Internet, catalog sales or telemarketing or create or maintain a website without first obtaining Franchisor's written consent, which consent Franchisor may withhold in its sole discretion. Moreover, as and when instructed by Franchisor, Franchisee shall participate in advertising campaigns, promotions, event marketing, couponing, and all other types of marketing, advertising and promotional activities required by Franchisor; provided, however, Franchisee will not be required to spend in any given calendar year amounts in excess of what is required in aggregate under Sections 6.6, 6.7, and 6.9 below.

5.3 Advertising Submissions. Franchisee shall submit to Franchisor for Franchisor's prior written consent, samples of all advertising and marketing materials not prepared or previously consented to by Franchisor. If Franchisor does not provide a written consent to any advertising or other promotion materials within 10 days from receipt by Franchisor, Franchisor shall be deemed to have withheld consent. Franchisee shall not use any advertising or marketing related material to which Franchisor has not consented.

5.4 Telephone Directory. Franchisee shall list the Licensed Store's phone numbers in the principal telephone directories distributed in the metropolitan area and communities where the Licensed Store is located. Franchisee shall list the Licensed Store's phone numbers in such internet directories as Franchisor shall designate or approve.

5.5 Franchisor's Advertising. Franchisor shall provide and Franchisee shall be required from time to time to purchase proprietary marketing materials from Franchisor that Franchisor considers suitable for use at local Stores. Franchisor may charge Franchisee at Franchisor's cost to produce these materials, including reasonable allocation of overhead and any shipping, handling and storage charges, payable when the materials are ordered. These payments are not refundable.

5.6 News and Publicity. In order to maintain the high reputation of the Stores and System and for the benefit of Stores and their respective owners, Franchisee shall report immediately by telephone to Franchisor the occurrence of any incident at or concerning the Licensed Store or the business conducted there which is or is likely to become the subject of publicity through the news media or otherwise. Franchisee hereby acknowledges that Franchisor alone is authorized to speak or make statements, public or private, on behalf of the Yogurtland brand or the System, and Franchisee shall in every instance consult and coordinate with Franchisor in advance of communicating with the media or of creating publicity for the brand or System outside the normal course of business.

Article 6 FEES

6.1 Initial Franchise Fee and Deposit. With execution of this Agreement, Franchisee shall pay Franchisor the Initial Franchise Fee in the amount stated on the Summary Pages. The Initial Franchise Fee is fully earned upon execution hereof and is not refundable.

6.2 Limited Construction Project Management Services Fee. In accordance with Section 8.2, Franchisee shall pay to Franchisor a fee of \$6,000 for limited construction supervisory project management services.

6.3 Training Fees. Franchisor shall provide initial training to two management persons designated by Franchisee, who will be responsible for the management of the Licensed Store, at no

additional charge to Franchisee. For each additional person to be trained at any time throughout the Term, Franchisor may charge a reasonable fee and require reimbursement of Franchisor's administrative and out-of-pocket expenses incurred in providing such training, and Franchisee shall pay the then-required amounts to Franchisor prior to commencement of the pertinent training, which amount shall be non-refundable.

6.4 Continuing Royalty. Each month Franchisee shall pay Franchisor a monthly continuing Royalty Fee in the amount set forth on the Summary Page (the "**Royalty Fee**"). If Franchisee fails to pay any royalty payment as and when due, the unpaid royalty fee shall be increased to 6.5% of Franchisee's Net Sales for the prior month. Royalty payments shall be accompanied by such reports of Net Sales in the form specified or approved by Franchisor from time to time.

6.5 Net Sales Defined. "**Net Sales**" means and includes means all revenues, sums or things of value generated the Licensed Store or conducted from or with respect to the Licensed Store, whether evidenced by cash, check, credit, barter, or otherwise, including all sales or other transactions for goods and services and including sales where orders originated at or were accepted by Franchisee at one location but delivered or performance made from or at any other location. To the extent included in "**Net Sales**," the amount of "**Net Sales**" shall be reduced by bona fide refunds to customers, discounts, the amount of any sales taxes separately itemized, collected from customers for payment to a federal, state, or local taxing authority and actually paid to that authority, and delivery fees and other amounts charged by a third-party delivery service mandated by Franchisor to be used in connection with delivery services related to **the Licensed Store**, each as we define in our training materials and Operations Manual.

6.6 Franchise Marketing Fund Fee. For each calendar month throughout the Term (and for each partial calendar month, as applicable, at the beginning and end of the Term), Franchisee shall contribute to the Marketing Fund a Marketing Fund Fee in an amount equal to the Marketing Fee Rate in the amount stated on the Summary Pages multiplied by Franchisee's Net Sales from the previous calendar month (or partial month, as applicable) (the "**Marketing Fund Fee**"). The Marketing Fund Fee based on any given calendar month's Net Sales shall be payable on the fifth day of the immediately following calendar month and shall be based on the previous month's Net Sales. If Franchisee fails to pay the Marketing Fund Fee by the fifth calendar day of such immediately following month, the Marketing Fund Fee shall then automatically be, and Franchisee shall pay, 2.5% of Franchisee's Net Sales for the prior month. Franchisor shall have the right from time to time to modify the percentage of Net Sales that Franchisee shall contribute to the Marketing Fund, provided that Franchisor shall not establish a contribution rate greater than 5% of Franchisee's Net Sales.

6.7 Local Advertising; Grand Opening Advertising. Franchisee shall spend two percent (2%) of Net Sales each month on local advertising to enhance the reputation of the Licensed Store on a local level. Franchisee shall furnish Franchisor a monthly written report together with copies of receipts showing the expenditures made for local advertising in the prior month. Franchisee shall spend at least Six Thousand Dollars (\$6,000) on grand opening advertising.

6.8 Electronic Withdrawal Authorization. Franchisee shall execute a bank authorization in the form attached as an exhibit to the Franchise Disclosure Document or such other bank authorizations as Franchisor requests to enable Franchisor to automatically initiate debit entries and/or credit correction entries to Franchisee's bank account or credit card account for payments of the monthly royalty and advertising fees, other fees, charges, product purchase payments, or other amounts due to Franchisor or its affiliates under this Agreement, or any other agreement, including interest charges. Franchisee shall make sufficient funds available in its bank account for withdrawal by direct debit of all fees then due no later than each due date.

6.9 Cooperatives. Franchisor shall have the right to establish geographic areas of local or regional cooperative advertising and to require franchisees in the applicable geographic area to actively participate in and contribute such amounts determined by a majority vote of the cooperative members. Franchisee's contributions to any such cooperative shall in no event be less than 2% or more than 5% of Franchisee's

monthly Net Sales. Contributions to a cooperative established by Franchisor shall apply as a credit against the amounts that Franchisee is required to spend for local advertising pursuant to Section 6.7. Franchisor may elect to administer the cooperative advertising. At Franchisor's election, Franchisor may require the cooperative to be governed by written governing documents in form accepted by Franchisor. If and when created, these documents shall be available to Franchisee for review. The cooperative may elect to prepare annual or periodic financial statements and make them available for review by franchisees. Franchisor shall have the power to form, change, dissolve, or merge cooperative advertising. Notwithstanding the foregoing, if the type of Store set forth in the Summary Pages is Non-Traditional Store, then Franchisee shall not be required to contribute to a cooperative with respect to the Licensed Store.

6.10 Insufficient Funds; Charges on Delinquent Payments. If any check, draft, electronic transfer or otherwise, is unpaid because of insufficient funds or this like, then Franchisee shall pay Franchisor an amount equal to \$200 to compensate Franchisor for its costs associated with such insufficient funds or returned payment. All delinquent payments of any sums due Franchisor pursuant to any provision of this Agreement will be charged a monthly fee equal to 2% of the amount delinquent (subject to reduction if applicable law would require Franchisor to charge a lower fee) to partially compensate Franchisor for its additional efforts in accounting for and collecting delinquent sums. This provision does not authorize or excuse late payment.

6.11 Application of Payments; No Offset by Franchisee. Franchisor may apply Franchisee's payments to any amounts then due or overdue from Franchisee to Franchisor or Franchisor's affiliates, whether consistent with Franchisee's instructions or not. Franchisee may not offset or attempt to offset any claim(s) of, or any actual amount(s) owed to, Franchisee from Franchisor, any affiliate of Franchisor, or from any other person, against any amount(s) Franchisee owes Franchisor, any of Franchisor's affiliates, or any other person.

6.12 No Accord or Satisfaction. Franchisor may accept any check or payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment, or in any transmittal documentation enclosing any check or payment, or elsewhere will constitute or be construed as an accord or satisfaction.

6.13 Transfer Fee. As one of the conditions to transferring or assigning this agreement, Franchisee shall pay to Franchisor, prior to the transfer or assignment, a non-refundable transfer fee in the amount stated on the Summary Pages.

6.14 Inspection and Audit of Books and Records. At any time during business hours and without prior notice to Franchisee, Franchisor may inspect and audit the business records, bookkeeping and accounting records, sales and income tax records and returns and other records of the Licensed Store, as well as Franchisee's books and records. Franchisee shall fully cooperate with Franchisor's representatives and accountants in any inspection or audit, and shall provide all such materials when, where, and in what form required by Franchisor.

6.15 Audit Charges. If any inspection or audit discloses a deficiency in payments to Franchisor, Franchisee shall immediately pay the deficiency. If the deficiency is 2% or more for any calendar month, then Franchisee shall also pay an audit fee of \$10,000. If an inspection or audit discloses an overpayment, Franchisor will credit Franchisee for the overpayment, which may apply to amounts due in the future but shall not, under any circumstance, entitle Franchisee to any form of refund.

6.16 Liquidated Damages for Certain Breaches. The parties acknowledge that in view of the nature of the franchise system and the difficulty of precise measurement of damage to Franchisor's trademarks and reputation, determining the precise amount of damage to Franchisor that would result from unauthorized deviation from any of Franchisor's standards, specifications, or requirements would be particularly difficult. Accordingly, to simplify the process of determining damages, the parties agree that for any breach comprised of unauthorized deviation by Franchisee from any of Franchisor's standards,

specifications, or requirements, including but not limited to use or sale of unauthorized consumable or non-consumable items, beverage materials, or other non-authorized product, at Franchisor's election, Franchisee shall pay Franchisor liquidated damages in the amount of \$1,000 per breach and \$1,000 for each day that the breach continues for a maximum amount of 30 days or \$30,000. This liquidated damages provision is not an exclusive remedy and does not excuse the breach. Failure to cure the breach immediately after notice shall be grounds for termination of this Agreement. This liquidated damages provision does not apply to breaches other than those described in this Section.

6.17 Renewal Fee. As one of the conditions to entering into a renewal franchise agreement (on Franchisor's then-current form of franchise agreement), Franchisee shall pay Franchisor a non-refundable renewal fee equal to 50% of the initial franchise fee being offered to new franchisees at the time of renewal.

Article 7 **OBLIGATIONS OF FRANCHISEE**

7.1 Maintenance of Location. Franchisee shall obtain and then maintain the right to occupy the premises of the Licensed Store during the entire Term. Franchisee shall provide Franchisor with a copy of the proposed deed, proposed lease, and other proposed instruments pertaining to Franchisee's ownership or right to occupy the Licensed Store premises at least 10 calendar days before executing or agreeing to any such instrument. Franchisee shall not execute or agree to any such instrument without first obtaining Franchisor's written consent.

7.2 Licensed Store Lease, Construction, and Lien Waivers. Franchisee must secure an accepted site and execute a lease for the Licensed Store within six months from the date of execution of this Agreement. Franchisee shall hire an architect and general contractor from a list of Franchisor-approved architects and general contractors. (Franchisee may request Franchisor's approval of another architect ("Franchisee's Architect"), and, subject to Franchisor's approval of Franchisee's Architect and Franchisee's payment to Franchisor of a fee of no less than \$5,000 to compensate Franchisor for the work of Franchisor's staff with Franchisee's Architect to ensure that he or she fully understands and implements the brand image and identity into the plans, Franchisee may use Franchisee's Architect.) Franchisee shall cause the Licensed Store to be constructed at the Franchisor-accepted location in accordance with the Franchisor-accepted plans and specifications and in accordance with all applicable laws and regulations. Within 60 days of the completion of construction, Franchisee shall have obtained lien waivers from the general contractor, all subcontractors and all suppliers of materials for the construction of the Licensed Store. Franchisee shall provide Franchisor with a detailed breakdown of all construction, material, and equipment costs of the Licensed Store in the format and medium that Franchisor specifies. Franchisee shall submit these to Franchisor no later than the 30 days after the completion of construction.

7.3 Opening Date. Franchisee shall open the Licensed Store for business to the public ("Opening Date") within 90 days after the landlord delivers the premises or Franchisee accepts possession of the premises ("Delivery Date"). Franchisor may, in its sole discretion, extend the Opening Date by written notice to Franchisee. Each payment shall be due and payable in arrears on the first day of the first month immediately following the original Opening Date as defined above.

7.4 Franchisee Services. Franchisee shall offer for sale only products that Franchisor approves from time to time for sale at the Licensed Store. Franchisor may from time to time add to, delete, or modify products authorized for sale. Franchisee shall offer continuously all products that Franchisor authorizes Franchisee to sell from time to time. Franchisee agrees that Franchisor reserves the right and privilege, in its discretion to vary selection and type of products and services that Franchisee, or any other franchisee or group of franchisees is authorized to offer and based on the peculiarities of any condition or factors that Franchisor considers important. Franchisee has no right to require Company to grant a similar variation or accommodation. Franchisee shall maintain high professional and ethical standards, observe preferred suppliers program requirements, if any, established by Franchisor, and shall conduct no other business under the Marks without Franchisor's prior written consent, which may be withheld in Franchisor's sole

discretion. Franchisee shall only sell finished goods and products that have been approved for sale at the Licensed Store and only to retail customers. Franchisee shall not sell any goods or products, whether finished or unfinished, to any person or entity for resale.

7.5 Full Time Effort. In addition to Franchisee's other obligations in this Agreement, Franchisee shall at all times devote Franchisee's best efforts to operate the Licensed Store so as to maximize sales and revenues in compliance with this Agreement and the Manual and applicable law. Franchisee, or a manager identified by Franchisee and consented to by Franchisor in writing, shall be devoted on a full-time basis to active management of the franchised business. If Franchisee is a business organization, then Franchisee shall designate an individual on whom Franchisor may rely for the personal active management of the franchised business pursuant to this Section 7.5 and who will dedicate a minimum of 40 hours per week exclusivity to the Licensed Store. Franchisee shall ensure that at least one fully trained employee shall operate the Licensed Store during operating hours.

7.6 Franchisee's Engagement and Staffing. Franchisee shall serve as (or else employ) the general manager and shall devote himself or herself on a full time, exclusive basis to the successful development, management, operation, and promotion of the franchised business and Licensed Store (the "**Designated Manager**"). Without limiting the generality of the foregoing responsibilities, throughout the Term Franchisee shall also:

- (a) staff and operate the Licensed Store in a clean, safe and orderly manner, providing courteous, first-class service to the public seven days each week for at least the hours directed in the Manual (unless different hours or specific closure days have been expressly accepted in writing by Franchisor);
- (b) order and maintain an adequate level of supplies and inventory to properly operate the Store as specified in the Manual;
- (c) diligently promote and make every reasonable effort to increase the revenues and enhance the goodwill of the Store and of the System;
- (d) Advertise the business of the Licensed Store by the use of the Marks and such other insignia, slogans, emblems, symbols, designs, and other identifying characteristics as may be developed or established from time to time by Franchisor and included in the Manual;
- (e) Prevent the use of the Licensed Store for any immoral or illegal purpose, or for any other purpose, business activity, use, or function that is not expressly authorized herein or in the Manual; and
- (f) Display at the Licensed Store brochures supplied from time to time by Franchisor describing the availability of the Yogurtland franchise opportunity.

At all times from the date the Licensed Store first opens for business to the end of the Term, Franchisee shall cause there to be not less than two individuals who have completed the initial training course to Franchisor's satisfaction (each a "**Trained Manager**") available to manage the Licensed Store on a full-time basis and at least one of the Trained Managers shall serve as the general manager of the Licensed Store. The individuals serving as Trained Managers may be Franchise Owners or full-time employees of the franchise business. If at any time after the Licensed Store first opens for business, Franchisee fails to have a Trained Manager serving on a full-time basis as the Licensed Store's general manager, then Franchisee shall have five business days to notify Franchisor in writing of such vacancy and shall have 90 days from the first day without a Trained Manager serving as the general manager of the Licensed Store on a full-time basis to fill such general manager vacancy with a Trained Manager on a full-time basis.

7.7 Hours of Operation. Franchisee shall operate Licensed the Store continuously during hours that Franchisor specifies from time to time, which may require Franchisee to open for business as early as 7 a.m. and require Franchisee to stay open until as late as midnight or later, and to be open as many as seven days per week, and up to 365 days per year (366 days in a leap year). Franchisee acknowledges that

Franchisee may be required to be open more or longer or otherwise different hours than Franchisor requires of other franchisees or Franchisor owned stores.

7.8 Test Markets. At the request of Franchisor, Franchisee shall cooperate and participate in the test marketing of products or services that Franchisor has deemed of potential value to the System. The timing, terms, procedures, advertising, promoting, and all other aspects of the test marketing shall be determined by Franchisor in its good faith discretion. Franchisee shall be fully responsible for purchasing ingredients, packaging, etc. required for such test marketing, and Franchisor shall be responsible for providing Franchisee with the use of any additional equipment required for the test. Any and all effects on the performance of the franchised business shall be solely the responsibility of Franchisee.

7.9 Employees. Franchisee shall assure that Franchisee's personnel are qualified, properly trained, and competent to perform the services required of them. At least one member of Franchisee's staff at the Licensed Store shall be certified by local authorities as an approved ANSI Food Safety manager. Franchisee shall, at Franchisee's expense, cause all replacement store managers to satisfactorily complete Franchisor's training program prior to commencing employment.

7.10 Quality Control and Inspection. Franchisee shall operate the Licensed Store in accordance with Franchisor's standards of quality, production, appearance, cleanliness, and service as prescribed by Franchisor and the Manual. At any time during business hours and without prior notice to Franchisee, Franchisor shall have the right inspect the Licensed Store premises and operation to ensure compliance with these requirements, including but not limited to the customer area, kitchen, offices, and any other part of the Licensed Store premises. Franchisee hereby consents to the video, audio and other recording of such inspections as Franchisor may determine in its sole discretion to be helpful. Franchisor shall have the right to require Franchisee to install and monitor security cameras at the Licensed Store and to provide copies of tape recordings to Franchisor upon request. Franchisee shall comply with all applicable privacy laws in connection with the installation and monitoring of such security systems.

7.11 Solving Customer Complaints. Franchisee shall provide prompt attention and response to any customer complaint and shall use its best efforts to resolve such complaint to customer's satisfaction. Franchisee shall inform Franchisor of any complaint that Franchisee fails to resolve to the customer's satisfaction within seven days. Franchisor shall have the right, but no obligation, to elect to assist or elect to mandate a resolution to the customer complaint. Franchisee shall, at Franchisee's sole expense, implement any resolution that Franchisor directs.

7.12 Permits and Licenses. Franchisee shall obtain and maintain all permits and licenses required for the operation of the Licensed Store.

7.13 Financial Statements. For each full and partial calendar year throughout the Term, Franchisee shall provide Franchisor with Franchisee's then most recent, detailed, annual income, profit and loss statement, and balance sheet for each of Franchisee and the Licensed Store. Franchisee shall submit these to Franchisor no later than the 30th day after the end of each fiscal and calendar year of Franchisee, using those forms that Franchisor prescribes and accurately reflecting all sales and other financial data requested by Franchisor, together with a copy of Franchisee's corresponding federal tax return, and certifying the accuracy and completeness of each such submission to Franchisor. Franchisee shall also provide Franchisor with monthly profit and loss statements and other data and information regarding financial and operational results of the franchised business in the format and medium that Franchisor specifies. Franchisee shall submit these to Franchisor no later than the 30th day after the end of each calendar month.

7.14 Records and Reports. Franchisee shall submit to Franchisor weekly and monthly sales reports, as well as other intervals or periods requested by Franchisor, on such forms prescribed by Franchisor. Franchisee shall maintain copies of all records and reports concerning the franchised business that Franchisee files with federal, state, and local government agencies for at least seven years and shall

provide copies of those reports to Franchisor when filed.

7.15 Restricted Purchasing. Franchisee shall purchase from Franchisor or third party sources designated or accepted in writing by Franchisor from time to time, all food ingredients, construction and packaging materials, supplies, equipment, stationery, and other items or services, including, signage, décor materials, lighting and plumbing fixtures, flooring, furnishings, food production equipment, point-of-sale and communications equipment, food and beverage ingredients, packaging, paper goods, cleaning supplies, and other goods and services. Franchisee acknowledges that Franchisor may elect to be the sole authorized source (or may designate an affiliate of Franchisor as the sole authorized source) for various items and services. Franchisor reserves the right to require that Franchisee purchase and use specific brand items and services in operating the Licensed Store. Franchisor and its affiliates shall have the right to the benefit of all discounts, volume rebates, administration fees, commissions, advertising allowances, or other advantages which Franchisor and its affiliates may obtain from any person supplying products or services to Franchisee or other Yogurtland franchisees. Franchisee shall not have any claim or action against Franchisor in connection with any non-delivery, delayed delivery, or non-conforming delivery of or by any supplier or distributor whether or not accepted by Franchisor.

7.16 Alternative Suppliers. If Franchisee wants to purchase required ingredients, materials, equipment, furniture, or items or services from a source other than Franchisor or Franchisor's approved or designated suppliers, Franchisee shall first submit information to Franchisor concerning the proposed supplier and pay Franchisor's then current supplier evaluation fee plus reimburse Franchisor of Franchisor's expenses. The submitted information shall include a complete description of the history and credit rating of the proposed supplier, description of what goods or services Franchisee wants to purchase from the proposed supplier, information relevant to the proposed supplier's ability to satisfy Franchisor's standards, ability to provide reliable service, references, and other information that Franchisor may request or designate from time to time. Franchisee shall arrange for the proposed supplier to cooperate in testing or analysis in a manner that Franchisor designates, and at the expense of Franchisee or the supplier, to enable Franchisor, in its sole discretion, to ascertain whether the supplier and proposed goods or services to be purchased are of satisfactory quality, reliability, and other characteristics. Franchisor will endeavor to notify Franchisee in writing whether Franchisor accepts or rejects the proposed supplier and proposed goods or services and the reasons for any disapproval, all within 15 business days after Franchisor's receipt of all information that Franchisor deems necessary to make its decision. If Franchisor does not approve or reject a proposed product or supplier within such 15 business day period, the request for approval will be deemed denied.

7.17 Franchisor as Supplier or Distributor. Franchisor also reserves the right to open Franchisor-owned commissaries or other facilities to supply franchisees operating under the System and Marks, including Franchisee, at prices and on terms it may establish and modify from time to time. At any time or from time to time, Franchisor may also, at its sole option, work with third parties to obtain, supply, store, or distribute inventory to Franchisee and other products or services accepted by Franchisor for use by Franchisee in the Licensed Store, which Franchisor shall be entitled to recover the reasonable cost to Franchisor of administering the inventory and distribution of any such products or services directly from Franchisee or as part of the fees charged Franchisee by any such supplier or distributor.

7.18 Point of Sale System, Independent Access. Franchisee shall purchase from Franchisor or other entity designated by Franchisor point of sale electronic cash register(s) or computer systems ("POS System") meeting specifications designated by Franchisor. Franchisor shall have the right to require that the POS System connect electronically with and provide electronic access from equipment of Franchisor. Franchisee shall execute any and all necessary agreements and pay reasonable acquisition, service, maintenance, upgrade, and other, related fees and charges for the installation, set-up, maintenance, servicing, use, and other aspects of the POS System. Franchisee shall arrange to provide Franchisor with independent, direct access to all information and data in or generated by Franchisee and Franchisee's Point of Sale System and store management system. Franchisee shall not modify any POS function in any manner

that would block or in any way impair Franchisor's access to Franchisee's computer systems, including the POS System.

7.19 Surveys. Franchisee shall present to customers of the Licensed Store, evaluation and survey forms that Franchisor requests from time to time, and Franchisee shall participate in and ask customers to participate in any evaluations and surveys performed by Franchisor or on Franchisor's behalf, including providing promotional rewards to customers at Franchisee's expense, in exchange for such participation.

7.20 Standards. Franchisor shall have the right to establish standards, specifications, and procedures for any or all aspects of the Licensed Store, including size, construction materials, floor plan, exterior treatment, interior treatment, signage, lighting and fixtures, equipment, flooring, furniture, heating ventilation and air conditioning system, security system, communication system, etc. Franchisee shall comply with all such standards, specifications, and procedures imposed by Franchisor. Franchisee shall subscribe to, install, and use any equipment and services required by Franchisor, including but not limited to a water filtration system and any other products or services required from time to time by Franchisor.

7.21 Modifications. Franchisor shall have the right, but no obligation, from time to time to modify selected or all elements of the System. Franchisee acknowledges that modifications may result in additional expenses to Franchisee and may require Franchisee to invest additional capital in the Licensed Store. Franchisee shall timely implement modifications when requested by Franchisor. Such modifications shall be deemed to have taken place pursuant to the terms of this Agreement, and do and will not constitute modifications of this Agreement.

7.22 Signage. Franchisee shall display at the Licensed Store all and only those interior and exterior signs, menu boards, point of sale materials, and displays that Franchisor has supplied or approved in writing from time to time.

7.23 Construction Permits. Franchisee shall obtain all permits and licenses required to construct, occupy, and operate the Licensed Store in compliance with plans and specifications furnished to Franchisee by Franchisor, or otherwise approved by Franchisor; provided, however, Franchisee shall be fully responsible for review, modification (if applicable), and approval by a duly licensed architect to ensure that the Licensed Store as built (and, as applicable, as modified) complies fully with all applicable laws, regulations, and guidelines, including but not limited to the Americans with Disabilities Act.

7.24 Store Remodeling. Not sooner than the fifth anniversary of the Operations Commencement Date (as defined below in Section 9.1), Franchisor may require Franchisee, at Franchisee's expense, to remodel the Licensed Store to Franchisor's then-current standards, format, design and image, pursuant to plans and specifications designated by Franchisor, and Franchisee shall complete such remodel not later than 180 days after written notice from Franchisor. Franchisee acknowledges that Franchisor expects to require Franchisee to commence and complete such remodel between the fifth and sixth anniversary of the Operations Commencement Date. Franchisee shall not be required to undertake such remodeling more than once during the Term, except as a condition for grant of a renewal term. The remodeling required pursuant to this Section shall not limit Franchisee's obligations to maintain, refurbish and upgrade the Licensed Store and the furniture, fixtures and equipment therein.

7.25 Equipping. Franchisee shall purchase and install all fixtures, furnishing, equipment, and signs required to operate and shall operate the Licensed Store strictly according to the Manual.

7.26 Inventory. Franchisee shall purchase an opening inventory of products, other inventory, and supplies according to the requirements in the Manual.

7.27 Quality. All goods and services that Franchisee offers to the public shall satisfy high quality standards that Franchisor establishes in the Manual and elsewhere, which may be updated from time to time.

7.28 Prices. Except as provided below, Franchisee shall determine all pricing to Franchisee's

customers. Franchisor may from time to time suggest prices. There is no representation that adherence to Franchisor's suggested pricing will increase or maximize revenues. Notwithstanding the above, when and where permitted by law, Franchisor may require Franchisee to adhere to reasonable minimum or maximum pricing requirements or restrictions.

7.29 Vending Machines, Phones, Video Game Equipment, Etc. Franchisee shall not install or operate in the Licensed Store any ATM machine, public telephone, jukebox, vending machine, lottery ticket terminal, video game, or any other game or machine without Franchisor's prior written consent, which consent may be withheld or granted within Franchisor's sole discretion. Franchisee shall not make any addition to or change in the physical appearance, decor, characteristics, or style of the Licensed Store without the prior written consent of Franchisor, which consent may be withheld or granted within Franchisor's sole discretion. Franchisor shall have the right to remove any unauthorized material at Franchisee's expense.

7.30 Photography Release. Franchisee hereby consents to the periodic taking by Franchisor of photographs of himself or herself (or if Franchisee is a business organization, the Franchise Owners) and the use of such photographs by Franchisor for any purpose in connection with the System. At execution of this Agreement, Franchisee shall execute and deliver to Franchisor a Photography Release in the form attached to the Franchise Disclosure Document as an exhibit.

7.31 Franchisee's Payment Obligations; Stored Value Card Program. Franchisee shall pay promptly when due all obligations incurred directly or indirectly in connection with the franchised business, the Licensed Store, or its operation, including all taxes and assessments that may be assessed against the Licensed Store land, building, other improvements, equipment, fixtures, signs, furnishings, or other property, and all liens and encumbrances of every kind and character created or placed upon or against any of said property, and all accounts and other indebtedness of every kind and character incurred by or on behalf of Franchisee in the conduct of the franchised business.

The System utilizes a stored value card program that includes the offering, sale, acceptance and redemption of Yogurtland stored value cards (including gift cards). In order to ensure payment to Yogurtland operators for their redemption of Yogurtland stored value cards, Franchisee is and shall be required to participate in the program, which includes the centralization and deposit into a central account of System revenues from the sale of Yogurtland stored value cards at or from franchised and Franchisor's affiliate-operated Stores in the USA. The administration, distribution and accounting of the funds in the centralized account (which may be held in the name of Franchisor) is and shall be performed by Franchisor, and the first priority for use of the funds in the centralized account is payment to Store operators for their redemption of Yogurtland stored value cards. As a component of the System, the program is subject to addition, modification and deletion in accordance with Section 7.21 and otherwise.

7.32 Taxes. Franchisee shall be solely responsible and shall pay, and Franchisor shall have no liability for, any sales, use, service, occupation, excise, gross receipts, income, property, or other tax, whether levied on Franchisee or Franchisee's assets or on Franchisor, arising from or in connection with Franchisee's sales or the business conducted by Franchisee, except for taxes that Franchisor is required by law to collect from Franchisee with regard to purchases from Franchisor and except for Franchisor's own income taxes. If any governmental entity would impose a tax (other than income tax) on Franchisor's receipt of royalties, then the royalty rate shall be automatically adjusted up to a new rate that would provide Franchisor with the same net royalty as prior to imposition of such tax.

7.33 Compliance with Laws. Franchisee shall operate the franchised business in compliance with all applicable laws, rules, regulations and orders of all governmental authorities with jurisdiction over Franchisee or the franchised business, including those regarding wage and hour, employment classification, employment, Americans with Disabilities Act, menu labeling, food safety and service, and public accommodations. Franchisee shall obtain and at all times maintain all necessary permits, certificates and licenses necessary to conduct the franchised business in the locality within which the Licensed Store is

situated. Franchisee shall promptly notify Franchisor of any inspection or other regulatory reports or charges, litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving the franchised business, Franchisee, or any entity affiliated with Franchisee, or any Franchise Owner, which notification shall include a complete copy of the documentation received from the governmental agency or other opponent in the matter, plus any additional materials or information reasonably requested by Franchisor from time to time.

7.34 Franchisee's Independence. Franchisee acknowledges and agrees that:

- A. Franchisee is the only party that employs Franchisee's employees (although Franchisor may provide Franchisee with advice, guidance, and training regarding the operation of the Licensed Store).
- B. Franchisor is not the employer of any of Franchisee's employees, and Franchisor will not play any role in decisions regarding their employment (including matters such as recruitment, hiring, compensation, scheduling, supervision, employee relations, labor matters, review, discipline, and/or dismissal of any individual or groups of specific employees).
- C. The guidance that Franchisor provides and requirements under which Franchisee will operate, including the Manuals, are intended to promote and protect the value of the System and the Marks.
- D. In making the decision to begin and operate a business, Franchisee has independently chosen to acquire a franchise from Franchisor and therefore adopt and implement the System and Marks for Franchisee's business instead of developing and implementing Franchisee's own standards (or those of another party).
- E. Franchisee has made (and will remain responsible at all times for) all of the organizational and decisions about establishing and forming Franchisee's business entity, operating its business (including adopting and agreeing to follow Franchisor's System as Franchisee's operating standards and methodology), and hiring employees and employment matters employment (including matters such as recruitment, hiring, compensation, scheduling, supervision, employee relations, labor matters, review, discipline, and/or dismissal) engaging professional advisors, and other facets of Franchisee's business operations.

Article 8 **OBLIGATIONS OF FRANCHISOR**

8.1 Site Assistance. Franchisee acknowledges and agrees that Franchisee is responsible to select, acquire (by purchase or lease), and develop the premises and the Licensed Store. Franchisee shall not commence any construction of the Licensed Store without first obtaining Franchisor's written consent to the proposed location. In determining whether to consent, Franchisor may consider any factors relevant in Franchisor's sole determination, which may include, but are not limited to size, appearance, other physical characteristics of the premises, and demographic characteristics, traffic patterns, competition from other businesses in the area, and other commercial characteristics. Franchisee acknowledges that consent by Franchisor is not any form of assurance or recommendation regarding suitability or any particular results of the location. If the premises are to be leased, Franchisee shall provide Franchisor a complete copy of the fully executed lease within five business days of execution. Franchisee shall use its best efforts to cause the provisions contained in Franchisor's then-current lease rider to be included in the lease. If Franchisor and Franchisee do not agree on a location for the Licensed Store within 150 days from the Effective Date, either party shall have the right to terminate this Agreement. On termination under this Section, there shall be no refunds and Franchisor shall retain the Initial Franchise Fee and all other fees paid. Franchisor may in its sole discretion, extend Franchisee's deadline to open the Licensed Store for business by written notice to Franchisee.

8.2 Layout and Interior Design Plans. Franchisee shall hire at Franchisee's expense a Franchisor-accepted, licensed architect or general contractor to conduct a site survey of the premises and to prepare as-

built drawings for the job site after the lease for the Licensed Store is signed and the foundation and exterior walls have been put in place. Franchisee's architect shall also submit to Franchisor a preliminary design and layout of the Licensed Store's interior and exterior for review and approval by Franchisor. In accordance with Section above, Franchisee shall pay Franchisor a Limited Construction Project Management Services Fee in the amount of \$6,000 in conjunction with Franchisee's entering into with Franchisor a Limited Construction Project Management Services Agreement in the form of an exhibit attached to the Franchise Disclosure Document. This fee is fully earned by Franchisor when paid and is not refundable under any circumstances. Subject to Franchisor's approval of Franchisee's preliminary design and layout, Franchisee's architect shall produce, at Franchisee's expense, full plans for the Licensed Store, which shall be subject to Franchisor's written acceptance. Franchisor shall review and either accept or provide comments on the plans and specifications. Franchisee shall not modify any plans or specifications accepted by Franchisor without first obtaining Franchisor's written consent to the modification. Franchisee shall not start construction of the Licensed Store until final plans and specifications have been accepted in writing by Franchisor. Franchisee shall submit to Franchisor a complete set of final plans and specifications before starting construction of the Licensed Store.

Franchisee is solely responsible to construct and develop the Licensed Store and to obtain any financing needed to do so. Franchisee shall retain only Franchisor-accepted, licensed contractors to perform construction as specified in this Article 8. Franchisee acknowledges and agrees that nothing in this Section or elsewhere in this Agreement shall be construed to obligate or make Franchisor liable to Franchisee or any third party for any failure of the Licensed Store or related premises to comply with all laws, regulations, and guidelines, including the Americans with Disabilities Act.

8.3 Limited Construction Project Management Support. Franchisor shall provide Franchisee with limited construction project management including store build-up process assistance, interior and exterior prototype designs, equipment specifications, among other things. Franchisor shall not be responsible for any delays caused during the build-out process.

8.4 Opening Assistance. Franchisor shall provide Franchisee with on-site opening assistance of 40 hours, if this Agreement pertains to Franchisee's first Store; of 24 hours, if this Agreement pertains to Franchisee's second Store; and, 16 hours, if this Agreement pertains to Franchisee's third Store. Franchisee shall pay all costs and expenses incurred by Franchisor's staff in providing such opening assistance, including but not limited to, airfare, travel, lodging, and meal expenses.

8.5 Supplies and Supplier Information. Franchisor shall provide Franchisee information that Franchisor deems appropriate concerning sources of fixtures, furnishings, equipment, signs, inventory, and supplies for use in operating the Licensed Store.

Article 9 **TERM, RENEWAL, AND TERMINATION**

9.1 Initial Term. The initial term of this Agreement (the "Term") starts on the Effective Date and automatically expires on the Expiration Date (as stated in Summary Pages of this Agreement). The "**Operations Commencement Date**" is the earlier of (a) the 365th day immediately following the Effective Date, or (b) the date the Licensed Store first opens for business. The date that the Licensed Store first opens for business shall be confirmed by written notice from Franchisee to Franchisor within five days of the date the Licensed Store first opens for business.

9.2 Renewal. Subject to Franchisee's timely fulfillment of each of the conditions set forth in Section 9.3, Franchisee shall have the right to renew this Agreement for one additional term of 10 years.

9.3 Renewal Conditions. To qualify for a renewal term as provided in Section 9.2, Franchisee shall fulfill each and all of the following conditions: (a) Franchisee shall have fully complied with this Agreement continuously throughout the Term; (b) Franchisee shall deliver written notice of Franchisee's intent to renew at least 180 days but no more than 365 days before expiration of the Term; (c) Franchisee shall be in

full compliance with this Agreement at the time of requesting renewal and at the end of the Term; (d) Franchisee shall have paid the renewal fee described in Section 6.17 not later than immediately prior to the execution of the renewal franchise agreement; (e) not less than 10 business days prior to expiration of the Term, Franchisee shall execute Franchisor's then current form of Franchise Agreement to cover the renewal term, which may include new and different terms, new and higher fees, and other differences from this Agreement; (f) before the start of the renewal term Franchisee shall sign a general release of all known and unknown claims against Franchisor, including a waiver of rights under Section 1542 of the California Civil Code; (g) not more than 12 months prior to the expiration of the Term, Franchisee shall have remodeled, redecorated, renovated, and upgraded the Licensed Store to Franchisor's then current standards for Stores; and, (h) Franchisee shall have paid and shall be current on all amounts due to Franchisor and affiliates of Franchisor and third party creditors. Failure of any of these conditions precedent shall constitute an election by Franchisee not to renew this Agreement.

9.4 Termination by Franchisee. Franchisee shall have the right to terminate this Agreement if Franchisor materially breaches this Agreement and fails to cure the breach, provided that before any such termination, Franchisee shall have delivered written notice of the breach to Franchisor stating the specified details of the breach and providing Franchisor 30 days to cure or, for a breach that cannot be cured in that period, 30 days to start efforts to cure and to complete the cure when practical for Franchisor. Franchisee may only bring claims for specific violations of this Agreement, which claims have been specifically cited in Franchisee's initial notice of breach and complaint.

9.5 Franchisor's Termination Rights After Franchisee's Failure to Cure. Except as stated in Section 9.6 (where immediate termination shall be appropriate), Franchisor shall have the right to terminate this Agreement effective on Franchisee's failure to cure a breach of this Agreement or of any other agreement with Franchisor or any affiliate of Franchisor, within 30 days after delivery of written notice of the breach.

9.6 Franchisor's Termination Rights Without Opportunity to Cure. Franchisor shall have the right to terminate this Agreement immediately, without permitting Franchisee any opportunity to cure, in any of the following events:

- i. Franchisee fails to secure a Franchisor-accepted location and execute an appropriate lease for that location within six months of the Effective Date;
- ii. Franchisor reasonably determines that continued operation of the franchise by Franchisee would present an imminent danger to public health or safety;
- iii. Conduct of the franchised business in a manner that in Franchisor's good faith, reasonable judgment materially and adversely affects the goodwill or reputation of the Yogurtland brand;
- iv. Franchisee fails for a period of 10 days after notification of noncompliance (or such shorter time period specified in the applicable notice), to comply with any federal, state, or local law or regulation whether or not the conduct or noncompliance is later corrected;
- v. Franchisee abandons the franchise by failing to operate the franchised business for three or more consecutive days when Franchisee is required to operate the franchised business or such shorter time period after which it is not unreasonable for Franchisor to conclude that Franchisee does not intend to continue to operate the franchised business, unless that failure is due to fire, flood, earthquake, or other, similarly catastrophic event beyond Franchisee's control;
- vi. Any purported assignment, transfer, or sublicense of this Agreement or of rights in this Agreement without the prior written consent of Franchisor;
- vii. Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, or an admission of Franchisee's inability to pay Franchisee's obligations as they become due, or Franchisee

files a voluntary petition in bankruptcy or initiates any composition, adjustment, liquidation, dissolution, or similar relief under any law, or Franchisee admits or fails to contest the material allegations of any pleading filed against Franchisee seeking such relief, or Franchisee is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of Franchisee's assets or the Licensed Store;

viii. The franchised business or Licensed Store premises are seized, taken over, or foreclosed by a government official exercising his or her duties, or seized, taken over, or foreclosed by a creditor, lien holder, or lessor;

ix. A final judgment against Franchisee remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made on the franchise or franchised business and is not discharged within five days; or the attachment of an involuntary lien in the amount of \$1,000 or more on any of Franchisee's business assets or property, which lien is not removed promptly and in any event, within 15 days;

x. Franchisee, or any officer or director, or any person owning an interest in Franchisee, is convicted of any criminal misconduct that is relevant to the operation of the Licensed Store or reputation of the Marks or System, or of any felony;

xi. Franchisee (or if Franchisee is a business organization, any Franchise Owner) makes or is discovered to have made any material misrepresentation relating to the acquisition or operation of the franchise or the franchised business or engages or is found to have engaged in conduct which reflects materially and unfavorably on the Marks, or on the operation or reputation of the Licensed Store or the System;

xii. Franchisee commits a fraud on Franchisor by submitting false sales reports that understate Net Sales by 2% or more for the period of the reports;

xiii. Franchisee fails to pay fees or other amounts due to Franchisor or Franchisor's affiliate or fails to maintain or to obtain all of the insurance coverage as required under Section 12.1 of this Agreement within five days after receiving written notice that the amount is past due;

xiv. Franchisee, after curing any breach, default, or other failure, engages within a 365-day period in the same or similar conduct or noncompliance or suffers a recurrence of the breach, failure, or default, whether or not the conduct, noncompliance, or recurrence is corrected after notice; or

xv. Franchisee fails on three separate occasions within a six-month period to comply with one or more requirements of this Agreement, whether or not corrected after notice.

9.7 Obligations After Termination. Following termination of this Agreement for any reason:

i. All renewal rights under Section 9.2 or otherwise shall be deemed to be void and of no further effect;

ii. Franchisee shall immediately cease to operate the Licensed Store and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a Store or otherwise affiliated with the Marks or System;

iii. Franchisee shall immediately stop all use of the Marks, the Manual, and all elements of the System, including all recipes, formulas, methods of operation, methods of preparation, and service of yogurt and beverage items, know-how, and trade secrets;

iv. As then requested by Franchisor, Franchisee shall immediately deliver to Franchisor all confidential materials, signs, sign-faces, sign-cabinets, marketing materials, forms, invoices, and other materials containing any Marks or otherwise identifying or relating to any Store, business, or operation that are in Franchisee's possession, custody or control. If Franchisee fails to deliver any such materials within seven calendar days after demand by Franchisor, then Franchisor shall have the right to enter the premises

of the Licensed Store to retrieve such materials as are located there;

v. Franchisee shall immediately pay all amounts due to Franchisor and its subsidiaries and affiliates. In the event of termination for any default, such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which shall remain until paid in full, a lien in favor of Franchisor against any and all of the personal property, fixtures, equipment, and inventory of the Licensed Store at the time of default;

vi. Unless Franchisor instructs otherwise in writing at the time of termination, Franchisee shall immediately in writing notify all telephone companies and telephone directory publishers that Franchisee's rights under this Agreement have ended and that Franchisee intends to execute, and Franchisee shall execute, all instruments needed to assign and transfer to Franchisor, the right to use the phone numbers and to conduct the directory advertising used and conducted by Franchisee at or concerning the Licensed Store. If Franchisee fails to do so within seven calendar days after demand by Franchisor, then Franchisee is deemed to have irrevocably appointed Franchisor as Franchisee's attorney in fact to execute such instruments on Franchisee's behalf;

vii. If Franchisor does not purchase the Licensed Store as provided in Section 9.9, then Franchisee shall immediately remove all signs and designs containing Marks from both the exterior and interior of the Store, change the exterior and interior appearance of the Licensed Store sufficiently in Franchisor's judgment to de-identify it as a Store and in other respects as Franchisor requests;

viii. Franchisee shall comply with Sections 10.4; and,

ix. Franchisee shall cancel any and each of its assumed name or equivalent registrations that contains the any of the Marks. Franchisee shall provide Franchisor with such evidence as Franchisor requests to verify Franchisee's compliance with this obligation within 20 calendar days after termination or expiration of this Agreement.

9.8 Continuance of Business Relations. Any continuance of business relations between Franchisor and Franchisee after termination of this Agreement will NOT be construed as a renewal, extension, or continuation of this Agreement.

9.9 Franchisor's Purchase Option Following Termination or Expiration.

(a) Following termination or expiration of this Agreement other than due to Franchisor's uncured breach, Franchisor (or Franchisor's assignee, if applicable) shall have the option, exercisable by delivering written notice to Franchisee within 60 calendar days from the date of the termination or expiration, to acquire from Franchisee, any or all of the Licensed Store's physical assets (including equipment, fixtures, inventory, products, materials, and supplies) as selected by Franchisor (collectively, as selected by Franchisor, the "Assets");

(b) Franchisor shall have the unrestricted right to assign the option in Section 9.9(a);

(c) Franchisor shall be entitled to receive from Franchisee such representations and warranties satisfactory to Franchisor concerning Franchisee's ownership of the Assets, condition of and title to the Assets, and absence of any liens and encumbrances on the Assets, except as Franchisor in good faith deems acceptable in its judgment;

(d) The purchase price for the Assets shall be fair market value of the Assets (except actual cost for useable, unopened inventory and supplies); Franchisor shall have the right to set off from the purchase price all amounts due from Franchisee to Franchisor under this Agreement as well as any other amounts due to Franchisor's affiliates; if Franchisor and Franchisee do not agree on the fair market value of the Assets within three business days of Franchisor's written offer to Franchisee, they shall each appoint (within 10 business days of Franchisor's initial offer) an appraiser experienced in used foodservice equipment transactions to appraise the Assets within one week of appointment, both appraisals shall be provided to

Franchisor and to Franchisee to further attempt to agree on the fair market value; if Franchisor and Franchisee are unable to agree on fair market value of the Assets within two business days of such discussion, then Franchisor shall have the option of either: a) paying the average of the two appraisals and proceeding with the purchase (leaving Franchisee the option to bring a claim in arbitration for any difference between fair market value as determined by the arbitrator and what Franchisor has then paid for the Assets, which might result in the arbitrator determining that Franchisor paid more than fair market value and would be entitled to a partial refund); or b) canceling the exercise of Franchisor's purchase of the Assets;

(e) Franchisor shall pay Franchisee the purchase price (by corporate check, or offset, or a combination, as applicable) at closing of the purchase; the closing shall take place at a time and place designated by Franchisor within 90 calendar days after Franchisee receives Franchisor's notice of exercise of the purchase option; at closing, Franchisee shall deliver to Franchisor an assignment (and other documentation as Franchisor deems appropriate) transferring good and marketable title to the assets selected by Franchisor, free of liens and encumbrances, with all sales and other transfer taxes paid by Franchisee;

(f) If Franchisor elects, then the parties shall comply with applicable Bulk Sales provisions of the Uniform Commercial Code in the state where the Licensed Store is located, and Franchisor shall have the right to delay the closing until such compliance is completed; and

(g) At Franchisor's election, as part of the purchase Franchisee shall deliver to Franchisor an assignment of the lease for the premises (or, if assignment is prohibited, a sublease for the full remaining term and on the same terms as Franchisee's lease); if Franchisee owns the premises, Franchisee shall lease the premises to Franchisor pursuant to the terms of a form lease reasonably designated by Franchisor, for a term selected by Franchisor up to five years with two successive 5-year renewal options at fair market rental during the initial and renewal terms.

9.10 Interim Management.

(a) If either (i) Franchisor exercises the option to purchase the Licensed Store's assets, then pending closing of Franchisor's purchase, or (ii) at any other time when Franchisor is concerned that continued operation by Franchisee may cause harm to the Marks or System or may endanger public health or safety, whether due to Franchisee's illness, death, or otherwise, then Franchisor shall have the right, but not the obligation, to elect to appoint a manager to maintain operation of the Licensed Store, or, at Franchisor's option, require Franchisee to close the Licensed Store without removing any assets.

(b) Franchisor's right in Section 9.9(a) does not establish any obligation to implement that right, whether as a lesser remedy to a breach or threatened breach by Franchisee or for any other reason. Franchisor may assume operation of the Licensed Store under Section 9.10(a) for 90 calendar days (the "**Management Period**") upon written notice to Franchisee. Franchisee shall cooperate fully with the transition of operations management to Franchisor or Franchisor's designated representative. The Management Period may be extended by Franchisor, in its reasonable discretion, for a period of up to 12 consecutive months.

(c) If Franchisor appoints a manager to manage the Licensed Store pending closing of the purchase, or for another period of time or circumstances, then all funds from operation of the Licensed Store during the period of management by the appointed manager will be paid into a separate fund (the "**Interim Management Fund**"), and all expenses of the Licensed Store, including compensation, travel and living expenses of the manager, will be charged to and paid from that fund. In addition, as compensation for the management services, Franchisor shall be paid each month from the Interim Management Fund the greater of \$5,000 or 10% of Net Sales during such month, in each case prorated for partial months.

(d) Operation of the Licensed Store during the period of management shall be on Franchisee's behalf, with Franchisor having a duty only to use Franchisor's good faith effort to manage the Store and without liability to Franchisee for debts or obligations incurred by, at or through operation of the Store or

to any of Franchisee's creditors for any goods or services purchased by or for the Store during the period of management by a manager appointed by Franchisor. During this period of management, Franchisee shall cooperate with Franchisor to ensure smooth operations of the Store and shall maintain in force for the Store all insurance policies required by this Agreement.

Article 10

Protection of Intangible Property

10.1 Acknowledgment. Franchisor may disclose certain confidential information to Franchisee in the Manual, training, guidance, instruction, and other communications with and to Franchisee. Such confidential information may include site selection criteria and methodology, market development plans or strategies; store layouts, designs and specifications; equipment standards and specifications; marketing research, strategies, methods, techniques, specifications, standards, systems, procedures, sales techniques, customer solicitation and retention programs; customer data; recipes, food preparation methods; standards, specifications and procedures for ordering materials, equipment, ingredients and supplies; operating and financial results of specific Stores or groups of Stores operating under the System; and, any and all other information that is specified by Franchisor as confidential or is generally understood by business operators to be confidential. Franchisee acknowledges that the confidential information is proprietary to and includes trade secrets of Franchisor, and that Franchisee acquires no interest in the confidential information, other than the right to use the confidential information in operating the Licensed Store as provided herein.

10.2 Confidentiality. Franchisee shall keep strictly confidential Franchisor's marketing and operation plans and programs, suggested pricing, proprietary materials, and contents of the Manual, in addition to all other information and materials that Franchisor designates as "Confidential." If requested by Franchisor, Franchisee shall require Franchisee's directors, managers, officers, and employees to execute written agreements for the benefit of Franchisor in which they also agree to protect the confidentiality of all such confidential materials.

10.3 Concepts Developed by Franchisee. Franchisee shall fully and promptly disclose to Franchisor, all ideas, concepts, formulas, recipes, methods, techniques, and other possible improvements (each an "**Improvement**") relating to the development or operation of a quick service yogurt, snack food or drink business conceived or developed by Franchisee or Franchisee's employees during the Term. Any and all of such Improvements will automatically be deemed to be Franchisor's sole and exclusive property and works made-for-hire; provided, however, for any such Improvements that do not qualify as work made-

for-hire for Franchisor, Franchisee hereby assigns ownership of that or those Improvements to Franchisor and covenants to execute whatever assignment or other documentation Franchisor requests in order to evidence such assignment and to assist Franchisor in securing intellectual property rights in the Improvement. Franchisee may not test, offer, or sell any new products without Franchisor's prior written consent, which may be withheld in Franchisor's sole discretion.

10.4 Agreement Not to Compete.

(a) The phrase "**Covered Person**" shall include (i) Franchisee and, collectively and individually all directors, officers, and holders of any direct or indirect beneficial interest of five percent (5%) or more of the securities or other equity interests of Franchisee; (ii) any corporation, limited liability company, partnership, or other form of business organization affiliated with or directly or indirectly controlling Franchisee, (iii) as to each Covered Person who is an individual, the spouse, and each relative living in the same household as each such person, and (iv) each person put in charge of the Licensed Store in the capacity of manager. To the extent that a Covered Person is a party to a valid and enforceable Non- Competition and Non-Disclosure Agreement (a "**Non-Compete Agreement**") with Franchisor, that Non- Compete Agreement shall control over the terms of this Section 10.4.

(b) The phrase "**Competitive Business**" means (a) any store, manufacturer, seller, reseller, distributor, or similar business specializing or in any way emphasizing yogurt, drinks, desserts, snacks, or

similar foods located anywhere, or (b) any entity that is granting franchises or licenses to others to operate one or more stores specializing in or emphasizing yogurt, drinks, desserts, snacks, or similar foods, in each case excluding a Store operated pursuant to a validly subsisting franchise agreement with Franchisor.

(c) To assist Franchisor in protecting the confidential information against intentional or inadvertent misuse, during the Term and for three years after it expires without renewal or terminates, neither Franchisee nor any Covered Person shall have any interest as an owner, investor, partner, lender, director, officer, manager, employee, consultant, representative, agent, or in any other capacity in any Competitive Business within a 15-mile straight-line radius from the front door of the Licensed Store. Franchisee shall take all steps necessary to assure compliance with this provision by all Covered Persons. Any violation of this Section 10.4(c) by any Covered Person shall constitute a material breach of this Agreement by Franchisee.

(d) Franchisee and each Covered Person acknowledges that the scope of the restriction in Section 10.4(c) is narrow, and does not restrict anyone from engaging in the food service business outside of the narrow scope of Section 10.4(c) or from engaging in an entire trade or profession, and that Franchisee and each Covered Person has other considerable skills, experience, and education which afford Franchisee and each Covered Person the opportunity to derive income from other endeavors and therefore the covenants in this Section 10.4 will not impose any undue hardship on Franchisee or any Covered Person.

(e) The restrictions in this Section 10.4 shall not apply to ownership of (a) securities listed on a stock exchange or traded on the over-the-counter market that represent ten percent (10%) or less of the number of shares of the class of securities issued and outstanding or (b) other Stores operated pursuant to franchise agreements with Franchisor.

(f) Each of the covenants in this Section 10.4, and each portion of them, shall be construed as independent of any other covenant or provision. If all or any portion of a covenant is unenforceable due to its scope in terms of geography, duration, or activity covered or otherwise, but could be enforced if reduced in scope, then the parties shall be bound by any lesser covenant subsumed within the terms of the covenant imposing the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 10.4. Franchisor may at any time unilaterally reduce the scope of any part of the above covenants, and Franchisee shall comply with any such reduced covenant upon receipt of written notice. The provisions of this Article shall be in addition to and not in lieu of any other confidentiality obligation of Franchisee, or any other person, whether pursuant to another agreement or pursuant to applicable law.

10.5 Certain Covenants. As and when requested by Franchisor from time to time, Franchisee shall obtain and provide to Franchisor a written agreement from that manager substantially in the form prescribed by Franchisor agreeing to be bound by the terms of this Article 10 as a Covered Person.

Article 11 **TRANSFER**

11.1 Assignment by Franchisor. Franchisor shall have the right to assign Franchisor's rights under this Agreement, in whole or in part, on one or more occasions, without Franchisee's consent or prior approval. Without limiting the foregoing, Franchisor may (i) assign any or all of its rights under this Agreement to a subsidiary or affiliate; (ii) sell its assets, the Marks, or the System outright to a third party; (iii) go public; (iv) engage in a private placement of some or all of its securities; (v) merge, acquire another entity, or be acquired by another entity; or (vi) undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. This Agreement and the Franchisor's rights, interests and obligations hereunder shall inure to the benefit of any entity that succeeds to the business of the Franchisor and assumes the obligations of the Franchisor hereunder. Any such assignment by Franchisor shall constitute a release of Franchisor from obligations arising under this Agreement after the date of such transfer, and the transferee shall be liable to Franchisee as if the transferee had been an original party to this Agreement.

11.2 Franchisee Ownership; Restrictions on Franchisee Transfer. Franchisee's rights and obligations in this Agreement are personal to Franchisee. Franchisor has entered into this Agreement with Franchisee in reliance on Franchisor's perception of each Franchise Owner's individual, or as applicable the Franchise Owners' collective, character, skill, aptitude, attitude, business ability, and financial capacity, including the relative interests and titles of the Franchise Owners and officers as set forth on **Exhibit "A"** attached hereto. Accordingly, Franchisee (which for purposes of this sentence includes the Franchise Owners) shall have no right to, and shall not attempt or purport to sell, assign, encumber, or transfer (all of which are hereinafter included within the term "transfer"), in whole or in part, any of Franchisee's interest in this Agreement, the Licensed Store, the assets of the Licensed Store, or any ownership interest in Franchisee without first obtaining Franchisor's written consent which consent shall not be unreasonably withheld or delayed, so long as Franchisee meets all of the applicable conditions set forth below for the proposed transfer. Neither this Agreement nor any of the rights or interests conferred on Franchisee hereunder shall be retained by Franchisee as security for the payment of any obligation that may arise by reason of any such transfer. Except as expressly provided for herein, any attempt by Franchisee to transfer any of its rights or interests under this Agreement shall constitute a material breach of this Agreement and Franchisor shall have the right to terminate this Agreement upon written notice to the Franchisee. Franchisor shall not be bound by any attempted sale, assignment, transfer, conveyance or encumbrance in any manner whatsoever, by law or otherwise, of any of Franchisee's rights or interests under this Agreement.

11.3 Conditions to Transfer Consent. Among the conditions that Franchisor shall have the right to impose before granting consent to a proposed transfer by Franchisee are that (a) Franchisee or the proposed transferee pay Franchisor the transfer fee described in Section 6.13; (b) Franchisee and each Covered Person sign a general release of all known and unknown claims against Franchisor, including a waiver of rights under Section 1542 of the California Civil Code; (c) Franchisee pay all amounts owed to Franchisor, affiliates of Franchisor, and third-party creditors; (d) Franchisee provide Franchisor with a complete copy of all agreements and proposed agreements concerning the proposed transfer together with certified financial statements of the prospective transferee; (e) Franchisee and the proposed transferee make any changes to the terms of the transfer, which may include changes to the substantive terms, requirements for subordination of debt repayment, and other changes, sufficient to satisfy Franchisor with regard to financial viability of the business and the transferee after the transfer; (f) the proposed transferee provide Franchisor with a completed application and complete to Franchisor's satisfaction all Franchisor's requirements applicable to a new franchisee; (g) Franchisor is satisfied with, and the proposed transferee provides information to assist Franchisor to determine if Franchisor is satisfied with, the proposed transferee's character, business experience, aptitude, financial stability, and solvency; (h) the transferee enters into Franchisor's then current form of Franchise Agreement, which may contain fees and other terms that materially differ from the terms of this Agreement, but which shall be modified to provide for a term equal in duration to the remainder of the term under this Agreement; (i) the Franchisee or the proposed transferee shall agree to upgrade, remodel, and refurbish the Licensed Store to Franchisor's then current standards; (j) prior to the completion of the transfer, the proposed transferee shall have attended and satisfactorily completed the Yogurtland two-week training program and paid the \$5,000 training fee, (k) Franchisee and the proposed transferee obtain in writing, at Franchisee's expense, any required consent of the landlord of the premises of the Store, (l) the proposed transferee and each owner, as applicable, shall have fulfilled all other conditions and executes all other documentation (including personal guarantees) as then required by Franchisor, and (m) Franchisee or the prospective transferee pays Franchisor the Transfer Fee stated on the Summary Page.

After a transfer is approved and consummated, Franchisor will provide up to 32 hours of in-store operations guidance to the transferee's manager, if the Licensed Store is the first Store operated by the transferee; up to 24 hours, if the Licensed Store is the second Store operated by the transferee; and, up to 16 hours, if the Licensed Store is the third Store operated by the transferee.

11.4 Franchisor's Right of First Refusal. Franchisor shall have an absolute, unimpaired right of first refusal itself to accept the terms of any proposed transfer of any interest in this Agreement, the assets of the Licensed Store, the franchised business licensed by this Agreement, or in Franchisee, offered by Franchisee or by any one or more Franchise Owners or offered to and proposed to be accepted by any of them, whether voluntarily, by operation of law or otherwise. If Franchisor exercises the right of first refusal, then Franchisor will also have the right but no obligation to substitute the reasonable equivalent in cash for any other form of payment proposed in the offer, and will have 30 calendar days after notifying Franchisee of Franchisor's election to exercise the right of first refusal to prepare for closing. Franchisor shall also have the right to assign this right of first refusal to any of its affiliates or any other third party, as Franchisor elects. If a proposed transfer or series of transfers covering less than 25 months, would either: a) involve more than 15% of the outstanding stock or other ownership interest (whether direct or indirect) of Franchisee, or b) would effect a change in control of Franchisee, as defined below, then Franchisor will also have the right but no obligation to purchase not only the interest involved but also all the remaining interests, to acquire up to 100% of the outstanding interests in Franchisee, at a price proportionate to the price of the interests initially involved. For purposes of this Agreement, "change in control" shall mean any modification by transfer or otherwise the result of which is that either: a) the voting ownership interests of any Franchise Owner is reduced from greater than 50% to 50% or less, or b) the voting ownership interests in aggregate of all pre- modification or pre-transfer (whichever is applicable) owners of Franchisee is reduced from 100% of voting ownership interests to less than 75% of all outstanding voting ownership interests in Franchisee. If Franchisor exercises the right of first refusal, then at Franchisor's request, Franchisee shall also take all action necessary to cause the lease for the location and any other agreements designated by Franchisor, to be assigned to Franchisor. Nothing contained in this Section 11.4, Section 11.5, Section 11.6, or elsewhere shall in any way be deemed to impair Franchisor's discretion in considering, approving or disapproving any request to transfer any interest under this Agreement.

11.5 Exercise of First Refusal. To provide Franchisor the opportunity to exercise the right of first refusal, Franchisee shall deliver to Franchisor: a) a written notice stating all the material terms of the proposed transfer covered by the right of first refusal, b) complete and accurate copies of the purchase and sale agreement and every other agreement pertaining to the proposed transfer, and c) any additional information that Franchisor requests regarding the proposed transferee and the proposed transfer. All documentation described in the immediately preceding sentence is referred to as the "Transfer Documentation." Franchisee shall require its owners to provide Franchisee sufficient information to enable Franchisee to comply with this obligation with regard to a transaction proposed by any of the owners of Franchisee. Within 15 business days after Franchisor receives the notice and the last item of documentation to make the Transfer Documentation provided to Franchisor complete, Franchisor will notify Franchisee whether Franchisor exercises or waives its right of first refusal.

11.6 Non-Exercise of First Refusal. If Franchisor does not exercise the right of first refusal, Franchisor shall proceed to determine whether to consent or deny consent to the proposed transfer to the proposed transferee. Franchisor will notify Franchisee of Franchisor's decision, including the conditions of any consent, within a reasonable time after Franchisee and the proposed transferee have provided to Franchisor all of the information, documentation, interviews, and other items requested by Franchisor in its review of the proposed transfer and transferee. If the proposed transfer is not completed within 180 days after delivery of the offer to Franchisor, or if there is any material change in the terms of the transfer, then Franchisee shall again provide Franchisor notice of the purchase right provided for in Sections 11.4 and

11.5 and Franchisor's right of first refusal shall be reinstated. Franchisee shall provide to Franchisor a copy of the final purchase agreement covering the transfer, each amendment thereof (in each case within five business days of its execution), and the transfer's closing statement within five business days of consummation of the transfer.

11.7 Death or Disability. If Franchisee, or any owner of a Franchisee that is a business organization, dies or becomes permanently disabled, then the legal representative of the estate or conservator or

equivalent for Franchisee or of the deceased or disabled principal owner shall have the right, during the 180 days immediately following such death or disability, to: a) demonstrate to Franchisor that person's capability to satisfactorily continue to operate the franchise, or b) transfer the franchise or the deceased or disabled person's interest in the franchise or in Franchisee, to a transferee acceptable to Franchisor. This transfer shall be subject to Franchisor's right of first refusal under Sections 11.4 and 11.5, and to Franchisor's right to consent or deny consent under this Article 11. Failure to demonstrate ability to qualify as a franchisee or to dispose of the interest within the specified time shall constitute a breach of this Agreement. For this Agreement, a "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee or a Franchise Owner from supervising the operation of the Licensed Store for a period of six or more months from the start of the disability, impairment, or condition.

11.8 Effect of Consent to Transfer. Franchisor's consent to a transfer shall not constitute a waiver of any claims Franchisor may have against Franchisee or the particular transferor, nor a waiver of Franchisor's right to demand full compliance by the transferee with the terms of this Agreement.

11.9 Franchisee as Business Organization. If Franchisee desires to conduct business through a corporation or other business organization, the Franchisor will consent to the assignment of this Agreement to a corporation or other entity accepted by Franchisor, provided that Franchisee complies with the provisions hereinafter specified and any other condition which Franchisor may require, including restrictions on the number, identity, and legal status of the owners of the assignee entity. Such assignee entity shall be closely held and shall not engage in any business activity other than that directly related to the operation of Stores.

If Franchisee's rights are assigned to a business organization, the individual Franchisee named herein or otherwise expressly designated in writing by Franchisor shall at all times be the legal and beneficial owner of at least 51% of the equity interests of the assignee entity, and shall act as such entities principal officer; provided, however, subject to the express prior written consent of Franchisor, such equity interests may be held in trust by a trustee under a trust indenture, with each trustee and beneficiary of such trust personally guaranteeing all of the obligations of Franchisee hereunder. Any issuance or transfer of equity in such entity shall be treated for the purposes of this Agreement as a transfer of Franchisee's rights under this Agreement requiring Franchisor's consent as provided herein. Franchisee must prior to any issuance or transfer of any equity interests of Franchisee furnish Franchisor with a written notice containing the details of such proposed issuance or transfer in advance thereof. The Articles of Incorporation, By-Laws, operating agreement or similar governing documents of the assignee entity shall reflect that the issuance and transfer of securities are restricted, and all certificated securities shall bear substantially the following legend, which shall be printed legibly and conspicuously on the face of each certificate:

"The transfer of these securities is subject to the terms and conditions of a franchise agreement with Yogurtland Franchising, Inc. Reference is made to said franchise agreement and to restrictive provisions of the charter and by-laws of this entity."

Franchisee acknowledges that the purpose of the aforesaid restriction is to protect Franchisor's trademarks, service marks, trade secrets and operating procedures as well as Franchisor's general, high reputation and image, and is for the mutual benefit of Franchisor, Franchisee and other franchisees of Franchisor.

In no event shall any stock, membership interest or other equity security or interest in Franchisee be sold, transferred or assigned to a business competitor of Franchisor.

11.10 Designated Successor Agent. Franchisee shall at all times throughout the term of this Agreement have on file with Franchisor the name of a designated successor agent, accepted by Franchisor, and authorized by Franchisee to make, subject to and immediately upon the death or legal incapacity of Franchisee (or if Franchisee is not an individual, its designated agent), all operating decisions with respect to the Licensed Store (including but not limited to hiring and severance of employment, voting a

cooperative, purchasing, maintenance, etc.). Not less often than once each calendar year, Franchisee shall confirm or change in writing such designated successor agent.

Article 12

INSURANCE AND INDEMNIFICATION

12.1 Insurance.

A. Franchisee shall procure before commencement of hiring of Licensed Store employees and shall maintain in effect thereafter throughout the Term at its sole cost and expense: (1) broad form comprehensive general liability coverage (which shall include products liability coverage), and broad form contractual liability and advertising injury coverage of at least \$2,000,000 aggregate and with any deductible or self-insured retention of no more than \$10,000; (2) worker's compensation for Franchisee's employees per statutory requirements; (3) unemployment insurance covering Franchisee's employees per statutory requirements; (4) employer's liability insurance coverage of at least \$2,000,000 per occurrence; (5) fire and extended coverage insurance on the Licensed Store and Franchisee's property adequate to replace it in the event of an insured loss; (6) not less than six months' business interruption insurance in sufficient amounts to cover rental of the Licensed Store location, previous profit margins, payment of all continuing fees to Franchisor, maintenance of competent personnel and other fixed expenses; (7) state disability insurance for Franchisee's employees per statutory requirements; and (8) any other insurance required by law. For purposes of this Section 12.A, "Franchisee's employees" shall include all individuals involved in the operation of the Licensed Store whether or not expressly employed by Franchisee.

B. Coverage Details. The coverages in Section 12.1A shall (a) be in forms and amounts and with companies satisfactory to Franchisor but not less than the amounts stated; (b) include coverage for Franchisor and Franchisor's principals as additional insureds and provide that coverage applies separately to each additional insured against whom a claim is brought as if a separate policy had been issued to each additional insured; (c) be primary with respect to insurance maintained by Franchisor and shall not be limited in any way by reason of any insurance maintained by Franchisor; (d) provide indemnity for all obligations assumed by Franchisee in this Agreement and all other matters for which Franchisee is required to indemnify Franchisor under this Agreement; and (e) provide that Franchisor is entitled to receive at least thirty (30) days prior written notice of any intent to reduce coverage or policy limits, cancel, or otherwise amend the policy. Maintenance of such insurance and performance by Franchisee of its obligations under this Section shall not relieve Franchisee of any liability under the indemnity provisions of this Agreement or limit such liability.

C. Revisions. Franchisor shall have the right from time to time to revise minimum coverages, coverage amounts, and covered risks that Franchisee is required to obtain and maintain. Promptly after delivery of written notice to Franchisee of such revisions, Franchisee shall obtain and thereafter maintain insurance conforming to the revised requirements.

D. Proof. Franchisee shall promptly provide Franchisor with certificates of insurance evidencing the coverage required by this Agreement no later than 10 calendar days before the Licensed Store starts operating. Franchisee shall deliver to Franchisor a complete copy of Franchisee's then current policies of insurance within five (5) days after delivery of the certificates of insurance to Franchisee. Immediately on renewal or the purchase of replacement insurance Franchisee shall deliver to Franchisor a certificate of insurance for the new or renewal policy. Franchisor shall have the right at any time to require Franchisee to provide Franchisor full copies of any or all Franchisee's insurance policies and certificates of insurance.

E. Failure to Maintain Insurance. If Franchisee fails to purchase and maintain insurance required by Sections 12.1A through 12.1D. above, then Franchisor shall have the right, but no obligation, to obtain the insurance through agents and insurers Franchisor chooses, or such other insurance as Franchisor is able to obtain for such purpose. Franchisee shall, at Franchisor's election, immediately upon notice from Franchisor pay all premiums for such insurance or reimburse Franchisor for all premium payments made

by Franchisor.

F. **Disclaimer.** Franchisor shall have no obligation to obtain or maintain any insurance for or on behalf of Franchisee. Nothing in this Agreement is an undertaking or representation that the insurance Franchisee is required to obtain and maintain will be a sufficient amount or scope of insurance for any purpose.

12.2 Indemnity. To the fullest extent permitted by law, Franchisee shall defend, indemnify and hold harmless Franchisor and Franchisor's affiliated entities, and their respective members, shareholders, managers, partners, directors, officers, employees, agents, representatives, and other personnel (the "**Indemnified Parties**") from and against all claims, losses, liabilities, demands, actions, damages, and expenses including attorneys' fees incurred in connection with or arising from or relating to (a) any breach of this Agreement by Franchisee, (b) any damages or injury to any customer, employee, or other person allegedly or actually suffered or incurred on or about the Licensed Store at any time; (c) product liability claims; (d) defective preparation by Franchisee of food or other products; (e) any acts or omissions by Franchisee or any of Franchisee's owners, directors, officers, employees, agents, or contractors; or (f) other activities or omissions of or relating to Franchisee's business, the premises of the Licensed Store, or Franchisee's performance of this Agreement. Franchisee's obligations in this Section 12.2 shall include actual, consequential, and incidental damages, and costs incurred in defense of any claim against any of the Indemnified Parties (including reasonable attorneys' fees and other, reasonable expenses of defending the Indemnified Parties).

In the event of any claim, legal action, or potential claim or legal action, against or naming as a defendant any of the Indemnified Parties, Franchisee shall notify Franchisor immediately (and in no event later than three business days after Franchisee's becoming aware of such actual or potential claim or legal action), and Franchisee shall forward to Franchisor with such notice copies of all documentation (including correspondence and pleadings) relating to such claim or legal action. Franchisee's obligations under this Article 12 shall in no way be limited by any insurance coverage available to or maintained by any of the Indemnified Parties. Franchisor shall have the right to defend any such claim against Franchisor at Franchisee's expense. Franchisee's obligations in this Section 12.2 shall continue in full force and effect regardless of termination or expiration of this Agreement.

Article 13 **RELATIONSHIP**

13.1 Independent Contractors; Relationship of Parties. The parties intend to and shall be arms' length, independent contractors. Nothing in this Agreement is intended to establish any principal- agency, parent- subsidiary, joint venture, fiduciary, partnership, employer-employee, or other relationship, except where this Agreement expressly authorizes Franchisor to act as attorney-in-fact for Franchisee in specified circumstances. The parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of franchisor and franchisee. Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Franchisee is the employer, employee, agent, partner, fiduciary, or joint venturer of or with the other, each being independent of the other. Franchisee shall not hold itself out as the agent, employee, partner, or joint venturer of Franchisor, or the owner of the Marks. All employees or agents hired or engaged by or working for Franchisee will be the employees or agents of Franchisee only and will not for any purpose be deemed employees or agents of Franchisor, or the owner of the Marks, or subject to Franchisor's control. In particular, Franchisor shall have no authority to exercise control over the hiring or termination of such employees, independent contractors, or others who work for Franchisee, their compensation, working hours, or conditions, or the day-to-day activities of such persons, except to the extent necessary to protect the Marks. Each of Franchisee and Franchisor shall file its own tax, regulatory, and payroll reports with respect to its respective enterprise, operations, employees, or agents.

13.2 Principal Operator. Unless Franchisee is comprised of only one individual, Franchisee shall appoint one of the Franchise Owners with not less than 25% of the outstanding voting equity of Franchisee as the Principal Operator of the franchised business with full authority to manage and direct all operational, marketing, and staffing decisions and on all matters between Franchisee and Franchisor, the effectiveness of which appointment shall be subject to prior written acceptance by Franchisor of such Franchise Owner as Principal Operator. The authority of the Principal Operator shall remain unchanged until a successor Principal Operator is accepted by Franchisor, which acceptance shall not be unreasonably withheld.

13.3 Publicity Rights. Franchisee hereby assigns to Franchisor all right, title and interest to and permission to copyright, use, publish and republish photographs of Franchisee and the Licensed Store premises, in any form, and grants Franchisor and its affiliates the right to use said photographs for any lawful purpose related to the business contemplated under this Agreement or the YOGURT LAND System, generally. Franchisee waives any right to inspect or approve any final photographs and releases and discharges Franchisor from all actions, claims, and demands of any nature which Franchisee may have at any time now or in the future arising out of or related to the rights granted above.

Article 14 NOTICE

(a) All notices which the parties may be required or may desire to give under or in connection with this Agreement must be in writing and must be personally delivered, or sent either by certified mail, return receipt requested, postage prepaid, or reliable overnight delivery service, to the addresses identified in the Summary Page.

(b) The addresses herein given for notices may be changed at any time by either party by written notice given to the other party as herein provided. Notices will be deemed effective at the earlier of actual delivery or when first tendered at the appropriate address during normal business hours for the locale of the addressee.

(c) Notwithstanding the above, Franchisor may elect to utilize email or similar communications to Franchisee for the purpose of communicating System modifications, operations, marketing and other bulletins, menu changes, product or equipment safety or recall alerts, or any other message Franchisor determines, and Franchisee hereby acknowledges that such communications will constitute actionable communication under this Agreement and shall ensure that Franchisee's communications system includes the capability, and is set or programmed, to receive such communications from Franchisor on a continual basis throughout the Term. Franchisee must never opt out or refuse to accept any of such Franchisor communications at any time during the Term.

Article 15 CHOICE OF LAW, JURISDICTION, VENUE, AND DISPUTE RESOLUTION

15.1 Applicable Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.), the Federal Arbitration Act (as provided above), or other federal law, the law of the State of Texas (without regard to principles of conflicts of law) shall govern all arbitration proceedings, lawsuits and other court proceedings arising out of this Agreement, breach, enforceability or validity, each a "Covered Matter"; provided, however, if the laws of the state where the Licensed Store is or is to be located require terms other than those or in addition to those in this Agreement or prohibit any terms in this Agreement, then this Agreement shall be deemed modified to comply with the applicable state laws, but only to the extent needed to prevent invalidity or illegality of this Agreement; provided further, no state law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between Franchisor and Franchisee will apply unless its jurisdictional requirements are met independently without reference to this Section 15.1. To the extent permitted by applicable law, Franchisee waives any provision of law that would otherwise render any provision of this Agreement prohibited or unenforceable in any respect.

15.2 Mediation. Except as expressly provided below to the contrary, in the event of any dispute between Franchisor and any other party hereto (including the Franchise Owners) arising out of or otherwise related to this Agreement, its alleged breach, enforceability, or validity (each a “**Dispute**”) that is not resolved through direct negotiations within a reasonable time, each party shall next attempt to resolve such Dispute through mediation before a mediator (i) appointed by the International Institute for Conflict Prevention and Resolution (“**CPR**”) and approved by the mediating parties in accordance with CPR’s Mediation Guidelines, or (ii) a different mediator that all of the disputing parties agree to not later than fifteen (15) days after a party first gives notice of the Dispute and intent to mediate. Mediation will be conducted in Dallas County, Texas, and will be conducted and completed within forty-five (45) days following the date either party first gives notice of mediation. The fees, charges, and reimbursements of the mediator shall be shared equally by the disputing parties.

15.3 Arbitration.

(a) Except as expressly provided below, any Dispute between (i) Franchisor, and (ii) Franchisee or any Franchise Owner(s), arising out of or relating to the relationship of Franchisor and Franchisee, or to this Agreement or to any other agreement between Franchisor and Franchisee or any Franchise Owner(s), or to the actual or alleged breach, arbitrability, scope, enforceability, or validity of this Agreement or of any of such other agreements, or of any provision of any of them (including the scope, enforceability, and validity of this Section 15.3) that is not resolved through direct negotiations or mediation will be resolved through binding arbitration, which may be commenced by either party before CPR, JAMS or ADR Services as the arbitration service, utilizing the chosen service’s arbitration commencement procedures. The arbitration shall be conducted by and before a neutral, former judge chosen by agreement of the parties or, if not agreed within 10 business days of commencement of the arbitration, then in accordance with the neutral selection process of the chosen service. For purposes of avoiding any ambiguity, the issue of whether or not a particular dispute is to be resolved by a court or an arbitrator shall be determined by an arbitrator pursuant to this Section 15.3.

The arbitration shall be so scheduled by the arbitrator that the last hearing date of the evidentiary proceedings shall occur no later than the 275th day after the date the arbitration proceeding is commenced, and each party shall be responsible to ensure that all of its representatives, witnesses and counsel are available for not less than three full weeks (in each case, Monday through Friday) during the five full weeks immediately preceding such 275th day. The fees, charges, and reimbursements of the arbitrator and arbitration proceeding shall be shared equally by the disputing parties. No arbitration of any dispute involving this Agreement or the franchise relationship among the parties hereto may be commenced except in accordance with this Section 15.3.

(b) All hearings and other proceedings will take place in Dallas County, Texas, or other county where Franchisor’s headquarters is then located. Discovery will be governed by the Texas Code of Civil Procedure or as the parties agree otherwise. The arbitrator’s decision shall be in writing and shall set forth the arbitrator’s finding of facts and legal analysis. Except as provided below, the arbitrator’s decision will be final and binding on the parties, and judgment thereon may be entered in any federal or state court having jurisdiction. Aside from any other bases for overturning an arbitrator’s decision under then current, applicable law, the arbitrator’s finding of facts shall not be subject to appeal, while the arbitrator’s legal analysis shall be appealable and subject to being overturned on the basis of materially incorrect legal analysis and result.

15.4 Injunctive Relief and Intellectual Property. Notwithstanding Sections 15.2 and 15.3 above, each party shall have the right to seek relief from a court of competent jurisdiction with respect to issues: a) requiring temporary or permanent injunctive relief, or b) involving ownership or alleged infringement of any of Franchisor’s Marks or other Intellectual Property. Franchisee acknowledges that it is one of a number of franchisees using the Marks and that failure on its part to comply fully with any of the terms of this Agreement pertaining to the Marks, or other Intellectual Property, or any aspect (including quality,

cleanliness, source of ingredients, etc.) of the public image of the System or Chain could cause irreparable damage to other franchisees, the Marks, the System, or the Franchisor, and that to prevent such damage Franchisor shall be entitled to injunctive relief without any requirement that a bond be posted as a condition to such relief.

15.5 Jurisdiction, Venue, Waiver of Jury. With respect to any court proceeding between Franchisee and Franchisor concerning the enforcement, construction, alleged breach, or termination of this Agreement, Franchisee hereby submits to the personal jurisdiction and venue of the federal and state courts located in Dallas County, Texas, for all such matters, and promises not to commence against Franchisor any court proceeding concerning such matters in any other court. FRANCHISOR AND FRANCHISEE AND EACH FRANCHISE OWNER HEREBY IRREVOCABLY WAIVE TRIAL BY JURY FOR ANY AND ALL OF SUCH PROCEEDINGS AND COUNTERCLAIMS. This Section 15.5 is subject to and shall not be construed to supersede or control Section 15.2 or Section 15.3 above.

15.6 No Class Actions or Consolidated Proceedings. Any and all arbitration proceedings, lawsuits and other court proceedings arising out of any Covered Matter shall be conducted on an individual, not a class-wide, basis; only Franchisor (and its affiliates and Franchisor's and their respective owners, officers, directors, managers, agents and employees, as applicable, all collectively including Franchisor, "Franchisor Persons") and Franchisee (and Franchisee's affiliates and Franchisee's and their respective owners, officers, directors, managers, agents and employees, as applicable, all collectively including Franchisee, "Franchisee Persons") may be the parties to any such lawsuit or other court proceeding; and, no such lawsuit or other proceeding shall be consolidated with any other lawsuit or other proceeding involving any of Franchisor Persons or any of Franchisee Persons.

15.7 Limitation of Remedies; Cumulative Remedies. Except as expressly provided below in this Section 15.7 and Section 15.8, neither party to this Agreement shall be entitled to recover punitive, exemplary or consequential damages from any other party to this Agreement. Except as provided in the immediately preceding sentence, all rights and remedies of Franchisor shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement. The rights and remedies of Franchisor shall be continuing and not exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration or earlier termination of this Agreement shall not discharge or release Franchisee from any liability or obligation then accrued or any liability or obligation continuing beyond or arising out of the expiration or earlier termination of this Agreement.

15.8 Liquidated Damages. If this Agreement is terminated as a result of repudiation, anticipatory breach, default, or other action or omission by Franchisee without material breach hereof by Franchisor, Franchisee shall pay to Franchisor in lump sum as liquidated damages in lieu of Franchisor's lost profits (and in addition to any other remedy or right Franchisor may have for other categories of damages or other relief) the amount of a) 10% of Franchisee's Net Sales for the last 12 consecutive months of the Licensed Store's full time operation prior to termination of this Agreement, or b) \$100,000.00, whichever is greater. After careful consideration, the parties hereby acknowledge and agree that the precise amount of Franchisor's actual lost profits in such event would be extremely difficult to ascertain and that the foregoing sum represents a reasonable estimate of such actual damages, based in part upon the approximate time and expense it would take Franchisor to open another retail outlet in the same vicinity operated under the Marks. Such liquidated damages shall not apply if either Franchisor or another, authorized franchisee of the System commences operation of a retail outlet operated under the Marks in the same vicinity within 60 days of termination of this Agreement.

15.9 Limitations of Actions. Franchisor and Franchisee shall be bound by the provisions of any

limitation on the period of time in which claims must be brought under applicable law or this Agreement whichever period expires first. In any arbitration proceeding, each must submit or file any claim that would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. No claim or cause of action arising out of this Agreement, its negotiations, or any aspect of the relationship or dealings between Franchisor and Franchisee (or any of their owners or affiliates) shall be submitted to arbitration or filed as a lawsuit or other proceeding more than two years after its occurrence or one year after its discovery by the injured party, whichever is earlier. Any claim not submitted or filed by the date required is forever barred.

15.10 Survival. The terms of this Article 15 shall survive termination, expiration, or cancellation of this Agreement.

Article 16 **MISCELLANEOUS**

16.1 PERSONAL GUARANTIES. In conjunction with Franchisee's execution of this Agreement, each and every Franchise Owner shall provide a personal guaranty of Franchisee's full and timely performance of all of Franchisee's obligations under this Agreement. Each such guaranty shall be substantially in the form attached as an exhibit to the Franchise Disclosure Document or otherwise acceptable to Franchisor.

16.2 Disclosure. In all dealings with third parties including customers, employees, suppliers, and others, Franchisee shall disclose, in the manner that Franchisor specifies from time to time, that Franchisee is an entity independent from Franchisor.

16.3 No Binding Other Party. A party to this Agreement shall have no authority to create or assume any obligation, express or implied, or to act or purport to act as agent or representative of the other party for any purpose, except for any express authorization in this Agreement for Franchisor to act for and on behalf of Franchisee in specified circumstances.

16.4 Offset. Franchisor shall have the right to retain any monies coming into Franchisor's possession of or relating to Franchisee or on Franchisee's behalf, to offset amounts owed by Franchisee to Franchisor.

16.5 Failure to Enforce. Failure of a party to enforce any provision of this Agreement shall not constitute a waiver of the right subsequently to enforce the provision or to enforce other provisions of this Agreement.

16.6 Waiver. The waiver by Franchisor of any breach or default, or series of breaches or defaults, of any term, covenant or condition herein or of any same or similar term, covenant or condition in any other agreement between Franchisor and any franchisee or licensee, shall not be deemed a waiver of any subsequent or continuing breach or default of the same or any other term, covenant or condition contained in this Agreement, or in any other agreement between Franchisor and any franchisee or licensee.

16.7 Modification. Except as provided in Section 16.23 below ("Severability"), this Agreement cannot be modified or changed other than by written instrument signed by Franchisor and Franchisee.

16.8 System Modification. As provided above, Franchisor shall have the right to modify the Manual and elements or all of the System as Franchisor deems appropriate from time to time. Each of these modifications shall be deemed to occur in the performance of and pursuant to this Agreement and will not constitute solicitations to modify, or modifications of, this Agreement.

16.9 Further Actions. Franchisee shall execute such other documents and perform such further acts as Franchisor deems to be needed or desirable to carry out the purposes of this Agreement.

16.10 Successors and Assigns. Subject to the terms and provisions of Article 11 above, this Agreement will be binding upon and inure to the benefit of the successors and assigns of Franchisor and will be binding upon and inure to the benefit of Franchisee and its or their respective heirs, executors, administrators,

successors and assigns.

16.11 Force Majeure. Neither party will be liable for failure or temporary delay in performance of this Agreement, other than payment of money due to Franchisor, for the length of time such performance is prevented by acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Franchisee could not by the exercise of reasonable diligence have avoided. If performance is so delayed by more than six months, then either party may terminate this Agreement effective upon 90 days' notice to the other party, unless full performance by the excused party is commenced during such notice period and thereafter continues. No such delay shall extend the Term. In the event of the occurrence of an event which Franchisee claims to constitute force majeure, Franchise shall provide written notice to Company within five days following commencement of the alleged event of force majeure which notice shall include the words "force majeure" and explicitly describe the specific nature and extent of the force majeure, and how it has impacted Franchisee's performance hereunder.

16.12 Business Judgment. The parties hereto recognize, and any mediator or arbitrator is affirmatively advised, that certain provisions of this Agreement describe or imply Franchisor's right to take (or refrain from taking) certain actions (including modification of specifications and procedures, selection of marketing plans, addition of new products, deletion of products, changes to any and all System standards, the granting or denying of Franchisor's approval or consent, etc.) in the exercise of Franchisor's business judgment. Where such business judgment has been exercised in good faith, no mediator or arbitrator may substitute his or her own business judgment for that exercised by Franchisor.

16.13 Lease of Land and Building. If the parties have executed a lease of land or building relating to the premises described in Section 1.2 above (the "Lease"), such Lease is hereby incorporated into this Agreement by reference, and any failure on the part of Franchisee (lessee therein) to perform, fulfill or observe any of the covenants, conditions or agreements contained therein shall constitute a material breach of this Agreement. It is expressly understood, acknowledged and agreed by Franchisee that any termination of the Lease resulting in Franchisee's loss of possession of the premises of the Licensed Store shall, at Franchisor's option, result in immediate termination of this Agreement without further notice, and automatically trigger Franchisor's option rights under Section 9.9 above to assume Franchisee's position as lessee under the Lease.

16.14 Cost of Living Index. Each amount payable under this Agreement that is denoted in dollars (e.g. \$100.00 late charge under Section 6.10, but not including the initial franchise fee, renewal fee, or transfer fee) shall be adjusted automatically (applicable to such payments due thereafter until the next adjustment) on the first and every subsequent anniversary date of this Agreement by the increase, if any, in the Consumer Price Index for the Los Angeles area from the date of this Agreement to such anniversary date.

16.15 No Third-Party Beneficiaries. This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity will be entitled to any rights hereunder whether claiming third party beneficiary rights or otherwise.

16.16 Joint and Several Liability. If Franchisee consists of, or is owned by, more than one person or entity, or a combination thereof, the obligations and liabilities to Franchisor of each such person or entity are joint and several.

16.17 Survival of Covenants. The covenants contained in this Agreement that by their terms contemplate performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding the expiration or termination of this Agreement for any reason whatsoever.

16.18 Exhibits. Each Exhibit expressly referred to in the body of this Agreement is hereby incorporated in its entirety into this Agreement

16.19 Construction. Headings, table of contents, gender, and language usages in this Agreement are for convenience only and shall not be used to construe the terms of this Agreement. As used in this Agreement, the male gender shall include the female and neuter genders; the singular shall include the plural, and vice versa.

16.20 Time. Time is of the essence of this Agreement.

16.21 Include. Each and every use and version of the word “include” in this Agreement shall be construed as without limitation (unless expressly modified by the word “only”).

16.22 Hereby. Except where expressly or by context clearly indicated otherwise, the use in this Agreement of verbs such as “acknowledges” or “agrees” (regardless of number or tense) shall be understood to include by implication the word “hereby.”

16.23 Severability. If any provision of this Agreement is invalid, prohibited, or unenforceable under applicable law, the provision will be deemed amended to conform to the applicable law while maintaining to the maximum extent possible the original intent of the provision.

16.24 Multiple Originals. This Agreement may be executed in multiple originals, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument.

16.25 Entire Agreement. This Agreement contains all of the terms and conditions agreed upon by the parties hereto with reference to the subject matter hereof. No other agreements oral or otherwise will be deemed to exist or to bind any of the parties hereto, and any and all prior negotiations, commitments, undertakings, representations, agreements, and understandings are merged into and superseded hereby. No officer or employee or agent of Franchisor has any authority to make any representation or promise not contained in this Agreement or the Franchise Disclosure Document. Franchisee hereby represents and warrants that Franchisee has executed this Agreement without reliance upon any such unauthorized representation or promise of Franchisor or any representative of Franchisor. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations contained in the Franchise Disclosure Document provided by Franchisor to Franchise Owners.

Article 17 **ACKNOWLEDGEMENTS AND REPRESENTATIONS OF FRANCHISEE**

17.1 Franchisee’s and Franchise Owners’ Representations and Warranties. Franchisee and each and all of the Owners represent and warrant that the following statements are true and accurate:

(a) Each of the individuals executing this Agreement on behalf of Franchisee received Franchisor’s Franchise Disclosure Document (together with all exhibits to the Franchise Disclosure Document) at least 14 days before executing this Agreement;

(b) None of the Franchise Owners or Franchisee seeks to obtain the franchise granted herein for speculative purposes, and none has any present intention to sell or transfer or attempt to sell or transfer the franchised business or the franchise granted herein;

(c) If Franchisee is a Business Organization, Franchisee is duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Licensed Store is located;

(d) The execution of this Agreement by Franchisee and the Franchise Owners will not constitute or violate any other agreement or commitment to which Franchisee or any Franchise Owner is a party;

(e) Each individual executing this Agreement on behalf of Franchisee is duly authorized to do so, and this Agreement constitutes a valid and binding obligation of Franchisee and each Franchise Owner;

(f) Franchisee and each of the Franchise Owners have entered into this Agreement in reliance on information in this Agreement, the Franchise Disclosure Document, their own investigations and nothing

else whatsoever;

(g) In entering into this Agreement, none of Franchisee or any of the Franchise Owners has relied on any promise, representation, statement, or undertaking made by Franchisor or any Franchisor representative that is not included in this Agreement, or in the Franchise Disclosure Document;

In entering into this Agreement, none of Franchisee or any of the Franchise Owners has relied on any promise, representation, statement, or undertaking made by Franchisor or any Franchisor representative that is in conflict with, or modifies, or supersedes any statement or representation in this Agreement or the Franchise Disclosure Document;

(h) Neither Franchisee nor any of the Franchise Owners has received or relied on any data, representation, projection, forecast, estimate, warranty, assurance, or other communication, expressed or implied, as to actual or potential sales volume, profit, or success of the Licensed Store;

(i) Franchisee and each Franchise Owner understand and acknowledge the value to the System of uniform and ethical standards of quality, consistency, appearance, and service described in and required by the Manual and the necessity of operating the franchised business under the standards set forth in the Manual; and, Franchisee has the capabilities, professionally, financially and otherwise, to comply with those standards;

(j) Franchisee and each of the Franchise Owners have carefully read this Agreement and all other related documents to be executed by them concurrently or in conjunction with the execution hereof, each has obtained, or had the opportunity to obtain, the advice of legal, financial, and business advisors in connection with the execution and delivery of this Agreement, each understands the nature of this Agreement and the considerable effort to be expended on the part of Franchisee and Principal Operator in order to satisfactorily perform their respective obligations hereunder, and each of Franchisee and the Franchise Owners intends to comply herewith and be bound thereby; and

(k) Franchisee and each of the Franchise Owners acknowledge and fully appreciate that the business contemplated by this Agreement involves significant risks and that any particular results depend largely on Franchisee's business abilities and efforts as well as external economic forces outside Franchisor's control; and, Franchisee and each of the Franchise Owners acknowledge and fully appreciate that neither Franchisor nor any other person can assure any particular results.

17.2 Additional Information Respecting Franchisee and Franchise Owners. Incorporated herein by this reference is all of the additional information provided by Franchisee or the Franchise Owners to Franchisor as part of the application process pertinent to the grant of franchise evidenced by this Agreement. Franchisee and each of the Franchise Owners acknowledge that Franchisor has relied on each item of such information in granting this franchise.

Article 18 **ANTI-TERRORISM LAW**

18.1 Anti-Terrorism Laws. Franchisee and the Franchise Owners certify that none of Franchisee, Franchise Owners, employees, or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. Franchisee promises not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, Franchise Owners, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee and Franchise Owners promise to comply with and assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and Franchise Owners certify, represent, and warrant that none of its property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws, and that Franchisee and Franchise Owners are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply

with all such Anti-Terrorism Laws, Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in this Agreement pertain to Franchisee's obligations under this Section. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchise Owners, or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's Affiliates. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations) the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

INTENDING TO BE LEGALLY BOUND, the parties have duly executed, sealed and delivered this Agreement on the day and year first above written.

FRANCHISOR:

YOGURTLAND FRANCHISING, INC.

FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Attachment A to the Franchise Agreement

Glossary of Additional Terms

“Affiliate” when used herein in connection with Company or Developer, includes each person and Business Entity that directly or indirectly, controls, is controlled by, or is under common control with Company or Developer, as applicable. Without limiting the foregoing, the term “Affiliate” when used herein in connection with Developer, includes any Business Entity more than 50% of whose stock; membership interests; Partnership Rights; or other equity ownership interests (collectively “Equity”) or voting control is held by person(s) or Business Entities who, jointly or severally, hold more than 50% of the Equity or voting control of Developer. For purposes of this definition, control of a person or Business Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Business Entity. Notwithstanding the foregoing definition, if Company or its Affiliate has any ownership interest in Developer, the term “Affiliate” shall not include or refer to the Company or that Affiliate (the “Company Affiliate”), and no obligation or restriction upon an “Affiliate” of Developer, shall bind Company, or said Company Affiliate or their respective direct/indirect parents or subsidiaries, or their respective officers, directors, or managers.

“Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations) the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

“Applicable Law” means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, including, without limitation, those governing the development, construction and/or operation of the Store, including, without limitation, all labor, disability, food and drug laws and regulations, as in effect on the Effective Date hereof, and as may be enacted, modified or amended from time to time thereafter.

“Assignment” shall mean any assignment, sale, transfer, gift, lien, pledge, mortgage, hypothecation, conveyance, encumbrance, grant of a security interest, or other conveyance, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise, of any interest in this Agreement or any of Developer’s rights or privileges hereunder, or all or any substantial portion of the assets of Developer; provided, further, however, that if Developer is a Business Entity, each of the following shall be deemed to be an Assignment of this Agreement: (i) the sale, assignment, transfer, conveyance, gift, lien, pledge, mortgage, hypothecation, grant of a security interest, or other encumbrance of more than 49% in the aggregate, whether in one or more transactions, of the Equity or voting power of Developer, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Developer; (ii) the issuance or change of any securities by, or Equity of, Developer which itself or in combination with any other transaction(s) results in the Owners, as constituted on the Effective Date, or the date of the last Assignment for which Company granted its consent, whichever is later, owning less than 51% of the outstanding Equity or voting power of Developer; (iii) if Developer is a partnership, the resignation, removal, withdrawal, death or legal incapacity of a general Partner or of any limited Partner owning more than 49% of the Partnership Rights of the partnership, or the admission of any additional general Partner, or the transfer by any general Partner of any of its Partnership Rights in the partnership, or any change in the ownership or control of any general Partner; (iv) the death or legal incapacity of any Owner owning more than 49% of the Equity or voting power of Developer; (v) any merger, stock redemption, conversion, consolidation, reorganization, recapitalization involving, directly or indirectly, Developer or any Owner, and/or (vi) other transfer of control of Developer, however effected.

“Authorized Products” means the specific food and beverage items and ancillary related products and

merchandise, as specified by Company from time to time in the Manuals or as otherwise directed by Company in writing, for sale at a Store operated by Developer, prepared and served in strict accordance with Company's recipes, standards and specifications, including specifications as to ingredients, brand names, preparation and presentation.

“Business Entity” means any limited liability company, general partnership or limited partnership (each of which shall be referred to as a “partnership”), and any trust, association, corporation or other entity that is not an individual.

“Confidential Information” means proprietary and confidential information and Trade Secrets of Company, including, standards, specifications, programs, supplier information, procedures, policies, concepts, systems, know-how, plans, software, strategies, methods, programs, routines, service techniques, services, clothing designs, techniques and plans for advertising, promoting, developing and operating Stores and methods of obtaining licensing and meeting regulatory requirements.

“Force Majeure” means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Developer could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor general economic conditions; nor the performance, non-performance or exercise of rights under any agreement with Developer by any lender, landlord, contractor, or other person shall be an event of Force Majeure, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. For the avoidance of doubt, Developer's financial inability to perform or Developer's insolvency shall not be an event of Force Majeure.

“Franchise Agreement” means the Then-current standard form of agreement used by Company to grant franchises to own and operate a single Store, and all exhibits and related instruments, as may be amended from time to time. Amendments may include, without limitation, initial fees, changes in royalty amounts or other fees.

“Franchise Disclosure Document” or “Disclosure Document” means the franchise disclosure document or its equivalent as may be required by Applicable Law.

“Governmental Authority” means and includes all federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions, and authorities.

“Initial Franchise Fee” shall have the meaning set forth in Section 4.

“Manual” means all of the operating manuals, training manuals, bulletins, and other materials related to the System, as they may be published or amended from time to time.

“Marks” shall have the meaning set forth in Recital B.

“Non-Traditional Venue” means a location within another primary business or in conjunction with institutional and other business or institutional settings, including resorts, hotels and motels, ships, ports, piers, casinos, arenas, stadiums, airports, gyms, colleges and universities, schools, hospitals, military and other governmental facilities, toll roads, travel plazas, office or in-plant food facilities, health clubs, Shopping Malls, supermarkets, grocery stores, anchor retail department stores, big-box retailers, specialty retailers, convenience stores, fast food operations such as food courts and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of similar businesses to a master concessionaire or similar provider. “Non-Traditional Venues” shall have the corresponding meaning.

“Owner” means the owner of any direct or indirect interest in Franchisee, including any shareholder, member, general or limited partner, trustee, or other Equity owner of a Business Entity. Franchisee's Owners are listed in the Summary Pages

“Partner” means any partner of a partnership.

“Partnership Rights” means voting power, property, profits or losses, or partnership interests of a Partner.

“Shopping Mall” means any retail shopping center containing two or more anchor retail department stores.

“Store” means a store or other outlet, whether operated at a Traditional Venue or a Non-Traditional Venue, operated under the Marks and in accordance with the System pursuant to a validly existing Franchise Agreement and specializing in the sale of Authorized Products for on-premise and off-premise consumption.

“System” shall mean the Company’s business operating methods for a Store, including interior and exterior store design; other items of trade dress; specifications for equipment, fixtures, and uniforms; formats; systems; copyrights; Manuals; methods; procedures; designs and layouts; specifications; defined product offerings, recipes and preparation methods; Trade Secrets and other Confidential Information; standard operating and administrative procedures; management and technical training programs; inventory procedures; marketing and public relations programs; and other materials, trade secrets, know-how, and technology, all as the same may exist today or as they may change from time to time, as specified in the Manual or as otherwise directed by Company from time to time.

“Term” shall have the meaning set forth in Section 3.

“Then-current” as used in this Agreement and applied to the Disclosure Document and a Franchise Agreement and/or Area Development Agreement shall mean the form then currently provided by Company to similarly situated, prospective Franchisees, or if not then being so provided, then such form selected by the Company in its discretion which previously has been delivered to and executed by a Franchisee of Company.

“Trade Secrets” means proprietary and confidential information, including recipes, ingredients, specifications, costing procedures, policies, concepts, systems, know-how, plans, strategies, and methods and techniques of developing, constructing and operating the Store and producing Authorized Products, excluding information that is or becomes a part of the public domain through publication or communication by third parties not bound by any confidentiality obligation.

“Traditional Venue” is any location that is not a Non-Traditional Venue.

Attachment B to the Franchise Agreement
State Specific Amendments

CALIFORNIA

The following provisions amend that certain Franchise Agreement with an Effective Date of _____ between Yogurtland Franchising, Inc., a Texas corporation (“Franchisor”) and the Franchisee identified below:

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

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

c. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

2. Section 1 of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Addendum. Section 1 of this Addendum shall have no force or effect if such jurisdictional requirements are not met.

3. ATTORNEYS FEES. In any arbitration proceeding arising out of or involving the Agreement, including without limitation disclosure of the related franchise offering, its negotiation, etc., the arbitrator may award attorneys' fees and costs to the prevailing party in such arbitration. With respect to any litigation between Franchisor and Franchisee (whether to enforce the arbitration of disputes, other injunctive relief, or otherwise involving the Agreement, including without limitation disclosure of the related franchise offering, its negotiation, etc.), the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs incurred in such litigation.

4. Section 17.1 (a), 17.1(g), 17.1(h), 17.1(i), 17.1(j), 17.1(k), and 17.1(l) of the Franchise Agreement do not apply to franchisees in the state of California.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the Commissioner.

Intending to be legally bound, the parties have executed this Agreement to be effective on the Franchise Agreement Effective Date.

FRANCHISOR:

YOGURTLAND FRANCHISING, INC.
a Texas corporation

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

MARYLAND

For purposes of complying with the requirements of Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. CODE ANN., Bus. Reg. §§ 14-201 – 14-233 (2004 Repl. Vol.) (the “**Maryland Franchise Registration and Disclosure Law**”), Yogurtland Franchising, Inc., a Texas corporation (“**Franchisor**”) and _____ (“**Franchisee**”), hereby amend the Franchise Agreement between them dated _____ (the “**Franchise Agreement**”) as follows:

1. Section 6.1 of the Franchise Agreement has been amended to include the following language:

All initial fees and payments owed by the Franchisee to the Franchisor shall be deferred until the Franchisor completes its pre-opening obligations under the Agreement.

2. Any provision requiring Franchisee to sign a general release of any and all claims against Franchisor shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Any provision requiring Franchisee to bring an action against Franchisor in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

6. Notwithstanding anything to the contrary contained in the Franchise Agreement, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

7. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Maryland law applicable to the provisions are met independent of this Amendment.

8. 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 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.

9. Sections 17.1 (a), 17.1(f), 17.1(g), 17.1(h), 17.1(i), 17.1(j), and 17.1(k) are deleted.

10. All other provisions of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment, intending for it be effective on the “Effective Date” identified in the Franchise Agreement.

FRANCHISOR:

YOGURTLAND FRANCHISING, INC
a Texas corporation

FRANCHISEE:

By: _____

By: _____

Name: _____
Title: _____

Name: _____
Title: _____

VIRGINIA

For purposes of complying with the requirements of Virginia law, including the Virginia Retail Franchising Act, Virginia Code, Section 13.1-564, Yogurtland Franchising, Inc., Texas corporation (“**Franchisor**”) and _____ (“**Franchisee**”), hereby amend the Franchise Agreement between them dated _____ (the “**Franchise Agreement**”) as follows:

1. 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 franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Sections 17.1 (a), 17.1(f), 17.1(g), 17.1(h), 17.1(i), 17.1(j), and 17.1(k) are deleted.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment, intending for it be effective on the “Effective Date” identified in the Franchise Agreement.

FRANCHISOR:

YOGURTLAND FRANCHISING, INC.
a Texas corporation

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

Attachment C to the Franchise Agreement
Key Terms

Section 1.2. The “Store Location” is at: _____.

The parties have executed Attachment C intending for it to be effective on _____.

FRANCHISOR:

YOGURTLAND FRANCHISING, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Attachment D to the Franchise Agreement
Personal Guaranty

Franchisee: _____
Franchise Agreement Effective Date: _____

In consideration of, and to induce, the agreement by Yogurtland Franchising Inc., a Texas corporation ("Franchisor"), to the terms of that certain Franchise Agreement between Franchisor and the Franchisee identified above ("Franchisee") with an Effective Date reflected above (the "Franchise Agreement"), each of the undersigned (each individually a "Guarantor," and collectively, "Guarantors") unconditionally guarantees to Franchisor that Franchisee will fully perform and satisfy on time, each and every term, covenant, condition, payment, indebtedness, agreement, undertaking, and obligation of Franchisee in the Franchise Agreement in accordance with the terms and conditions below.

Each of the undersigned Guarantors hereby represents to Franchisor that (a) they will receive a material benefit from the operation of the business to be conducted under the Franchise Agreement; and (b) if they own an interest in Franchisee, they will not permit any transfer of any ownership interest in Franchisee without first obtaining Franchisor's written consent in accordance with the terms of the Franchise Agreement.

This Guaranty is absolute and shall be continuing and irrevocable throughout the term of the Franchise Agreement and any extension or renewal and thereafter until all obligations of Franchisee to Franchisor have been satisfied. This Guaranty is directly enforceable against each of the undersigned guarantors without first resorting to or exhausting remedies against Franchisee. No indulgence, forbearance or extension of time for performance will in any way release any of the undersigned from any liability or obligation under this Guaranty.

This Guaranty is a guaranty of performance, not merely of collection. Franchisor and its successors and assigns may, from time to time without notice to Guarantors and without diminishing Guarantors' obligations: (a) resort to any of the Guarantors for payment of any of Franchisee's liabilities, whether or not Franchisor or its successors resorted to any property that secures the liabilities or proceeded against any other Guarantor(s) or against Franchisee on any of the liabilities; (b) release or compromise liability of any Guarantor or any liability of any parties primarily or secondarily liable on any of the liabilities; and (c) extend, renew, or credit any of the liabilities for any period (whether or not longer than the original period).

Guarantors hereby covenant to comply with and abide by the restrictive covenants and non-disclosure provisions in the Franchise Agreement to the same extent and for the same period of time as Franchisee is required to comply with and abide by those covenants.

Guarantors' obligations shall survive termination, expiration, non-renewal, or transfer of the Franchise Agreement. Until all obligations of Franchisee to Franchisor have been satisfied, Guarantors' obligations shall remain in full force and effect without regard to, and shall not be released, discharged, or modified or affected by, any circumstance or condition (whether or not Guarantors have any knowledge or notice), including without limitation Franchisee's bankruptcy, insolvency, reorganization, composition, liquidation, or similar proceeding or condition. The remedies in this Guaranty shall be nonexclusive and cumulative of all other rights, power, and remedies provided under the Franchise Agreement or by law or in equity.

Guarantors waive presentment, demand, notice of dishonor, protest, nonpayment, notice of acceptance hereof, notice of all contracts and commitments, notice of the existence or creation of any liabilities under the Franchise Agreement or the amount and terms thereof, notice of defaults, disputes, or controversies resulting from the Franchise Agreement or otherwise, and the settlement, compromise, or adjustment thereof, as well as all other notices.

Guarantors shall pay all reasonable expenses incurred by Franchisor in attempting to enforce the Franchise

Agreement or this Guaranty, including without limitation reasonable attorneys' fees, out-of-pocket expenses, and costs. Any waiver, extension of time, acceptance of partial payment, or other indulgence, if any, granted from time to time by Franchisor, its agents, successors, or assigns shall in no way modify or amend this Guaranty, which shall be continuing, absolute, unconditional, and irrevocable. No delay or failure of Franchisor in the exercise of any right, power, or remedy, or the exercise of any other right, power, or remedy shall be deemed a waiver of any right, power, or remedy. Guarantors intend that each of them shall remain liable hereunder as a principal until all obligations have been satisfied, regardless of any fact, act, event, or occurrence that might otherwise operate as a legal or equitable discharge of Guarantors.

The liability of each Guarantor shall be joint and several and primary. No Guarantor shall attempt to assign or delegate this Guaranty without the prior written consent of Franchisor, which consent may be withheld in the sole discretion of Franchisor, and no such attempt shall be effective except with such prior written consent.

This Guaranty shall be governed by and construed in accordance with the laws of the State of Texas. Each Guarantor hereby consents to the jurisdiction and venue of the federal and state courts located within the State of Texas and covenants to initiate no litigation or arbitration proceeding pertaining to this Guaranty in any venue outside the State of Texas.

This Guaranty is signed by each Guarantor (and each respective spouse in consent of the pertinent Guarantor's entry into this Guaranty) on the date stated next to that Guarantor's name, and this Guaranty is effective for each Guarantor as of the earliest of such dates.

This Guaranty constitutes the full and complete understanding and agreement of the parties hereto with respect to its specific subject matter and supersedes all prior understandings and agreements with respect thereto. Nothing in this Guaranty or any related agreement, however, is intended to disclaim the representations of Franchisor contained in the Franchise Disclosure Document previously furnished by Franchisor to Franchisee.

INTENDING TO BE LEGALLY BOUND, the parties have duly executed, sealed and delivered this Agreement on the Effective Date as referenced in the Summary Page.

GUARANTORS:

Print Name: _____

Print Name: _____

Print Name: _____

Print Name: _____

Attachment E to the Franchise Agreement
Non-competition and Non-disclosure Agreement

Effective Date: _____

This Non-Competition and Non-Disclosure Agreement (this “Agreement”) is made and entered into on the Effective Date set forth above (“Effective Date”) by and between Yogurtland Franchising, Inc., a Texas corporation (“Franchisor”), and the individual “Covenantor” identified below, with reference to the following facts.

RECITALS

Covenantor is intending to acquire a Yogurtland franchise or an interest or employment opportunity in a Yogurtland franchise. Covenantor acknowledges that the experience, training, and assistance offered by Franchisor and Covenantor’s access to confidential and proprietary information could enable Covenantor to take unfair advantage of Franchisor by competing against stores operating under the Yogurtland System during or after Covenantor’s period of ownership. To protect this information, Covenantor’s signing and delivery of this Agreement are conditions for Franchisor to authorize the disclosure of certain information to Covenantor. Accordingly, the parties hereby agree as follows:

AGREEMENT

1. Non-Disclosure. Covenantor shall hold in confidence all Confidential Information (as defined below) and shall not disclose, communicate, publish, or make use of all or any part of any Confidential Information, without prior written consent of an officer of Franchisor, which consent may be withheld in Franchisor’s sole discretion.

2. Definition. “Confidential Information” shall mean all disclosures and communications of information made to Covenantor containing information not available to the general public. Confidential Information includes without limitation all recipes, formulas, and methods for preparation of Yogurtland products, product specifications, systems, procedures, techniques for food preparation, sales and marketing, development and operational procedures of Yogurtland stores, confidential marketing programs for Yogurtland stores, and confidential information on Yogurtland products, materials, suppliers, equipment, operating results, and financial performance of Yogurtland stores, other trade secret information, and all portions of Franchisor’s Confidential Operation Manual.

3. Other Protections under Applicable Law. The restrictions provided under this agreement are additional to and not in lieu of protections afforded to trade secrets and proprietary confidential information under applicable laws. Nothing in this Agreement is intended to or shall be interpreted as diminishing or otherwise limiting Franchisor’s rights under applicable laws to protect trade secrets and proprietary confidential information.

4. Return of Materials. On Franchisor’s request, Covenantor shall immediately deliver to Franchisor all memos, notes, records, manuals, drawings and other documents (including, but not limited to, written instruments, voice or data recordings, computer tapes, disks and files of any nature), and all copies of these materials and all documents prepared or produced in connection with the foregoing, containing Confidential Information regarding Franchisor or its business, whether made or compiled by Covenantor or furnished to Covenantor due to Covenantor’s relationship with Franchisor or the Franchise otherwise obtained by Covenantor.

5. In-Term Non-Competition Covenant. Covenantor covenants that during that period of her or his ownership (direct or indirect) of any financial, beneficial, or equity interest in a Yogurtland franchise while the Franchise Agreement is in effect, Covenantor shall not in any way, directly or indirectly, perform any services for, engage in, or hold any financial, beneficial or equity interest in, any Competitive Business to that of a Yogurtland Store. For purposes of this Section 5, such a “Competitive Business” means (a) any store, manufacturer, seller, reseller, distributor, or similar business specializing or in any way emphasizing

yogurt, desserts, snacks, or similar foods located anywhere, or (b) any entity that is granting franchises or licenses to others to operate one or more stores specializing in or emphasizing yogurt, desserts, snacks, or similar foods, or (c) a business that operates or licenses others to operate retail businesses in which aggregate sales of yogurt, yogurt-like products or frozen desserts, in aggregate, from any individual facility of such business constitute or would likely constitute more than ten percent (10%) of operating revenues annually from such individual facility.

6. Post-Term Non-Competition Covenant. Covenantor covenants that for the three (3) year period immediately following the earlier of: a) the complete transfer of any and all of his or her ownership (direct or indirect) of any financial, beneficial, or equity interest(s) in a Yogurtland franchise, or b) the expiration or termination of the applicable franchise agreement, Covenantor shall not in any way, directly or indirectly, perform any services for, engage in, or hold any financial, beneficial or equity interest in, any Competitive Business to that of a Yogurtland Store. For purposes of this Section 6, a “Competitive Business” means (a) any store, manufacturer, seller, reseller, distributor, or similar business specializing or in any way emphasizing yogurt, desserts, snacks, or similar foods located within a fifteen (15) mile straight-line radius from the front door of the Yogurtland Store which was or is then the subject of the Franchise Agreement or the same county as any other Yogurtland Store then operating or under construction, or (b) any entity that is granting franchises or licenses to others to operate one or more stores specializing in or emphasizing yogurt, desserts, snacks, or similar foods, or (c) a business that operates or licenses others to operate retail businesses in which aggregate sales of yogurt, yogurt-like products or frozen desserts, in aggregate, from any individual facility of such business constitute or would likely constitute more than ten percent (10%) of operating revenues annually from such individual facility.

7. Severability. If a judicial or arbitral determination is made that any provision of this Agreement is an unreasonable or otherwise unenforceable restriction against Covenantor, that provision shall be deemed to be amended to comprise the maximum, enforceable scope of protection in that jurisdiction of the Confidential Information, the Yogurtland System, and each Yogurtland Store, as applicable. Any judicial or arbitral authority construing this Agreement shall be empowered to sever any prohibited business activity, time period, or geographic area from the coverage of this Agreement and to apply the provisions of this Agreement to the remaining business activities, remaining geographic area and remaining time period not so severed by that authority. The time period during which the prohibitions in this Agreement shall apply shall be tolled and suspended for a period equal to the aggregate amount of time during which Covenantor violates those prohibitions in any way. This tolling is not intended to waive or excuse any breach and is in addition to and not in lieu of available remedies for the breach.

8. Injunctive Relief. Covenantor acknowledges and agrees that any remedy at law for breach of Sections 1, 4, 5, or 6 would be inadequate and that Franchisor shall be entitled to injunctive relief in addition to any other remedy Franchisor may have under this Agreement.

9. Miscellaneous

a. No Hardship. Covenantor acknowledges, represents and warrants that the restrictions in this Agreement do not restrict Covenantor from engaging in any trade or profession, and that Covenantor has skills and talents sufficient to enable Covenantor to earn a living, so that compliance with the restrictions in this Agreement is not and will not be a hardship to Covenantor.

b. Binding effect. This Agreement shall be binding on, and shall benefit Franchisor and its successors and assigns, and Covenantor and his heirs, representatives and assigns.

c. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas without regard to the conflicts of law principles thereof.

d. Headings. Section and paragraph headings in this Agreement are for reference only and shall not affect the meaning or interpretation of this Agreement.

e. Counterparts. This Agreement may be signed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

f. Waiver of Conditions. Any party may, at its option, waive in writing any or all of the conditions in this Agreement to which its obligations are subject. No waiver of any provision of this Agreement shall constitute a waiver of any other provision (whether or not similar), nor shall any waiver on one occasion constitute a continuing waiver unless otherwise expressly provided.

g. Entire Agreement. This Agreement is intended by the parties to be the final expression of their agreement regarding its subject matter and is the complete and exclusive statement of the terms thereof, regardless of any representations, statement or agreements to the contrary. Only a written instrument signed by all of the parties may modify this Agreement. Nothing in this or any related agreement, however, is intended to disclaim the representations contained in the Franchise Disclosure Document previously furnished by Franchisor to Covenantor entered into as of the date first above written.

INTENDING TO BE LEGALLY BOUND, the parties have executed this Agreement intending for it to be effective on the Effective Date first set forth above.

FRANCHISOR:

YOGURTLAND FRANCHISING, INC.

FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Attachment F to the Franchise Agreement
Limited Construction Project Management Agreement

This agreement is entered on this ____ day of _____, 20____ ("Effective Date") by and between YOGURTLAND FRANCHISING, INC., a Texas corporation, 2100 Valley View Lane Suite 101, Farmers Branch, Texas 75234 ("Franchisor"), and _____ ("Franchisee").

Location: Store Address

1. **Lease and Guarantee.** Franchisee is the contractual party for the Lease Contract of the Location and agrees to provide all the necessary guarantees.

2. **Construction.** Franchisor shall support and guide contractor and Franchisee, throughout the entire construction phase. Franchisor anticipates that contractor and/or Franchisee will report construction progress and/or issues related with construction within a reasonable time, to Franchisee.

3. **Total Budget.** Franchisee agrees to pay the total budget of **Six Thousand Dollars (\$6,000.00)** for a Franchisor Support Build-up. Support cost is based on a Franchisor approved Contractor builds out, subjected to change if a Non-Approved Contactor is selected. The total budget shall include the following jobs to effect operation of the store specified as below:

a. **Supervising Fee**

- i. Provide & guide thru store build-up process
- ii. Provide & guide thru build-up process milestone/time schedule
- iii. Revise and Approve Floor Layout for Architectural plans
- iv. Provide list of approved General Contractors
- v. Provide ALL required Equipment information (Bypass, Taylor 791 Machines, -Distribution, Equipment, etc.)

vi. Provide ALL vendor contact information and Contracts

vii. **Assist in ordering** the following equipment:

- 1. Glycol system information
- 2. Walk-in Cooler Information
- 3. Interior/Exterior Graphics
- 4. Kitchen Equipment & Smallwares
- 5. Cabinetry, Stainless Steel Frames, Yogurtland Provided Items, etc.

viii. Assist with Delivery of Equipment

ix. Assist Opening Team with Employee training prior to grand opening, if needed

x. Provide up to, two site visits (Travel cost by Franchisee):

First visit will be scheduled during the third week of constructing – if needed.

Second visit will be scheduled at the end of construction. "**General Punch List**" must be 95% complete. Any punch list items must be addressed/completed, prior to store opening.

Additional visits will be \$750.00 per day, plus expenses.

b. **Assist in ordering** POS System

c. Following items shall be the Franchisee's responsibility:

- xi. Alarm System (Burglar Alarm)
- xii. Security System (Security Cameras)
- xiii. Mood Media System (Audio System)
- xiv. Low Voltage (Installation of Computer/phone lines, speakers, amplifier, etc.)
- xv. Office Supplies
- xvi. Employee Uniforms and any other YLLSM.com items
- xvii. Proforma related operational supplies
- xviii. Marketing
- xix. Cleaning/Chemical Supplies

xx. Have General Contractor send weekly construction progress photos & recap sent to your Yogurtland Project Manager. These pictures are due every Friday at 12:00 pm. If GC does not send weekly photos the Yogurtland Project Manager will travel to site and take progress pictures at franchisees expense of up to \$750 per day plus expenses.

4. Terms of Payment. Franchisee shall pay 100% of the total contract amount when the contract is signed

5. Travel. Franchisee shall retain the cost of lodging, transportation, meals, incidentals, outside of a radius of 100 miles from corporate office.

6. POS System. Franchisor will assist with the ordering of the POS system. Third party software such as Microsoft Office and Antivirus shall be Franchisee's responsibility. Server, Merchant IDs, key codes, and installation shall be Franchisee's or the vendor's responsibility, as applicable.

7. Opening /Training. Franchisee shall send two staff members to Corporate Training prior to store opening. Once site is turned over to the Opening Team by the Construction Team, Franchisor shall assist Franchisee with the training of all employees.

8. Vendors and Utility. Franchisor shall assist Franchisee in ordering equipment and scheduling vendors throughout building process. Utilities such as telephone, electricity, gas, water, etc., shall be Franchisee's responsibility. Franchisee shall sign all Contracts, submit paperwork to all vendors, and will be responsible for all billing.

9. Waiver or Modification. Any waiver, modification or amendment of any provision of this Agreement shall be effective only if in writing in a document that specifically refers to this Agreement, and such document is signed by the party against whom enforcement thereof is sought.

10. Notices. All notices or other communications required or permitted hereunder shall be in writing, shall be personally delivered, or faxed with subsequently mailed confirmation to the addresses set forth in this Agreement.

11. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Texas.

12. Complete Understanding. This Agreement hereto constitutes the full and complete understanding and agreement of the parties hereto with respect to the specific subject matter covered herein and supersedes all prior understandings and agreements with respect thereto.

13. Attorney Fee Provision. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and

necessary disbursements in addition to any other relief to which the party may be entitled. This provision shall be construed as applicable to the entire contract.

Intending to be legally bound, the parties have executed this Agreement intending for it to be effective on the Effective Date set forth above.

FRANCHISOR:

YOGURTLAND FRANCHISING, INC.

FRANCHISEE:

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Attachment G to the Franchise Agreement
Authorization for Prearranged Payment

(DIRECT DEBITS)

The undersigned depositor (“Depositor”) authorizes Yogurtland Franchising, Inc. (“Yogurtland”) to request debit entries and/or credit correction entries to the Depositor’s checking and/or savings account(s) indicated below and the depository (“Depository”) to debit the account according to Yogurtland’s instructions.

Depository

Branch

Street Address, City, State, Zip Code

Bank Transit / ABA Number

Account Number

This authorization is to remain in full force and effect until Depository has received joint written notification from Yogurtland and Depositor of the Depositor’s termination of the authorization in a time and manner that will give Depository a reasonable opportunity to act on it. In spite of the foregoing, Depository will give Yogurtland and Depositor thirty (30) days’ prior written notice of the termination of this authorization. If an erroneous debit entry is made to Depositor’s account, Depositor will have the right to have the amount of the entry credited to the account by Depository, if within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to the entry or forty five (45) days after posting, whichever occurs first, Depositor has sent Depository a written notice identifying the entry, stating that the entry was in error, and requesting Depository to credit the amount of it to the account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

Depositor

By (Signature)

Title

Date

Please attach a copy of a voided check.

**Attachment H to the Franchise Agreement
Lease Rider**

THIS LEASE RIDER is made and entered into on this _____ day of _____, 20____, by and between _____, whose principal place of business is _____ ("Landlord"), _____ ("Tenant"), and Yogurtland Franchising, Inc., a Texas corporation ("Yogurtland").

RECITALS

A. This Lease Rider supplements and forms part of the attached Lease Agreement between Landlord and Tenant dated _____ (the "Lease") for the premises situated at _____ (the "Premises") to be used by Tenant as a Yogurtland® Restaurant.

B. This Lease Rider is entered into in connection with Yogurtland's approval of the location of the Premises as a Yogurtland Restaurant and the grant of a franchise to Tenant pursuant to a Franchise Agreement dated _____, 20____ (the "Franchise Agreement").

C. This Lease Rider is intended to provide Yogurtland the opportunity to reserve the Premises as a Yogurtland Restaurant under the circumstances set out below.

D. Landlord is willing to grant Yogurtland the right but not the obligation to assume the Lease of the Premises on the terms, covenants and conditions contained in this Lease Rider.

Therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, all of the parties hereby agree that the terms and provisions of the Lease are amended and, to the extent they are contrary, superseded as follows:

1. UPON DEFAULT OF TENANT UNDER THE LEASE

Landlord shall send to Yogurtland copies of each and any notice of default under the Lease provided to Tenant concurrently with the provision of such notice(s) to Tenant. If Tenant fails to cure any default(s) within the period specified within the notice, Landlord shall promptly provide to Yogurtland further written notice (a "second notice") specifying the default(s) that Tenant has failed to cure. Yogurtland shall have ten (10) business days following receipt of the second written notice to exercise its right to assume Tenant's rights and obligations under the Lease and begin paying rent concurrent with Landlord's delivery of possession of the Premises to Yogurtland, which delivery Landlord shall make every commercially reasonable effort to promptly accomplish. If Landlord is unable to deliver possession of the Premises to Yogurtland within sixty (60) days following the date of Yogurtland's exercise, Yogurtland shall thereafter have the right, at any time, until the Landlord delivers possession of the Premises to Yogurtland, to rescind the option exercise and Lease assumption by written notice to Landlord.

Tenant shall remain liable to Landlord for all payment and other obligations accrued under the Lease prior to Landlord's delivery of possession to Yogurtland.

2. UPON NON-RENEWAL OF THE LEASE TERM

If the Lease contains term renewal or extension right(s) and if Tenant does not timely exercise such right(s), Landlord promptly shall give Yogurtland written notice to such effect and Yogurtland shall have the option for fifteen (15) days following receipt of such notice to exercise Tenant's renewal or extension right(s) on the same terms and conditions as are contained in the Lease. If Yogurtland elects to exercise such right(s) it shall notify Landlord in writing whereupon Landlord and Yogurtland shall promptly execute and exchange an agreement whereby Yogurtland assumes the Lease for the renewal or extension term as applicable effective at the later of the date of expiration of the Lease or the end of any holding over period by Tenant to the effect that such extension or renewal term shall have subtracted from its beginning the number of days constituting any such holding over period. If Landlord is unable to deliver possession of the Premises to Yogurtland within sixty (60) days following the date of expiration of the Lease (which delivery Landlord shall make every commercially reasonable effort to promptly accomplish), Yogurtland

shall thereafter have the right, at any time, until the Landlord delivers possession of the Premises to Yogurtland, to rescind the option exercise and assumption of Lease by written notice to Landlord.

3. UPON TERMINATION OF THE FRANCHISE AGREEMENT

Termination of the Franchise Agreement for any reason shall constitute a default of Tenant under the Lease. If the Franchise Agreement is terminated for any reason during the term of the Lease or any extension or renewal of the Lease, and if Yogurtland shall desire and commitment to assume the Lease, Yogurtland shall provide Landlord written notice to such effect within five (5) business days of the effective date of termination of the Franchise Agreement, which commitment shall be subject to Landlord's timely delivery of possession to Yogurtland (which delivery Landlord shall make every commercially reasonable effort to promptly accomplish). If Landlord is unable to deliver possession of the Premises to Yogurtland within sixty (60) days following the date of Yogurtland's written confirmation, Yogurtland shall thereafter have the right, at any time, until the Landlord delivers possession of the Premises to Yogurtland, to rescind the assumption of the Lease by written notice to Landlord.

4. ADDITIONAL PROVISIONS

4.1 Yogurtland, upon taking possession of the Premises under any of Sections 1, 2 or 3 above shall execute and deliver to Landlord Yogurtland's assumption of Tenant's rights and obligations under the Lease starting from the day of delivery of possession to Yogurtland. Yogurtland shall pay, perform and be bound by all of the duties and obligations of the Lease applicable to Tenant; provided, however, Yogurtland may elect not to be bound by the terms of any amendment to the Lease executed by Tenant without Yogurtland's prior written approval, which approval shall not be unreasonably withheld or delayed.

4.2 Notwithstanding any assignment of the Lease to Yogurtland, Tenant shall be and remain liable to Landlord for all of its obligations under the Lease. Yogurtland shall be entitled to recover from Tenant all amounts Yogurtland pays to Landlord to cure Tenant's defaults under the Lease including interest thereon and Yogurtland's reasonable collection costs.

4.3 If Yogurtland assumes Tenant's interest under the Lease, Yogurtland may at any time sublet the Premises to a Yogurtland franchisee without having to obtain the prior written consent of Landlord.

4.4 If Yogurtland assumes Tenant's interest under the Lease, Yogurtland may at any time assign its interest under the Lease to a qualified third party subject to the prior written consent of Landlord in accordance with the applicable provisions of the Lease, or to a Yogurtland franchisee. Upon receipt by Landlord of an assignment agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions and agreements on the part of tenant to be performed under the Lease, Yogurtland shall be released from all liability as tenant under the Lease from and after the date of assignment, without any need of a written acknowledgment of such release by Landlord, subject to fulfillment of any one of the following conditions: a) the assignee (or any owner of assignee providing a guaranty of assignee's obligations under the Lease) has a net worth of not less than \$250,000, as certified to Landlord in writing by an officer of the assignee or the guarantying owner, as applicable, OR b) assignee performs its obligations under the Lease without material default for the twelve (12) consecutive months immediately following assignee's taking of possession of the Premises, OR c) the assignee is a Yogurtland franchisee. If Yogurtland enters into an assignment or sub-letting as contemplated above, it will make commercially reasonable efforts to procure, if the assignee is a business organization (other than a listed public company), a guaranty in customary form approved or prepared by Landlord from the principals of the assignee.

4.5 If the Lease or Franchise Agreement is terminated and Yogurtland fails to exercise timely its applicable option as described above, Tenant shall, upon written demand by Yogurtland to de-identify the Premises as a Yogurtland store, promptly remove all signs, decor and other items that Yogurtland

requests be removed as being distinctive and indicative of a Yogurtland store. Yogurtland may enter upon the Premises without being guilty of trespass or tort to effect de-identification if Tenant fails to complete such de-identification within five (5) business days after receipt of written demand from Yogurtland. Tenant shall pay Yogurtland for Yogurtland's reasonable costs and expenses in effecting the de-identification. Tenant acknowledges and agrees that its obligations to Landlord in respect to the provisions of the Lease concerning the removal of signage, additions and alterations at the termination of the Lease shall remain in full effect notwithstanding the right made available to Yogurtland pursuant to this provision.

4.6 Yogurtland may from time to time make reasonable request for certain information or reports from Landlord regarding the Lease, including with respect to rental, CAM and other charges to Tenant, rental, CAM reimbursement, and other payments from Tenant, performance of Tenant, etc. Landlord shall provide the requested information and reports to Yogurtland within a reasonable time not to exceed twenty (20) days, and Tenant hereby consents to Landlord's provision of any and all such information and reports to Yogurtland.

4.7 The Premises may be used for any lawful commercial retail purpose that does not breach any exclusivity of use commitment granted by Landlord to a third party prior to notice from Tenant to Landlord of Tenant's then intended use.

4.8 Landlord shall not permit or suffer any other occupant of the center within which the Premises are located to operate a business featuring frozen dessert items or smoothies, including without limitation frozen yogurt, ice cream, frozen custard, shaved ice, shaved snow, etc.

4.9 Throughout the term of the Lease, for the use and convenience of Lessee's customers, without additional charge, Landlord shall allow Tenant to provide legally compliant seating, tables, mobile umbrellas, etc. in the common area immediately outside the Premises with a width of approximately twelve (12) feet and running the length of the Store's frontage. Tenant shall maintain such area at its expense.

4.10 All notices pursuant to this Lease Rider shall be in writing and shall be personally delivered, sent by registered mail or reputable overnight delivery service or by other means which afford the sender evidence of delivery or rejected delivery to the addresses described above or to such other address as any party to this Lease Rider may, by written notice, instruct that notices be given.

4.11 By executing this Lease Rider, Yogurtland does not assume any liability with respect to the Premises or any obligation as tenant or otherwise under the Lease unless and until Yogurtland expressly assumes in writing such liability or obligation as described above.

FRANCHISOR:

YOGURTLAND FRANCHISING, INC.

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

LANDLORD:

By: _____

Name: _____

Title: _____

Attachment I to the Franchise Agreement
Renewal Addendum to Yogurtland Franchising, Inc. Franchise Agreement

This Renewal Addendum to Yogurtland Franchising, Inc. Franchise Agreement ("this Addendum") is made and entered into on this _____ day of _____, 20____ (the "Effective Date") by and between Yogurtland Franchising, Inc. ("Franchisor"), and _____ ("Franchisee") with reference to the following facts:

RECITALS

A. Franchisor and Franchisee are each party to that certain Yogurtland Franchising, Inc. Franchise Agreement with Effective Date of _____, 20____, pertaining to Yogurtland® Store # (the "Store"), located at _____, in the City of _____, State of _____ (as amended, if at all, the "Existing Franchise Agreement").

B. The Existing Franchise Agreement naturally expires at the close of business on _____ (the "Current Expiration Date").

C. The Existing Franchise Agreement granted to Franchisee a conditional right to renew the Yogurtland franchise agreement for the Store for renewal term of five (5) years' duration, commencing immediately upon the expiration of the term of the Existing Franchise Agreement.

D. Franchisee has requested and Franchisor has agreed to a renewal term for the period from _____ (hereinafter, the "Renewal Term").

E. Franchisor is willing to grant Franchisee a renewal franchise term subject to Franchisee's satisfaction of the renewal conditions contained in the Existing Franchise Agreement and amendment of the New Franchise Agreement in accordance with the terms and conditions of this Addendum.

NOW, THEREFORE, in consideration of the mutual promises contained in this Addendum, the parties hereby modify the New Franchise Agreement as follows:

ADDENDUM

1. Renewal Fee. As a condition precedent to the validity of this Addendum and the New Franchise Agreement, Franchisee shall have delivered to Franchisor not later than the close of business on the Execution Date (by check or wire transfer) good funds in the amount stated in Subsection 7.B below as the Renewal Fee for the Renewal Term.

2. Conditions for Renewal. Franchisee hereby promises to promptly fulfill each and every one of the conditions for renewal as provided in the Existing Franchise Agreement as though fully stated here in this paragraph.

3. Premises. Franchisee shall lease or sublease, as applicable, the Store's current premises (or different premises approved by Franchisor for the Renewal Term, and confirmed as such in writing by Franchisor to Franchisee) for a lease or sublease term covering at least the duration of the Renewal Term.

4. Physical Updating. As a condition of renewal, Franchisee hereby promises to remodel, redecorate, renovate, and upgrade the Store facility to Franchisee's current standards for new Yogurtland Stores and to complete all of such work to Franchisor's reasonable satisfaction on or before _____, 20____ (the "Renovation Completion Date"), in good and workmanlike, lawful manner, including each and every item included on Attachment I to Exhibit D attached to this Addendum and incorporated herein.

5. General Release. As a condition precedent to the validity of Franchisor's execution of the New Franchise Agreement and this Addendum, Franchisee and each of its owners shall deliver to Franchisor simultaneously with Franchisee's execution of this Addendum a fully-executed and witnessed general release in the form of Exhibit I attached hereto and incorporated herein.

6. Personal Guarantees. As a condition precedent to the validity of Franchisor's execution of the New Franchise Agreement and this Addendum, each of Franchisee's owners shall deliver to Franchisor simultaneously with Franchisee's execution of this Addendum a fully-executed personal guaranty (on Franchisor's current form) of Franchisee's obligations under the New Franchise Agreement as modified by this Addendum.

7. Modifications of Franchise Agreement. The New Franchise Agreement is further modified as follows:

- a. The Summary Page is amended to state that the Initial Franchise Fee is equal to \$0.00.
- b. Renewal Franchise Fee: The "Renewal Franchise Fee" is _____ U.S. Dollars (\$______).
- c. Subsection 4.2 (Initial Training) and Subsection 4.3 (Failure to Complete Initial Training) of the New Franchise Agreement are hereby deleted in their entirety and not replaced.
- d. Subsection 6.1 (Initial Franchise Fee) of the New Franchise Agreement is hereby deleted in its entirety and replaced with the following:

1.1 Renewal Fee. Simultaneously with Franchisee's execution and delivery of this Agreement to Franchisor, Franchisee must pay Franchisor a Renewal Fee in the amount of

Thousand U.S. Dollars (**U.S.\$_,000.00**) pertaining to the Renewal Term governed by this Agreement.

- e. Subsections 6.2 (Limited Construction Management Services Fee) and 6.3 (Training Fees) of the New Franchise Agreement are hereby deleted in their entirety and not replaced.
- f. Subsection 6.17 (Renewal Fee) of the New Franchise Agreement is hereby deleted in its entirety and replaced with the following:

6.17 Renewal Fee. As one of the conditions to entering into a renewal franchise agreement (on Franchisor's then-current form of franchise agreement), Franchisee shall pay Franchisor a non-refundable renewal fee of _____ Thousand Dollars (\$_,000) for an additional 10 year term as provided in Section 9.3. **[Included only if fee is different from current agreement.]**

- g. Subsection 7.3 (Opening Date) of the New Franchise Agreement is hereby deleted in its entirety and replaced with the following:

Franchisee shall re-open the business to the public ("Re- Opening Date") after completing the remodel, renovation, redecorating and upgrade of the existing premises (or, if applicable, completing construction of the new premises for operation of the franchise in the Renewal Term governed by this Agreement) not later than the Current Expiration Date or such other date as an officer of Franchisor approves (in his or her sole discretion) in writing (in either case, the "Scheduled Re- Opening").

- h. If the Renewal Term provided for in Subsection 7.h below is for a term of five (5) years, then Section 7.24 (Store Remodeling) of the New Franchise Agreement is hereby deleted in its entirety and not replaced; provided, however, if the Renewal Term provided for in Subsection 7.h below is for a term of longer than five (5) years, the Section

7.24 (Store Remodeling) remains unchanged as written in the New Franchise Agreement.

- i. Subsection 8.3 (Limited Construction Management Support) and Subsection 8.4 (Opening

Assistance) of the New Franchise Agreement are hereby deleted in their entirety and not replaced.

j. Subsection 9.1 (Initial Term) of the New Franchise Agreement is hereby deleted in its entirety and replaced with the following:

9.1 Renewal Term. The parties acknowledge that this Agreement covers the Renewal Term, which Renewal Term shall commence on the first day immediately following the date of expiration of the term of the Original Franchise Agreement pertaining to the Store (the "Initial Term's Expiration Date") and is intended to run for five (5) years to the date of the fifth (5th) anniversary of the Initial Term's Expiration Date and then expire automatically and immediately.

k. Subsection 9.2 (Renewal) of the New Franchise Agreement is hereby deleted in its entirety and replaced with the following:

9.2 Subject to Franchisee's timely fulfillment of each of the conditions set forth in Section 9.3, Franchisee shall have the right to renew this Agreement for () additional term of five (5) years. **[Included only if different from the current agreement.]**

8. Commencement of Renewal Term. Subject to Franchisee's completion to Franchisor's satisfaction on or before the Renovation Completion Date of the remodeling, redecorating, renovating, and upgrading work as contemplated in Section 4 above in this Addendum, Franchisor will notify Franchisee of Franchisor's satisfaction and the Renewal Term will then commence (or be deemed to have commenced, as applicable) on the first day immediately following the Current Expiration Date. With commencement of the Renewal Term, the Existing Franchise Agreement will be deemed fully superseded by the New Franchise Agreement as modified by this Addendum.

9. Incorporation of Recitals. Each of the above Recitals is hereby incorporated into this Addendum as a mutual acknowledgement and representation of the parties to each other.

10. Capitalized Terms and Effect. All capitalized terms contained in this Addendum are deemed to have the same meaning herein as used in the New Franchise Agreement. Except as modified by this Addendum, the New Franchise Agreement remains in full force and effect as written.

INTENDING TO BE LEGALLY BOUND, Franchisor and Franchisee have executed this Renewal Addendum to Yogurtland Franchising, Inc. Franchise Agreement effective as of the Execution Date above.

FRANCHISOR:

FRANCHISEE:

YOGURTLAND FRANCHISING, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Attachment J to the Franchise Agreement
Transfer Addendum to Yogurtland Franchising, Inc., Franchise Agreement

This Transfer Addendum to Yogurtland Franchising, Inc. Franchise Agreement ("this Addendum") is entered into and effective as of _____, by _____ and between **YOGURTLAND FRANCHISING, INC.** ("Franchisor"), and _____ a ("Franchisee") with reference to the following facts:

RECITALS

A. Franchisor had previously entered into with _____ ("Previous Franchisee") a Yogurtland Franchising, Inc. Franchise Agreement (the "Original Franchise Agreement") which had an expiration date of _____ (the "Original Expiration Date"); pertaining to the Yogurtland Store located at _____ (the "Store"); and

B. In conjunction with Previous Franchisee's sale of the business at the Store to Franchisee, Franchisor and Franchisee have entered into a new, current form, Yogurtland Franchising, Inc. Franchise Agreement (the "New Franchise Agreement," to which this Addendum applies) which is hereby modified as set forth below to account for the fact that the term of the New Franchise Agreement commences on the first date written above, that the Store is already constructed and is operating, and that the term of the New Franchise Agreement expires on the Original Expiration Date.

NOW, THEREFORE, in consideration of the mutual promises contained in this Addendum, the the parties hereby modify the New Franchise Agreement as follows:

ADDITIONUM

1. Recitals. Each of the above Recitals is hereby incorporated into this Addendum as a mutual acknowledgement and representation of each party hereto to the other.

2. Capitalized Terms. All capitalized terms contained in this Addendum are deemed to have the same meaning herein as in the New Franchise Agreement.

3. Modifications of Franchise Agreement. This Addendum modifies and to the extent contrary supersedes the New Franchise Agreement as follows:

a. Subsection 4.2 (Initial Training) of the New Franchise Agreement is hereby deleted in its entirety and replaced with "intentionally deleted".

b. Subsection 6.1 (Initial Franchise Fee) of the New Franchise Agreement is hereby deleted in its entirety and replaced with "intentionally deleted".

c. Subsection 6.2 (Limited Construction Project Management Services Fee) is hereby deleted in its entirety and replaced with "intentionally deleted".

d. The first sentence of Subsection 6.3 (Training Fees) of the New Franchise Agreement is hereby deleted in its entirety and not replaced.

e. Subsection 8.3 (Limited Construction Project Management Support) of the New Franchise Agreement is hereby deleted in its entirety and replaced with "intentionally deleted".

f. Subsection 8.4 (Opening Assistance) of the New Franchise Agreement is hereby deleted in its entirety and replaced with "intentionally deleted".

4. Assumed Responsibility. Franchisee hereby acknowledges and agrees that, notwithstanding the cancellation of the Original Franchise Agreement, Franchisee hereby assumes full responsibility for all performance and other obligations of Previous Franchisee under the Original Franchise Agreement arising prior to the Effective Date of the New Franchise Agreement (including without limitation

payment of royalties, Marketing Fund Fees, indemnification of Franchisor, etc.).

5. Continuing Effect. Except as modified by this Addendum, the New Franchise Agreement remains in full force and effect as written.

IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Transfer Addendum to Yogurtland Franchising, Inc. Franchise Agreement effective as of the Execution Date above.

FRANCHISOR:

YOGURTLAND FRANCHISING, INC.

FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT E
TO YOGURT LAND FRANCHISE DISCLOSURE DOCUMENT
Area Development Agreement

AREA DEVELOPMENT AGREEMENT

SUMMARY PAGES

Effective Date: _____

Expiration Date: _____

Developer: _____

Address for Notices: _____

Telephone Number: _____

Email Address: _____

Development Fee: \$ _____

Development Area: See attached map

Number of Stores to be Developed at Traditional Venues: _____

Initial Franchise fee for each Store Developed at a Traditional Venue: \$40,000 for the first Store developed at a Traditional Venue and \$30,000 for each additional Store developed at a Traditional Venue

Number of Stores to be Developed at Nontraditional Venues: _____

Initial Franchise fee for each Store Developed at a Nontraditional Venue: \$30,000 for the first Store developed at a Nontraditional Venue and \$20,000 for each additional Store developed at a Nontraditional Venue

Development Schedule:

Development Period* Ending	Cumulative No. of Stores to be in Operation
1st Anniversary Date**	
2nd Anniversary Date**	
3rd Anniversary Date**	
4th Anniversary Date**	
5th Anniversary Date**	
6th Anniversary Date**	

* The first Development Period begins on the Effective Date and ends on the date that the first development period ends and each subsequent development period begins on the date of the then-ended Development Period and ends on the next Development Period ending date set forth above until the expiration of the Agreement.

** “Anniversary Date” refers to the applicable anniversary date of the Effective Date of the Area Development Agreement.

Franchisor Address for Notices:

Yogurtland Franchising, Inc.
2100 Valley View Lane, Suite 101
Farmers Branch, Texas 75234
Attention: President

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AREA DEVELOPMENT AGREEMENT

This **AREA DEVELOPMENT AGREEMENT** (this “Agreement”) is made and entered into on the Effective Date between Yogurtland Franchising, Inc., a Texas corporation whose principal office is at 2100 Valley View Lane Suite 101, Farmers Branch, Texas 75234 (“Franchisor”), and the Developer identified in the Summary Pages (“Developer”), with reference to the following facts:

RECITALS

A. Franchisor has developed and continues to develop a System (as defined below) for the operation of stores that specialize in the offer and sale of frozen desserts and, if required or permitted by Franchisor from time to time, other items of food, beverage and merchandise under the Marks (as defined below), using valuable trade names, trademarks and service marks belonging to Franchisor and which system features distinctive business formats, systems, copyrights, methods, recipes, procedures, designs, layouts and specifications and various Trade Secrets and other Confidential Information, and in some cases, includes architectural designs, trade dress, uniforms, equipment specifications, layout plans, inventory, record-keeping and marketing techniques developed and owned by the Franchisor.

B. Franchisor identifies the System by certain proprietary and other property rights and interests in and to the trademarks, trade names, service marks, logotypes, insignias, trade dress and designs which Franchisor may from time to time authorize or require for use in connection with the operation of Stores, as the same may be added to, substituted or modified from time to time (the “Marks”).

C. Franchisor licenses qualified persons and entities as franchisees to establish and operate Stores using the Marks and the System under Franchise Agreements with Franchisor.

D. Developer desires to obtain the right and obligation to develop, open and operate multiple Stores under Franchise Agreements with Franchisor and Franchisor is willing to grant this right to Developer in accordance with the terms and conditions contained in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and obligations herein contained, the parties hereto agree as follows:

AGREEMENT

1. DEFINITIONS.

1.1. Capitalized Terms. Capitalized terms used in this Agreement without definition shall have the meanings ascribed to them in Section 1.2, unless the context clearly indicates otherwise.

1.2. Definitions.

“Affiliate” when used herein in connection with Franchisor or Developer, includes each person and Business Entity that directly or indirectly, controls, is controlled by, or is under common control with Franchisor or Developer, as applicable. Without limiting the foregoing, the term “Affiliate” when used herein in connection with Developer, includes any Business Entity more than 50% of whose stock; membership interests; Partnership Rights; or other equity ownership interests (collectively “Equity”) or voting control is held by person(s) or Business Entities who, jointly or severally, hold more than 50% of the Equity or voting control of Developer. For purposes of this definition, control of a person or Business Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Business Entity. Notwithstanding the foregoing definition, if Franchisor or its Affiliate has any ownership interest in Developer, the term “Affiliate” shall not include or refer to the Franchisor or that Affiliate (the “Franchisor Affiliate”), and no obligation or restriction upon an “Affiliate” of Developer, shall bind Franchisor, or said Franchisor Affiliate or their respective direct/indirect parents or subsidiaries, or their respective officers, directors, or managers.

“Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal

Regulations) the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

“Applicable Law” means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, including, without limitation, those governing the development, construction and/or operation of the Store, including, without limitation, all labor, disability, food and drug laws and regulations, as in effect on the Effective Date hereof, and as may be enacted, modified or amended from time to time thereafter.

“Assignment” shall mean any assignment, sale, transfer, gift, lien, pledge, mortgage, hypothecation, conveyance, encumbrance, grant of a security interest, or other conveyance, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise, of any interest in this Agreement or any of Developer’s rights or privileges hereunder, or all or any substantial portion of the assets of Developer; provided, further, however, that if Developer is a Business Entity, each of the following shall be deemed to be an Assignment of this Agreement: (i) the sale, assignment, transfer, conveyance, gift, lien, pledge, mortgage, hypothecation, grant of a security interest, or other encumbrance of more than 49% in the aggregate, whether in one or more transactions, of the Equity or voting power of Developer, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Developer; (ii) the issuance or change of any securities by, or Equity of, Developer which itself or in combination with any other transaction(s) results in the Owners, as constituted on the Effective Date, or the date of the last Assignment for which Franchisor granted its consent, whichever is later, owning less than 51% of the outstanding Equity or voting power of Developer; (iii) if Developer is a partnership, the resignation, removal, withdrawal, death or legal incapacity of a general Partner or of any limited Partner owning more than 49% of the Partnership Rights of the partnership, or the admission of any additional general Partner, or the transfer by any general Partner of any of its Partnership Rights in the partnership, or any change in the ownership or control of any general Partner; (iv) the death or legal incapacity of any Owner owning more than 49% of the Equity or voting power of Developer; (v) any merger, stock redemption, conversion, consolidation, reorganization, recapitalization involving, directly or indirectly, Developer or any Owner, and/or (vi) other transfer of control of Developer, however effected.

“Authorized Products” means the specific food and beverage items and ancillary related products and merchandise, as specified by Franchisor from time to time in the Manuals or as otherwise directed by Franchisor in writing, for sale at a Store operated by Developer, prepared and served in strict accordance with Franchisor’s recipes, standards and specifications, including specifications as to ingredients, brand names, preparation and presentation.

“Business Entity” means any limited liability Franchisor, general partnership or limited partnership (each of which shall be referred to as a “partnership”), and any trust, association, corporation or other entity that is not an individual.

“Confidential Information” means proprietary and confidential information and Trade Secrets of Franchisor, including, standards, specifications, programs, supplier information, procedures, policies, concepts, systems, know-how, plans, software, strategies, methods, programs, routines, service techniques, services, clothing designs, techniques and plans for advertising, promoting, developing and operating Stores and methods of obtaining licensing and meeting regulatory requirements.

“Development Area” shall mean the geographic area described in the Summary Page.

“Development Obligation” shall mean Developer’s right and obligation to construct, equip, open and thereafter continue to operate, under Franchise Agreements executed pursuant hereto and at sites within the Development Area, the cumulative number of Stores set forth in Attachment “A” by the dates set forth

therein.

“Force Majeure” means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Developer could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor general economic conditions; nor the performance, non-performance or exercise of rights under any agreement with Developer by any lender, landlord, contractor, or other person shall be an event of Force Majeure, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. For the avoidance of doubt, Developer’s financial inability to perform or Developer’s insolvency shall not be an event of Force Majeure.

“Franchise Agreement” means the Then-current standard form of agreement used by Franchisor to grant franchises to own and operate a single Store, and all exhibits and related instruments, as may be amended from time to time. Amendments may include, without limitation, initial fees, changes in royalty amounts or other fees.

“Franchise Disclosure Document” or “Disclosure Document” means the franchise disclosure document or its equivalent as may be required by Applicable Law.

“Governmental Authority” means and includes all federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions, and authorities.

“Initial Franchise Fee” shall have the meaning set forth in Section 4.

“Manual” means all of the operating manuals, training manuals, bulletins, and other materials related to the System, as they may be published or amended from time to time.

“Marks” shall have the meaning set forth in Recital B.

“Non-Traditional Venue” means a location within another primary business or in conjunction with institutional and other business or institutional settings, including resorts, hotels and motels, ships, ports, piers, casinos, arenas, stadiums, airports, gyms, colleges and universities, schools, hospitals, military and other governmental facilities, toll roads, travel plazas, office or in-plant food facilities, health clubs, Shopping Malls, supermarkets, grocery stores, anchor retail department stores, big-box retailers, specialty retailers, convenience stores, fast food operations such as food courts and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of similar businesses to a master concessionaire or similar provider. “Non-Traditional Venues” shall have the corresponding meaning.

“Owner” means the owner of any direct or indirect interest in Franchisee, including any shareholder, member, general or limited partner, trustee, or other Equity owner of a Business Entity. Franchisee’s Owners are listed in the Summary Pages.

“Partner” means any partner of a partnership.

“Partnership Rights” means voting power, property, profits or losses, or partnership interests of a Partner.

“Shopping Mall” means any retail shopping center containing two or more anchor retail department stores. Current examples of anchor retail department stores.

“Store” means a store or other outlet, whether operated at a Traditional Venue or a Non-Traditional Venue, operated under the Marks and in accordance with the System pursuant to a validly existing Franchise Agreement and specializing in the sale of Authorized Products for on-premise and off-premise consumption.

“System” shall mean the Franchisor’s business operating methods for a Store, including interior and exterior store design; other items of trade dress; specifications for equipment, fixtures, and uniforms; formats; systems; copyrights; Manuals; methods; procedures; designs and layouts; specifications; defined product offerings, recipes and preparation methods; Trade Secrets and other Confidential Information; standard

operating and administrative procedures; management and technical training programs; inventory procedures; marketing and public relations programs; and other materials, trade secrets, know-how, and technology, all as the same may exist today or as they may change from time to time, as specified in the Manual or as otherwise directed by Franchisor from time to time.

“Term” shall have the meaning set forth in Section 3.

“Then-current” as used in this Agreement and applied to the Disclosure Document and a Franchise Agreement and/or Area Development Agreement shall mean the form then currently provided by Franchisor to similarly situated, prospective Franchisees, or if not then being so provided, then such form selected by the Franchisor in its discretion which previously has been delivered to and executed by a Franchisee of Franchisor.

“Trade Secrets” means proprietary and confidential information, including recipes, ingredients, specifications, costing procedures, policies, concepts, systems, know-how, plans, strategies, and methods and techniques of developing, constructing and operating the Store and producing Authorized Products, excluding information that is or becomes a part of the public domain through publication or communication by third parties not bound by any confidentiality obligation.

“Traditional Venue” is any location that is not a Non-Traditional Venue.

2. GRANT.

2.1. Grant of Development Rights. Franchisor hereby grants to Developer, subject to the terms and conditions of this Agreement (and specifically subject to Sections 2.2 and 5), limited rights to obtain Franchise Agreements providing for the establishment and operation of the number of franchised Stores reflected on the Summary Page (at Traditional Venues and Nontraditional Venues) within the Development Area in accordance with the Development Obligation. Developer shall sign a Franchise Agreement for each Store to be developed and established pursuant to this Agreement. Developer’s rights and obligations set forth in this Agreement are personal to Developer and its Owners. Developer and its Owners have represented to Franchisor that they have entered into this Agreement for the purpose and with the intention to fully perform under and comply with the Development Obligation hereunder. During the Term, Franchisor shall not operate or grant a license or franchise to any other person or Business Entity to operate a Store within the Development Area. In the event Franchisor grants Developer a right to develop a specified number of Stores within a designated portion of the Development Area, the rights granted to Developer for such designated portion of the Development Area will expire upon Developer entering into a lease agreement for the last Store to be developed within the applicable portion of the Development Area. Notwithstanding the foregoing, the rights granted to Developer to the Development Area will expire upon the earlier of the (1) termination or expiration of this Agreement, or (2) Developer entering into a franchise agreement for the last Store to be developed pursuant to this Agreement.

2.2. Reservation of Rights. Notwithstanding anything to the contrary in this Agreement, Franchisor reserves the rights: (i) itself to develop, own, operate and grant licenses and franchises for Stores at locations and on terms that Franchisor deems appropriate at any location outside the Development Area; (ii) without any geographic limitation, to make and sell, or cause to be made and sold, products (including without limitation products that are also authorized for Stores) under Franchisor’s or other trademarks, service marks, logos or commercial symbols, through other retail stores and other distribution channels on such terms as Franchisor deems appropriate; (iii) itself to develop, own, operate and grant licenses and franchises for Stores inside the Development Area after the expiration or earlier termination of this Agreement; or (iv) itself to develop, own, operate and grant licenses and franchises for Stores at any and all locations on terms that Franchisor deems appropriate, regardless of whether such locations are within or outside the Development Area except as set forth in this Agreement.

2.3. No Trademark License. No right or license is granted to Developer hereunder to use any trademarks, trade names, service marks, logotypes, insignias, trade dress or designs owned by Franchisor, such right

being granted solely pursuant to a Franchise Agreement. The rights granted hereunder pertain only to the development of Stores and do not confer upon Developer any right or franchise to operate any Store. This Agreement is intended by the parties only to set forth the terms and conditions which, if fully satisfied by Developer, shall entitle Developer to obtain Franchise Agreements for the establishment and operation of Stores within the Development Area.

2.4. **No Sub franchising by Developer.** Developer shall not offer, sell, or negotiate the sale of franchises to any third party, either in Developer's own name or in the name and/or on behalf of Franchisor, or otherwise sub franchise, subcontract, sublicense, share, divide or partition this Agreement or any Franchise Agreement executed pursuant hereto, and nothing in this Agreement will be construed as granting Developer the right to do so. Developer shall not execute any Franchise Agreement with Franchisor, or construct or equip any Store with a view to offering or assigning such Franchise Agreement or Store to any third party.

3. TERM.

3.1. **Term.** The term of this Agreement shall commence on the Effective Date and shall expire on the Expiration Date, unless earlier terminated in accordance with this Agreement ("Term").

3.2. **Early Termination.** If one (or more) of the events specified below in this Section 3.2 occur during the Term of this Agreement, Franchisor shall then automatically be deemed to have the right, but not the obligation, to terminate this Agreement effective on delivery of notice of termination to Developer:

3.2.1. **Crime.** Developer (or, if Developer is a Business Entity, any member, shareholder, Partner, director, limited liability company manager, or officer or equivalent category of official, of Developer) is convicted of or pleads no contest to or is found guilty or liable for a fraud, felony, any crime involving moral turpitude, or other crime or offense which Franchisor reasonably believes is related to Developer's operation of a Store or is likely to have an adverse effect on the System, the Marks, or their goodwill;

3.2.2. **Unauthorized Assignment.** Developer causes or permits any Assignment or security interest in this Agreement without Franchisor's prior written consent or causes or permits an Assignment of any franchise agreement signed pursuant hereto or grants any security interest in any such franchise agreement, without Franchisor's prior written consent;

3.2.3. **Breach.** Developer breaches this Agreement or any other agreement with Franchisor including, without limitation, breaches of provisions concerning timely payment of amounts due and does not correct the failure within 30 days after written notice of the failure is delivered to Developer (or such longer time as Applicable Law requires);

3.2.4. **Failure to Meet Development Obligation.** Developer fails to open Stores in strict compliance with the Development Obligation;

3.2.5. **Repeated Failure to Comply.** Developer is declared in default of this Agreement more than one time in the course of any twelve-month period; or

3.2.6. **Termination of Other Agreement.** Any franchise agreement or other agreement between Developer and Franchisor is terminated for breach by Developer or an Affiliate of Developer.

3.3. **Effect of Termination.** Immediately upon the expiration or termination of this Agreement, Developer shall have no further right to develop any additional Stores for which a Franchise Agreement has not then already been executed by Franchisor and delivered to Developer; Developer may complete development of any locations for which a franchise agreement has then been executed by Franchisor and delivered to Developer. Moreover, termination or expiration of this Agreement shall not, by itself, affect Developer's rights under any valid, the existing Franchise Agreement.

4. DEVELOPMENT FEE.

4.1. Simultaneously with execution of this Agreement by Developer, Developer shall deliver to Franchisor a non-refundable development fee in the amount stated in the Summary Pages (the "Development

Fee"). Franchisor shall credit the Development Fee as follows: (a) for the first Store developed at a Traditional Venue: \$40,000 of the Development Fee shall be credited against the Initial Franchise Fee payable under the franchise agreement; (b) for the second and each additional Store developed at a Traditional Venue, \$30,000 of the Development Fee shall be credited against Initial Franchise Fee payable under the franchise agreement; (c) for the first Store developed at a Nontraditional Venue, \$20,000 of the Development Fee shall be credited against the Initial Franchise Fee payable under the franchise agreement; and (d) for the second and each additional Store developed at a Nontraditional Venue, \$15,000 of the Development Fee shall be credited against Initial Franchise Fee payable under the franchise agreement. Credits shall be applied at the time each franchise agreement is signed. The Development Fee is fully earned by Franchisor and nonrefundable when paid. Nothing in this Agreement restricts Franchisor from amending at any time its standard franchise agreement with regard to the initial franchise fees or otherwise.

5. SELECTION OF POINTS OF SERVICE LOCATIONS.

5.1. Location Report. Developer shall propose to Franchisor locations for Stores. Each proposed Store location shall be in the Development Area and shall be subject to Franchisor's prior written acceptance. Before Franchisor shall be obligated to review any location proposed by Developer, Developer shall, in writing, shall submit to Franchisor a report concerning the proposed store. The report shall contain such information about the proposed store and location as Franchisor requests (the "Store Report"). Franchisor may seek such additional information as it deems necessary following Developer's submission of the Store Report, and Developer shall respond promptly to such request for additional information. Although Franchisor may voluntarily (without obligation) assist Developer in locating an acceptable site for a Store, neither Franchisor's said assistance, if any, nor its acceptance of any proposed site, whether initially proposed by Developer or by Franchisor, shall be construed to insure or guarantee the profitable or successful operation of the Store at that site by Developer, and Franchisor hereby expressly disclaims any responsibility therefor. Developer acknowledges its sole responsibility for finding each site for the Stores it develops pursuant to this Agreement.

5.2. Acceptance by Franchisor. Franchisor shall deliver to Developer a written notice of acceptance or rejection of each proposed Store within thirty (30) days after Franchisor receives the Store Report completed to Franchisor's satisfaction. In accepting or rejecting any proposed Store, Franchisor shall have the right to consider any factors Franchisor deems relevant, including, without limitation, demographic characteristics, traffic patterns, predominant character of the geographic area, proximity to other particular types of businesses, size and appearance of premises and other physical and commercial characteristics.

5.3. Acceptance Regarding Store. Before Developer signs any lease or other type of agreement for a proposed Store, Developer shall submit the lease or other agreement for Franchisor's acceptance. Developer shall not sign any such lease or agreement that Franchisor rejects. In accepting or rejecting the submitted lease or other agreement, Franchisor shall have the right to consider any and all terms and factors Franchisor deems relevant.

5.4. Procedure After Acceptance. If Franchisor has accepted Developer's proposed location for a Store. Franchisor shall, subject to the conditions set forth in Section 5.5, offer Developer a Franchise Agreement to operate a Store at that location. If required by Applicable Law, Franchisor shall deliver to Developer, along with that agreement, the then-applicable Franchise Disclosure Document or equivalent disclosure document. Within not less than fourteen (14) and not more than thirty (30) days after receipt by Developer, Developer shall sign the applicable franchise agreement and return it to Franchisor with payment of the applicable initial franchise fee, less the amount, if any, applied to the initial franchise fee in accordance with Section 4. If Developer fails to sign and return the Franchise Agreement within the thirty (30) day period described above, then Franchisor shall have the right, but not the obligation, to revoke its offer of the applicable franchise agreement to Developer for such location.

5.5. Condition Precedent to Franchisor's Obligations. It shall be a condition precedent to Franchisor's obligations pursuant to Sections 5.4, and to Developer's right to develop each and every Store, that

Franchisor is then offering and selling franchise in the state where the Development Area is located, and Developer shall have satisfied all of the following conditions precedent prior to Franchisor's acceptance of the proposed Store and the site and lease or purchase agreement therefor, and the Franchisor's execution of the Franchise Agreement therefor:

5.5.1. Developer and its Affiliates shall have fully performed all of its obligations under this Agreement and all Franchise Agreements and other written agreements between Franchisor and Developer, and must not at any time following Developer's submission of its Store Report for the applicable location, and until Franchisor grants its acceptance of the proposed site, be in default of any of its contractual or other legal obligations to Franchisor or any of its Affiliates, or any approved vendor or supplier, or to any federal, state, county or municipal agency.

5.5.2. Developer shall have demonstrated to Franchisor, in Franchisor's discretion, Developer's financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement, and Developer's submission of a comprehensive management plan acceptable to, and accepted by Franchisor, which shall include among other reasonable requirements as may be established by Franchisor, an organization chart and supervisory requirements for the proposed Store. In determining if Developer is financially or otherwise capable, Franchisor shall apply the same criteria to Developer as it applies to prospective area developers at that time.

5.5.3. Developer and its Affiliates shall continue to operate, in the Development Area, not less than the cumulative number of Stores required by the Development Obligation to be in operation as of the end of the immediately preceding Development Period (as defined below).

5.5.4. Developer, and each of its Affiliates who then has a currently effective Franchise Agreement or area development agreement with Franchisor, must sign a general release of any claims they may have against Franchisor and its Affiliates, on a form prescribed by Franchisor.

5.5.5. Developer and each of its Affiliates shall be in full compliance with Applicable Law.

5.6. Force Majeure. Subject to Developer's continuing compliance with Section 5.6.2, should Developer be unable to meet the Development Obligation for any Development Period solely as the result of Force Majeure or any legal disability of Franchisor to deliver a Franchise Disclosure Document, which results in the inability of Developer to construct or operate the Stores in all or substantially all of the Development Area pursuant to the terms of this Agreement, the particular Development Period during which the event of Force Majeure (or Franchisor's legal disability to deliver a Franchise Disclosure Document) occurs shall be extended by an amount of time equal to the time period during which the Force Majeure (or Franchisor's legal disability to deliver a Franchise Disclosure Document) shall have existed during that Development Period.

5.6.1. Development Periods during which no such Force Majeure (or legal disability) existed shall not be extended. Other than as a result of Force Majeure or Franchisor's legal disability to deliver a Franchise Disclosure Document, any delay in Franchisor's issuance of acceptance of any site, including, as a result of Developer's failure to satisfy the conditions set forth in above, shall not extend any Development Period.

5.6.2. In the event of the occurrence of an event which Developer claims to constitute Force Majeure, Developer shall provide written notice to Franchisor within 5 days following commencement of the alleged Force Majeure which notice shall include the words "force majeure" and explicitly describe the specific nature and extent of the Force Majeure, and how it has impacted Developer's performance hereunder. Developer shall continue to provide Franchisor with updates and all information as may be requested by Franchisor, including Developer's progress and diligence in responding to and overcoming the Force Majeure and the cessation of the Force Majeure. If Developer shall fail to notify Franchisor of any alleged Force Majeure within said 5 day period or shall fail to provide updates or notify Franchisor of the cessation of the Force Majeure, Developer shall be deemed to have waived the right to claim such Force Majeure.

6. DEVELOPMENT OBLIGATION.

6.1. Operating Restrictions. Within each “development period” specified in Summary Pages to the Development Agreement (each a “Development Period”), Developer shall construct, equip, open and thereafter continue to operate within the Development Area, not less than the cumulative number of Stores required by the Development Obligation for that Development Period.

6.2. Application. Amounts paid pursuant to Section 4 shall be applied to any initial franchise fees coming due after payment of such amounts pursuant in accordance with Section 4.

6.3. Closures. If, due to no fault of Developer, damage or destruction occurs to the facilities of an operating Store opened under this Agreement so that it cannot continue to operate, then:

6.3.1. Developer shall repair and restore it in accordance with the applicable Franchise Agreement, however, if the damage concerns facilities adjoining the Store so that the Store cannot operate, then that Store, though it does not operate, shall still count toward the Development Obligation until the date when the adjoining facilities are repaired and reopened either in the same or different format, but in no event longer than 60 days.

6.3.2. If a Store stops operating for any other reason during the Term, that Store shall not count toward satisfaction of the Development Obligation.

7. ASSIGNMENT/TRANSFER.

7.1. By Franchisor. Franchisor shall have the right to assign this Agreement, in whole and in part, and any rights and obligations in this Agreement, to any person(s), firm(s), Business Entity or otherwise. Without limiting the foregoing, Franchisor may (i) assign any or all of its rights under this Agreement to a subsidiary or Affiliate; (ii) sell its assets, its Marks, or its System outright to a third party; (iii) go public; (iv) engage in a private placement of some or all of its securities; (v) merge, acquire other Business Entity, or be acquired by another Business Entity; or (vi) undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. Franchisor may perform such actions without liability or obligation to Developer, who expressly and specifically waives any claims, demands or damages arising from or related to any or all of the above actions (or variations thereof).

7.2. By Developer. Developer acknowledges that Franchisor has entered into this Agreement in reliance on and consideration of the personal skills and qualifications of Developer or Developer’s Owners. Neither Developer nor any Owner shall cause or permit any Assignment unless Developer shall have obtained Franchisor’s prior written consent, which consent may be withheld for any reason whatsoever in Franchisor’s judgment or for no reason at all. Developer acknowledges and agrees that it will not be permitted to make an Assignment or sell, gift, convey, assign or transfer the assets used in any of the Stores developed hereunder or any Franchise Agreement executed pursuant to this Agreement except in conjunction with a concurrent Assignment to the same approved assignee of all of the assets used in all of said Stores, and all of the Franchise Agreements executed pursuant to this Agreement or at Franchisor’s election the execution by the assignee of new Franchise Agreements on Franchisor’s Then-current form for each of the Stores then developed or under development by Developer, and otherwise in accordance with the terms and conditions of Developer’s franchise agreement(s). If Developer is an Business Entity, Developer shall promptly provide Franchisor with written notice (stating such information as Franchisor may from time to time require) of each and every transfer, assignment, encumbrance, gift and other conveyance, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise by any Owner of any direct or indirect Equity or voting rights in Developer, notwithstanding that the same may not constitute an “Assignment” as defined by this Agreement. Any purported Assignment without such consent shall be void and of no effect and shall constitute an incurable default under this Agreement.

7.3. Negative Pledge. Developer shall have no right or power and shall not purport to pledge, encumber, hypothecate or otherwise grant any security interest in this Agreement. Any purported pledge, encumbrance,

hypothecation or grant shall be void and of no effect and shall constitute an incurable default under this Agreement.

7.4. Developer's Sale to Third Party. If Franchisor determines to grant its consent to a proposed Assignment by Developer, Developer and its assignee shall satisfy all Franchisor's conditions thereto, including that:

7.4.1. the proposed assignee provides Franchisor information and references as Franchisor requests to assess the proposed assignee's skills, qualifications and resources;

7.4.2. the proposed assignee or appropriate officer attend and successfully complete any initial training required by Franchisor at the proposed assignee's expense;

7.4.3. the proposed assignee sign Franchisor's Then-current form of area development agreement modified to (1) state the applicable territory in this Agreement, (2) delete any provisions for a Development Fee and (3) expire at the time of expiration of this Agreement;

7.4.4. Developer provide Franchisor a copy of all proposed contracts relating to the proposed assignment, and thereafter provide copies of all contracts relating to the assignment; and

7.4.5. Developer and its Affiliates that operate Stores sign a general release of claims against Franchisor and its Affiliates.

7.4.6. Developer or proposed assignee pays a transfer fee of Twenty Thousand Dollars (\$20,000).

7.5. Transfer on Death or Incapacity. If Developer is an individual who dies or becomes permanently incapacitated or if Developer is a corporation, limited liability company, partnership or other form of entity, and an individual in control of Developer dies or becomes permanently incapacitated, Franchisor shall allow the deceased's surviving spouse, heirs or estate or the incapacitated person's legal representative the opportunity to participate in the same capacity as Developer under this Agreement during the 180 days immediately following the death or incapacity, provided that during such time the surviving spouse, heirs or estate or legal representative (x) fully complies with all agreements between Developer and Franchisor, maintains all standards of the System, and satisfies all then current qualifications for a new area developer or (y) in accordance with the requirements of this Section 7, sells such person's ownership interest in Developer or, if applicable, this Agreement to a person who satisfies Franchisor's then current standards for a new developer.

8. CONFIDENTIALITY AND OTHER DEVELOPMENTS

8.1. Confidentiality. Developer may have access to proprietary and Confidential Information, including the standards, procedures, concepts and methods and techniques of developing and operating a Store. Franchisor may disclose certain of its Confidential Information to Developer in the operations manuals(s), bulletins, supplements, confidential correspondence, or other communications, and through Franchisor's training program and other guidance and management assistance. Developer shall not acquire any interest in the Confidential Information other than the right to use it in developing a Store. Developer's duplication or use of the Confidential Information in any other endeavor or business shall constitute an unfair method of competition. Developer shall: (i) not use the Confidential Information in any business or other endeavor other than in connection with the development of Stores; (ii) refrain from disclosing the Confidential Information and maintain the absolute confidentiality of the Confidential Information during and after the Term; and (iii) make no unauthorized copy of any portion of the Confidential Information, including the Manual(s), bulletins, supplements, confidential correspondence, or other confidential communications, whether written or oral. Developer shall implement reasonable procedures prevent unauthorized use and disclosure of the Confidential Information. If Developer has any reason to believe that any employee or other person has improperly used or disclosed the Confidential Information, Developer shall promptly notify Franchisor and shall cooperate with Franchisor to protect Franchisor against infringement or other unlawful use, including, the prosecution of any lawsuits if, in the judgment of Franchisor, such action is necessary or

advisable.

8.2. Certain Developments. All ideas, concepts, techniques or materials relating to a Store (“Developments”), whether or not protectable intellectual property and whether created by or for Developer or its Owners, employees or contractors, must be promptly disclosed to Franchisor and will be deemed to be Franchisor’s sole and exclusive property. Developer assigns ownership of that item, and all related rights to that item, to Franchisor. The Franchisor will sign and cause its Owners, employees and contractors to sign whatever assignment or other documents Franchisor requests to evidence Franchisor’s ownership and to help Franchisor obtain intellectual property rights in the item. Developer may not use any Developments in operating a Store or otherwise without Franchisor’s prior written consent. Developer waives all moral rights in the Developments and will cause all of its Owners, employees and contractors to waive all moral rights in the Developments.

9. MISCELLANEOUS.

9.1. Indemnity. Developer shall defend, indemnify and hold harmless Franchisor and its Affiliates, and each of their respective members, shareholders, directors, officers, co-workers, employees, agents, and other representatives from all claims, losses, damages, judgments, settlements, penalties, losses, costs and expenses including reasonable attorney’s fees incurred in connection with any action, suit or other proceeding regardless of whether reduced to judgment, or any settlement arising from any such proceeding, by reason of any claimed act or omission by Developer, its co-workers or agents whether in its capacity as Developer or otherwise.

9.2. Gender and Construction. The terms of all Exhibits hereto are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full herein. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section hereof may require. When a reference is made in this Agreement to an Article, Section or Exhibit, such reference shall be to an Article, Section or Exhibit to this Agreement, unless otherwise indicated. As used in this Agreement, the words “include,” “includes” or “including” are used in a non-exclusive sense. Unless otherwise expressly provided herein to the contrary, any consent, approval, acceptance or authorization of Franchisor which Developer may be required to obtain hereunder may be given or withheld by Franchisor in its sole discretion, and on any occasion where Franchisor is required or permitted hereunder to give its consent, or make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Franchisor’s standards or satisfaction, Franchisor may do so in its sole subjective judgment and discretion. No provision herein expressly identifying any particular breach of this Agreement as material shall be construed to imply that any other breach which is not so identified is not material. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against the drafter hereof, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto. Franchisor and Developer intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

9.3. No Consequential Damages For Legal Incapacity. Franchisor shall not be liable to Developer for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Developer by reason of any delay in the delivery of Franchisor’s Franchise Disclosure Document caused by legal incapacity during the Term, or other conduct not due to the gross negligence or intentional misfeasance of Franchisor.

9.4. Entire Agreement. This Agreement is the entire agreement among the parties concerning its subject matter and supersedes all other agreements, understandings, negotiations and discussions pertaining to such subject matter. Nothing in this Agreement is intended to disclaim any representations made in the Franchise

Disclosure Document.

9.5. Amendment. This Agreement may be modified or amended only by a written instrument signed by both parties.

9.6. Waiver. No waiver by Franchisor of any default or defaults, or series of defaults in performance by Developer, and no failure, refusal or neglect of Franchisor to exercise any right, power or option given to it hereunder or under any Franchise Agreement or other agreement between Franchisor and Developer, whether entered into before, after or contemporaneously with the execution hereof, or to insist upon strict compliance with or performance of Developer's (or its Affiliates) obligations under this Agreement or any Franchise Agreement or other agreement between Franchisor and Developer (or its Affiliates), whether entered into before, after or contemporaneously with the execution hereof, shall constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent default or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof. Franchisor will consider written requests by Developer for Franchisor's consent to a waiver of any obligation imposed by this Agreement. Developer agrees, however, that Franchisor is not required to act uniformly with respect to waivers, requests and consents as each request will be considered on a case by case basis, and nothing shall be construed to require Franchisor to grant any such request. Any waiver granted by Franchisor shall be without prejudice to any other rights Franchisor may have, will be subject to continuing review by Franchisor, and may be revoked, in Franchisor's discretion, at any time and for any reason. Franchisor makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer by providing any waiver, approval, acceptance, consent, assistance, or suggestion to Developer in connection with this Agreement, or by reason of any neglect, delay, or denial of any request.

9.7. Parties in Interest; Third Parties. Except as provided in Section 9.1 above pertaining to indemnity of identified persons and entities, nothing in this Agreement is intended to benefit any person or entity who is not a party to this Agreement.

9.8. Notices. Except as otherwise provided herein, any notices required or permitted under this Agreement shall be in writing, in English, and shall be served on the other party personally or by certified mail, return receipt requested, postage prepaid or by reputable overnight private courier and shall be effective on the date delivery is documented to have been first attempted during normal business hours for the locale of the address of the party first stated above. Either party may so notify the other of a new or changed address to which notices hereunder are thereafter to be sent.

9.9. Relationship of the Parties. The parties shall be independent contractors. Neither Developer nor any employee of Developer shall be deemed to be an employee of Franchisor. Nothing in this Agreement shall be construed to create a partnership, joint venture, agency or any fiduciary or special relationship. All employees hired by or working for Developer shall be the employees of Developer and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor control.

9.10. Mediation. The parties shall mediate any dispute or claim arising out of this Agreement, or any resulting transaction, before initiating any arbitration or court action, except as otherwise expressly provided herein. The parties shall share equally the cost of the mediator. If a party attempts to commence an action subject to this paragraph without first attempting mediation, then the action shall be stayed and the party shall not be entitled to recover attorneys' fees and costs even if they would otherwise have been available to that party; provided, however, this Section does not restrict a party from seeking provisional relief in court pending the outcome of mediation or arbitration.

9.11. Arbitration. Any controversy or claim arising out of or relating to the relationship of the parties or to this Agreement or its breach, including without limitation, any claim that this Agreement or any provision is invalid, illegal, void or voidable shall be submitted to arbitration before and in accordance with the commercial arbitration rules of the American Arbitration Association, JAMS, or any other arbitration service of similar, high repute. To the extent permitted by law, the parties shall share equally the fees of the arbitrator

and arbitration service. The arbitration shall be conducted in the County of Dallas, State of Texas, before an arbitrator who is familiar with franchising and franchise law. To the extent permitted by law, the parties and their respective guarantors waive any right to seek or recover punitive or exemplary damages against the other and agree that any recovery shall be limited to actual damages sustained. This arbitration provision shall be governed by and construed under the Federal Arbitration Act (9 U.S.C. Section 1 et seq.). Judgment on an arbitration award may be entered in any court having competent jurisdiction and shall be final, binding and non-appealable. This arbitration provision shall be deemed to be self-executing and shall remain in full force and effect after expiration or termination of this Agreement. If a party fails to appear at a properly noticed arbitration proceeding, an award may be entered against that party by default or otherwise.

9.12. Exception to Mediation and Arbitration. The obligations to arbitrate or mediate shall not bind either party regarding claims relating to trademarks, patents, or copyrights; any claim under any Franchise Agreement between the parties; any lease or sublease of real property between the parties or their affiliated entities; requests by a party for provisional or interim relief to preserve the status quo or prevent irreparable harm pending the outcome of mediation or arbitration; any matter within the jurisdiction of a probate, or small claims; filing of a court action to enable the recording of a notice of pending action; or any other matter expressly provided in this Agreement to be excluded from arbitration or mediation.

9.13. Law, Jurisdiction and Venue. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.), the Federal Arbitration Act (as provided above), or other federal law, this Agreement shall be construed in accordance with and governed by Texas law without regard to conflict of law rules. Each party to this Agreement hereby consents to the personal jurisdiction of the federal and state courts sitting in the State of Texas, and with respect to any dispute or controversy pertaining to this Agreement, each party hereby covenants not to initiate any mediation, arbitration or litigation outside the State of Texas. The parties acknowledge that they have reviewed this section and have had the opportunity to seek independent legal advice as to its meaning and effect. If the laws of the state where the Development Area is located require terms other than those or in addition to those in this Agreement, then this Agreement shall be deemed to be modified to comply with the applicable state laws, but only to the extent needed to prevent invalidity or illegality of this Agreement. To the extent permitted by Applicable Law, Developer waives any provision of law that would render any provision of this Agreement unenforceable in any respect.

9.14. Time for Bringing Claims. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisor and Developer, or Developer's operation of its business, must be brought or asserted before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or federal statute of limitations; (b) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (c) two (2) years after the first act or omission giving rise to an alleged claim; or its expressly acknowledged and agreed by all parties that such claims or actions shall be irrevocably barred. Claims of Franchisor attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification shall be subject to only the applicable state or federal statute of limitations.

9.15. Severability. If any provision of this Agreement is ruled unenforceable by an arbitrator or court as provided above, the unenforceable provision shall be replaced by a provision that is enforceable and to the extent allowed by law most closely retains the parties' original intent.

9.16. Costs of Enforcement. In any arbitration or litigation concerning performance or breach of this Agreement, the prevailing party shall be entitled to recover its attorney's fees and other reasonable costs and expenses incurred in participating in such arbitration or litigation.

9.17. Interest. Any amount owed to Franchisor and not paid when due shall bear interest at the lesser of 1-1/2% per month or the highest rate allowed by Applicable Law.

9.18. Further Assurances. Developer shall sign such other additional instruments as Franchisor requests

to accomplish the purpose of this Agreement.

9.19. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

9.20. Time. TIME IS OF THE ESSENCE OF THIS AGREEMENT.

9.21. Waiver of Jury Trial. In all cases, each of Developer and Franchisor hereby irrevocably waives trial by jury.

9.22. Anti-Terrorism Laws. Developer and its Owners certify that none of Developer, its Owners, employees, or anyone associated with Developer is listed in the Annex to Executive Order 13224¹. Developer hereby covenants not to hire or have any dealings with a person listed in the Annex. Developer certifies that it has no knowledge or information that, if generally known, would result in Developer, its¹ <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>. Owners, employees, or anyone associated with Developer being listed in the Annex. Developer and its Owners shall comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws. In connection with such compliance, Developer and its Owners certify, represent, and warrant that none of its property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Developer and its Owners are not otherwise in violation of any of the Anti-Terrorism Laws. Developer is solely responsible for ascertaining what actions must be taken by Developer to comply with all such Anti-Terrorism Laws. Developer specifically acknowledges and agrees that Developer's indemnification responsibilities as provided in this Agreement pertain without limitation to Developer's obligations under this Section. Any misrepresentation by Developer under this Section or any violation of the Anti-Terrorism Laws by Developer, its Owners, or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Developer has entered into with Franchisor or one of Franchisor's affiliates.

9.23. Submission of Agreement. The submission of this Agreement does not constitute an offer, and this Agreement shall become effective only upon the execution thereof by Franchisor and Developer.

FRANCHISOR:

YOGURTLAND FRANCHISING, INC.

DEVELOPER:

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

**AMENDMENT TO AREA DEVELOPMENT AGREEMENT
FOR THE STATE OF CALIFORNIA**

The Yogurtland Franchising, Inc. Area Development Agreement between _____ ("Developer") and Yogurtland Franchising, Inc. ("Franchisor") dated _____ (the "Agreement") is hereby amended by the addition of the following language, which shall be considered an integral part of the Agreement:

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:
 - a. California Business and Professions Code Sections 20000 through 20043 provide rights to Developer concerning termination, transfer or non-renewal of a franchise. If that Agreement contains a provision that is inconsistent with the law, the law will control.
 - b. The Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.
2. Section 1 of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.
3. ATTORNEYS FEES. In any arbitration proceeding arising out of or involving the Agreement, including without limitation disclosure of the related franchise offering, its negotiation, etc., the arbitrator may award attorneys' fees and costs to the prevailing party in such arbitration. With respect to any litigation between Franchisor and Developer (whether to enforce the arbitration of disputes, other injunctive relief, or otherwise involving the Agreement, including without limitation disclosure of the related franchise offering, its negotiation, etc.), the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs incurred in such litigation.

IN WITNESS WHEREOF, Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Addendum and be bound thereby. The parties have duly entered into and delivered this Addendum on _____, 20____.

FRANCHISOR:

YOGURTLAND FRANCHISING, INC.

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

AMENDMENT TO AREA DEVELOPMENT AGREEMENT FOR THE STATE OF MARYLAND

For purposes of complying with the requirements of Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. CODE ANN., Bus. Reg. §§ 14-201 – 14-233 (2004 Repl. Vol.) (the “**Maryland Franchise Registration and Disclosure Law**”), Yogurtland Franchising, Inc., a Texas corporation (“**Franchisor**”) and _____ (“**Developer**”), hereby amend the Area Development Agreement between them dated _____ (the “**Development Agreement**”) as follows:

1. Section 4.1 of the Area Development Agreement has been amended to include the following language:

All development fees and initial payments owed by the Developer to the Franchisor shall be deferred until the first franchise under the Development Agreement opens.

2. Any provision requiring Developer to sign a general release of any and all claims against Franchisor shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Any provision requiring Developer to bring an action against Franchisor in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. Developer may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

6. Notwithstanding anything to the contrary contained in the Development Agreement, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

7. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Maryland law applicable to the provisions are met independent of this Amendment.

8. 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 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.

9. All other provisions of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment, intending for it to be effective on the “Effective Date” identified in the Franchise Agreement.

FRANCHISOR:

YOGURTLAND FRANCHISING, INC.
a Texas corporation

DEVELOPER:

By: _____
Name: _____

By: _____
Name: _____

Title: _____

Title: _____

**AMENDMENT TO AREA DEVELOPMENT AGREEMENT
FOR THE STATE OF VIRGINIA**

For purposes of complying with the requirements of Virginia law, including the Virginia Retail Franchising Act, Virginia Code, Section 13.1-564, Yogurtland Franchising, Inc., a Texas corporation (“**Franchisor**”) and _____ (“**Developer**”), hereby amend the Area Development Agreement between them dated _____ (the “**Development Agreement**”) as follows:

1. 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 franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. All other provisions of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment, intending for it be effective on the “Effective Date” identified in the Franchise Agreement.

FRANCHISOR:

YOGURTLAND FRANCHISING, INC.
a Texas corporation

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

EXHIBIT F
TO YOGURT LAND FRANCHISE DISCLOSURE DOCUMENT
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EXHIBIT G
TO YOGURT LAND FRANCHISE DISCLOSURE DOCUMENT
List of Current and Former Franchisees

LIST OF FRANCHISEES AS OF DECEMBER 31, 2024

Entity Name / Franchisee	Street Address	City	State	Zip	Phone
Amazing Promise Land, LLC	10220 W. McDOWELL ROAD	AVONDALE	AZ	85392	(623) 213-8105
CHARLIE YANG	3355 W. CHANDLER BLVD #9	CHANDLER	AZ	85226	(480) 857-2515
Magnificent Promise Land LLC	3440 E. BASELINE ROAD	MESA	AZ	85204	(480) 584-6223
CHANG LEE, SANG LEE	19700 STEVENS CREEK BLVD.	CUPERTINO,	CA	95014	(408) 996-1776
MICHAEL NGUYEN	13842 NEWPORT AVE	TUSTIN	CA	92780	(714) 731-2966
JBK BP, Inc.	430 LOS CERRITOS CENTER	CERRITOS	CA	90703	(562) 860-2878
Froyo Chat	25381 ALICIA PARKWAY	LAGUNA HILLS	CA	92653	(949) 583-9945
CG YOGURT LLC	4954 VAN NUYS BLVD	SHERMAN OAKS	CA	91403	(818) 990-0886
KEVIN PHAN	9961 ADAMS AVE	HUNTINGTON BEACH	CA	92646	(714) 968-8212
JJT Three Star, Inc.	6165 EL CAJON BLVD	SAN DIEGO	CA	92115	(619) 287-9888
Hatan Style LLC	310 SOUTH LA BREA	LOS ANGELES	CA	90036	(323) 936-5428
NC Dulce, Inc.	18170 PIONEER BLVD	ARTESIA	CA	90701	(562) 402-7870
JSFDC INC	1450 BAKER STREET	COSTA MESA	CA	92626	(714) 557-1273
HAHN ENTERPRISES, INC	122 W ORANGETHORPE AVE	FULLERTON	CA	92832	(714) 738-9900
Five Star Investors, LLC	4505 CHINO HILLS PARKWAY	CHINO HILLS	CA	91709	(909) 597-4949
Sazi, Inc.	633 W DUARTE RD	ARCADIA	CA	91007	(626) 821-8723
CHARLIE YANG, TERESA YANG	1002 WEST COVINA PARKWAY	WEST COVINA	CA	91790	(626) 337-4800
FRANCIS CHUNG, SONYA CHUNG	5761-B SANTA ANA CANYON RD	ANAHEIM	CA	92807	(714) 637-0600
SANG JUN LEE	730 E. IMPERIAL HWY	BREA	CA	92821	(714) 255-8370
Regency Lodge, inc.	5395 PROSPECT RD	SAN JOSE	CA	95129	(408) 777-9868
HK JIREH, LLC.	13260 Jamboree Road	IRVINE	CA	92602	(714) 731-1615
Triton Enterprises, LL	2390 MONUMENT BLVD	PLEASANT HILL	CA	94523	(925) 689-8929
Ozig, Inc.	621 STATE STREET SANTA	BARBARA	CA	93101	(805) 564-8680
Motaweh-YL1 LLC	683 N EUCLID ST	ANAHEIM	CA	92801	(714) 956-0400
Universal Food Service, Inc.	3817 OVERLAND AVE	CULVER CITY	CA	90232	(310) 202-7900
Lulu Lin, Ryan Chung	8220 MIRA MESA BLVD	SAN DIEGO	CA	92126	(858) 566-6100
Evolution Companies	101 N. INDIAN HILL BLVD.	CLAREMONT	CA	91711	(909) 482-0500
W&H Investment Inc.	2742 ABORN RD	SAN JOSE	CA	95121	(408) 531-0200
YLSB, LLC.	271 AVENIDA DEL NORTE	REDONDO BEACH	CA	90277	(310) 944-9572
Ok Brothers Holding, Inc.	32585 GOLDEN LANTERN	DANA POINT	CA	92629	(949) 234-0360
Ngo Linh LLC	6851 AMADOR PLAZA RD	DUBLIN	CA	94568	(925) 833-8238
YLSB, LLC.	1570 ROSECRANS AVENUE	MANHATTAN BEACH	CA	90266	(310) 536-9562
JS51YAS	23626 EL TORO ROAD	LAKE FOREST	CA	92630	(949) 455-9800
Ghodratullah Sharifzadeh	1242 UNIVERSITY AVENUE	RIVERSIDE	CA	92507	(951) 683-1950
Daom, Inc.	752 E. CALAVERAS BLVD	MILPITAS	CA	95035	(408) 935-9500
CG YOGURT LLC	6400 N. TAMPA AVENUE	RESEDA	CA	91335	(818) 774-0130
CHARLIE YANG	8756 WASHINGTON BLVD	PICO RIVERA	CA	90660	(562) 949-6100
CG YOGURT LLC	17200 VENTURA BLVD. UNIT 225	ENCINO	CA	91316	(818) 285-8984
YLSB, LLC.	21213 HAWTHORNE BLVD	TORRANCE	CA	90503	(310) 543-0391
CG YOGURT LLC	111 S. WESTLAKE BLVD	WEST LAKE	CA	91362	(805) 497-9763

Entity Name / Franchisee	Street Address	City	State	Zip	Phone
		VILLAGE			
CG YOGURT LLC	2679 TAPO CANYON RD	SIMI VALLEY	CA	93063	(805) 578-6580
Buri & Co.	1350 S. BEACH BLVD	LA HABRA	CA	90631	(562) 697-7777
BKTJ Family Fro-Yo LLC	1284-A AUTO PARKWAY	ESCONDIDO	CA	92029	(760) 489-0400
LCN Ventures, LLC	170 E. PASEO DEL CENTRO	FRESNO	CA	93720	(559) 431-1171
Triton Enterprises, LLC	1247 S. CALIFORNIA BLVD	WALNUT CREEK	CA	94596	(925) 939-3885
Love Lee Yogurt, Inc.	135 E. ONTARIO AVENUE	CORONA	CA	92879	(951) 280-9929
CHIA YANG	2102 S. ATLANTIC BLVD	MONTEREY PARK	CA	91754	(323) 722-8525
Tristarz Family LLC	1110 SOUTH KING ROAD	SAN JOSE	CA	95122	(408) 926-7609
YLSB, LLC.	1000 N. WESTERN AVENUE	SAN PEDRO	CA	90732	(310) 548-9572
Bhele Inc.	125 EAST SAN CARLOS STREET	SAN JOSE	CA	95112	(408) 753-3170
3481 Loadstone Drive	10930 STOCKDALE HIGHWAY	BAKERSFIELD	CA	93311	(661) 381-7565
BRIAN DUECK, KEVIN DUECK	1955 41ST AVENUE	CAPITOLA	CA	95010	(831) 462-3100
SHF Enterprises, Inc.	10250 SANTA MONICA BLVD	LOS ANGELES	CA	90067	(310) 556-5690
Motaweh-YL1 LLC	13920 BROOKHURST STREET	GARDEN GROVE	CA	92843	(714) 823-9273
Midtown Lee, Inc	4733 W. VENICE BLVD	LOS ANGELES	CA	90019	(323) 935-5810
Klutch Ventures LLC	2010 VANDEGRIFT BLVD.	CAMP PENDLETON	CA	92055	(619) 504-1190
Motaweh-YL1 LLC	922 E. ALOSTA AVENUE	AZUSA	CA	91702	(626) 334-4329
MARCUS CHAN	104 S. MYRTLE AVENUE	MONROVIA	CA	91016	(626) 256-3337
CHARLIE YANG, TERESA YANG	2318 N. TUSTIN AVENUE	ORANGE	CA	92865	(714) 283-4600
BRIAN DUECK, KEVIN DUECK	1487 MAIN STREET	WATSONVILLE	CA	95076	(831) 761-1500
SOCAL FROZEN TREATS, LLC	3183 WILSHIRE BLVD	LOS ANGELES	CA	90010	(213) 736-1815
Chopra Investment Group, LLC	12530 LIMONITE AVENUE	EASTVALE	CA	91752	(951) 520-9300
In Grace Initiatives, LLC	1744 N. MAIN STREET	SALINAS	CA	93906	(831) 443-3777
MICHAEL BURSTEIN	2045 S. MOONEY BLVD	VISALIA	CA	93277	(559) 624-0811
YLSB, LLC	1753 WEST ARTESIA BLVD.	GARDENA	CA	90248	(310) 217-9008
JOSH SITEA, MUPLY SITEA	2278 EAST 17TH STREET	SANTA ANA	CA	92705	(714) 547-1100
OHOH, Inc.	5880 CALLE REAL	GOLETA	CA	93117	(805) 964-4402
CG YOGURT LLC	2400 W. VICTORY BLVD.	BURBANK	CA	91506	(818) 972-2135
MZP Frozen Yogurt Inc.	12515 FREDERICK STREET Suite A2	MORENO VALLEY	CA	92553	(951) 656-3456
AMJAD ALI	5335 SUNRISE BLVD.	FAIR OAKS	CA	95628	(916) 962-9985
BN Yogurt INC	927 E. LAS TUNAS DRIVE	SAN GABRIEL	CA	91776	(626) 281-2500
Ok Brothers Holding, Inc.	27855 SANTA MARGARITA PARKWAY	MISSION VIEJO	CA	92691	(949) 588-9800
MIDTOWN LEE, INC	11215 LONG BEACH BLVD.	LYNWOOD	CA	90262	(310) 639-1465
SS Promotion, Inc.	23886 ALISO CREEK ROAD	LAGUNA NIGUEL	CA	92677	(949) 389-9123
Curtis William Anderson	2600 VIA DE LA VALLE	DEL MAR	CA	92014	(858) 350-9500
Daom, Inc.	4069 MOWRY AVENUE	FREMONT	CA	94538	(510) 795-7359
EL MEX-CAN, LLC	15270 SUMMIT AVENUE	FONTANA	CA	92336	(909) 463-3343
SOCAL FROZEN TREATS, LLC	1132 N. VERMONT AVENUE	LOS ANGELES	CA	90029	(323) 668-9122
CG YOGURT LLC	24266 VALENCIA BLVD.	VALENCIA	CA	91355	(661) 291-6530
BN Yogurt INC	415 S. LAKE AVENUE	PASADENA	CA	91101	(626) 356-4868
His Glory Corporation	20700 Avalon Blvd Suite 560	CARSON	CA	90746	(310) 516-2042
Beyond U Inc.	468 N. LONE HILL AVENUE	SAN DIMAS	CA	91773	(909) 305-1818
JIGNESH PATE, NIKHIL PATEL	2105 FOOTHILL BLVD.	LA VERNE	CA	91750	(909) 596-5072
MARCUS CHAN	10798 FOOTHILL BLVD.	RANCHO CUCAMONGA	CA	91730	(909) 941-3337

Entity Name / Franchisee	Street Address	City	State	Zip	Phone
Tristarz Family LLC	2031 CAMDEN AVENUE	SAN JOSE	CA	95124	(408) 559-3503
Utana Group LLC	420 N. MCKINLEY STREET	CORONA	CA	92879	(951) 339-9893
Echelon Ventures LLC	17486 YORBA LINDA BLVD.	YORBA LINDA	CA	92886	(714) 528-1900
AMJAD ALI	401 KENILWORTH DRIVE	PETALUMA	CA	94952	(707) 769-9977
CHARLIE YANG	785 RIO RANCHO ROAD	POMONA	CA	91766	(909) 623-1517
CJH Ventures, Inc	8752 S. SEPULVEDA BLVD.	LOS ANGELES	CA	90045	(310) 649-5600
JBK BP	5972 ORANGETHORPE AVENUE	BUENA PARK	CA	90620	(714) 739-9700
BHARAT ZAVERI, PARU ZAVERI	1055 E. BROKAW ROAD	SAN JOSE	CA	95131	(408) 573-7515
Chopra Investment Group, LLC	748 W RANCHO VISTA BLVD.	PALMDALE	CA	93551	(661) 575-0575
BNC MANAGEMENT, LLC	14502 NORDHOFF ST.	PANORAMA CITY	CA	91402	(818) 810-5559
JS51YAS	13933 Pioneer Blvd.	Norwalk	CA	90650	(562) 868-2000
SOCAL TREATS, INC	5857 S. CENTRAL AVENUE	LOS ANGELES	CA	90011	(323) 325-7044
KCRG Inglewood LLC	3561 W. CENTURY BLVD.	INGLEWOOD	CA	90303	(310) 695-9912
MICHAEL BURSTEIN	5765 PACIFIC AVENUE, C120	STOCKTON	CA	95207	(209) 477-5764
Linh Ngo	1035 B EL MONTE AVE	MOUNTAIN VIEW	CA	94040	(650) 605-8235
Horizon Vista Group	33694 YUCAIPA BLVD. STE. 2	YUCAIPA	CA	92399	(909) 797-5550
Shayona Group, LLC	18285 COLLIER AVENUE	LAKE ELSINORE	CA	92530	(951) 674-2400
Viveston, LLC	5638 COTTLE ROAD	SAN JOSE	CA	95123	(408) 225-2950
Chopra Investment Group, LLC	9844 SIERRA AVE, STE A	FONTANA	CA	92335	(909) 574-2990
YL Investment Fund 1, Limited Partnership	733 SPECTRUM CENTER DR	IRVINE	CA	92618	(310) 923-1263
MIA Investment & Associates, Inc.	79174 HIGHWAY 111 #103	LA QUINTA	CA	92253	(760) 564-1650
SANDEEP GILL, SARMINDER GILL	1106 TRUMAN ST.	SAN FERNANDO	CA	91340	(818) 330-1499
NOUREDDIN SHAHHOSSEINI, ZOYA SHAHHOSSEINI	1784 MONTEBELLO TOWN CENTER	MONTEBELLO	CA	90640	(213) 714-4001
SOCAL FROZEN TREATS, LLC	5045 EAGLE ROCK BLVD	EAGLE ROCK	CA	90041	(323) 550-1490
RAVI GREWAL	72922 BAKER BLVD	BAKER	CA	92309	(760) 733-1048
ABRAHAM KOBI	16289-E PARAMOUNT BLVD.	PARAMOUNT	CA	90723	(424) 381-4088
Ghodratullah Sharifzadeh	30059 HAUN RD	MENIFEE	CA	92584	(951) 679-5507
EL MEX-CAN, LLC	12073 CENTRAL AVE.	CHINO	CA	91710	(909) 315-4004
CHARLIE YANG	1337 N MOUNTAIN AVE	ONTARIO	CA	91762	(909) 988-0000
YL Alameda Landing, LLC	2640 FIFTH ST.	ALAMEDA	CA	94501	(510) 749-4885
Chopra Investment Group, LLC	13325 MAIN ST	HESPERIA	CA	92344	(760) 995-3122
CHARLIE YANG	2500 S AZUSA AVE	WEST COVINA	CA	91785	(626) 810-2195
The Shamas Group, Inc.	255 E COMPTON BLVD.	COMPTON	CA	90220	(424) 381-4003
Chopra Investment Group, LLC	43535 10TH ST WEST	LANCASTER	CA	93534	(661) 723-2030
MOHAMMED EKRAM	6422 E SPRING ST.	LONG BEACH	CA	90815	(562) 354-6988
PREETI SOHAL, RAKESH SOHAL	27511 SAN BERNARDINO AVE	REDLANDS	CA	92374	(909) 335-7201
ANGELA CHONG, BRYAN NAING, RYAN LEE	21710-B VALLEY BLVD	WALNUT	CA	91789	(909) 468-2020
MARIA BUENAVENTURA, Maria Cecilia Kaw	18525 MAIN ST	HUNTINGTON BEACH	CA	92648	(714) 841-8285
JAMS Forever, Incorporated	3016 INDUSTRIAL PARKWAY SW	HAYWARD	CA	94544	(510) 999-7825
Ahmad Sadiq, IRFAN SABIR, Naira Khalid, NOREEN CHAUDHR, SHAUKAT CHAUDHRY	9755 B CHAPMAN AVE	GARDEN GROVE	CA	92841	(714) 530-0018

Entity Name / Franchisee	Street Address	City	State	Zip	Phone
SOCAL FROZEN TREATS, LLC	1607 WILSHIRE BLVD.	LOS ANGELES	CA	90017	(213) 568-3055
MOHAMMED EKRAM	4406 ATLANTIC BLVD.	LONG BEACH	CA	90807	(562) 422-1001
Chopra Investment Group, LLC	3510 TYLER ST.	RIVERSIDE	CA	92503	(951) 772-0229
CG YOGURT LLC	20790 W. NORDHOFF ST	CHATSWORTH	CA	91311	(818) 678-9106
Tweeq, LLC	3930 S. BRISTOL ST.	SANTA ANA	CA	92704	(714) 277-4113
3481 Loadstone Drive	6958 KATELLA AVE	CYPRESS	CA	90630	(714) 253-3070
CG YOGURT LLC	6021 PACIFIC BLVD	HUNTINGTON PARK	CA	90255	(323) 553-9898
Figs&Olives LLC	8205 SANTA MONICA BLVD.	WEST HOLLYWOOD	CA	90046	(323) 745-0333
CG YOGURT LLC	10936 MAGNOLIA BLVD.	NORTH HOLLYWOOD	CA	91601	(818) 853-7272
KCRG Inglewood LLC	3939-C CRENSHAW BLVD.	LOS ANGELES	CA	90008	(323) 792-4241
AYMAN MIKA	1870 N PERRIS BLVD.	PERRIS	CA	92571	(951) 490-4385
ERB Management, Inc.	15090 KENSINGTON PARK DR.	TUSTIN	CA	92782	(949) 340-2090
Ok Brothers Holding, Inc.	4616 BARRANCA PARKWAY	IRVINE	CA	92604	(949) 932-0809
YL La Habra, LLC	1339 W WHITTIER BLVD.	LA HABRA	CA	90631	(562) 448-0700
Bharat Bhanvadia	12218 APPLE VALLEY	APPLE VALLEY	CA	92308	(760) 240-9984
SALTON CITY PETROLEUM INC.	2084 S. MARINA DR.	SALTON CITY	CA	92274	(310) 748-1348
BABA INVESTMENTS, INC	11851 Road 122	PIXLEY	CA	93256	(559) 422-0797
HAPPY AVENUE 7, L.P.	32603 Avenue 7	MADERA	CA	93637	(559) 214-2444
EL MEX-CAN, LLC	1155 W. RENAISSANCE PARKWAY	RIALTO	CA	92376	(949) 566-0037
DANA MACKAY, ELIZABETH HARGREAVES	30841 GATEWAY PLACE	RANCHO MISSION VIEJO	CA	92694	(949) 388-4477
Anaheim Frozen Treat LLC	111 E KATELLA AVE	ANAHEIM	CA	92802	(714) 478-5296
Fro Yo For Me LLC	19755 COLIMA RD	ROWLAND HEIGHTS	CA	91748	(909) 895-7770
CG YOGURT LLC	366 N 12TH AVE	HANFORD	CA	93230	(559) 796-0186
Mobin Mohammad	4816 E 2ND ST	LONG BEACH	CA	92803	(949) 394-9675
CG YOGURT LLC	6467 North Riverside Drive	Fresno	CA	93722	(559) 375-1626
Chopra Investment Group, LLC	2331 East Avenue S	Palmdale	CA	93550	(818) 416-9300
King Dija Inc.	4235 North University Parkway	San Bernardino	CA	92407	(818) 770-6910
Angelica Borlin, Jeremy Borlin	638 Camino De Los Mares H-160	San Clemente	CA	92673	(949) 503-1612
KCRG Boyle Heights	259 Sierra Madre Villa Avenue, Unit 103	Pasadena	CA	91107	(626) 314-2354
Jamal Cherradi	19348 Van Buren Blvd Suite 104	Riverside	CA	92508	(909) 268-6520
YL SM 26, Inc.	1321 Third Street Promenade	Santa Monica	CA	90401	(310) 704-0910
Front Range Yogurt, LLC	7535 S. UNIVERSITY	CENTENNIAL	CO	80122	(303) 798-5644
Front Range Yogurt, LLC	550 GRANT STREET	DENVER	CO	80203	(303) 777-1656
Front Range Yogurt, LLC	9910 WEST BELLEVUE AVENUE	LITTLETON	CO	80122	(303) 932-0909
Front Range Yogurt, LLC	7947 WADSWORTH BLVD	ARVADA	CO	80003	(303) 463-3063
Louisiana Yogurt, LLC	7474 CORPORATE BLVD	BATON ROUGE	LA	70809	(225) 636-5551
Louisiana Yogurt, LLC	4250 BURBANK DRIVE	BATON ROUGE	LA	70809	(225) 366-6660
Louisiana Yogurt, LLC	104 E. KALISTE SALOON ROAD	LAFAYETTE	LA	70508	(337) 456-3511
Louisiana Yogurt, LLC	4903 PRYTANIA STREET	NEW ORLEANS	LA	70115	(504) 333-6809
YL Las Vegas Five LLC	6587 LAS VEGAS BLVD SOUTH	LAS VEGAS	NV	89119	(702) 822-1000

Entity Name / Franchisee	Street Address	City	State	Zip	Phone
YL Las Vegas Two LLC	9516 W. FLAMINGO RD	LAS VEGAS	NV	89147	(702) 243-1774
YL Las Vegas One LLC	9055 S. EASTERN AVE	LAS VEGAS	NV	89123	(702) 361-1307
YL Las Vegas Three LLC	5635 CENTENNIAL CENTER BLVD	LAS VEGAS	NV	89149	(702) 735-9920
YL Las Vegas Four LLC	7290 W. LAKE MEAD	LAS VEGAS	NV	89128	(702) 233-6721
ROBERT BIGELOW	509D N. STEPHANIE STREET	HENDERSON	NV	89014	(702) 565-2900
W & L ENTERPRISES (E)	2272 S. NELLIS BLVD. #4	LAS VEGAS	NV	89104	(702) 431-2314
CHAD SMITH	6050 N. DECATUR, SUITE 101	LAS VEGAS	NV	89031	(702) 778-6885
LIBERTY WEALTH SOLUTIONS, LLC (E)	7060 S RAINBOW BLVD.	LAS VEGAS	NV	89118	(702) 906-2888
Legacy 5 LLC	3200 LAS VEGAS BLVD.	LAS VEGAS	NV	89109	(857) 277-4793
John Molnar	8780 W. Charleston Blvd. #104	LAS VEGAS	NV	89117	(702) 228-3600
Xueling Zhao	8090 Blue Diamond Road Suite 200	Las Vegas	NV	89113	(626) 560-0264
Ahmad Sadiq, IRFAN SABIR, NOREEN CHAUDHRY, SHAUKAT CHAUDHRY	141 MARKETPLACE BLVD	HAMILTON	NJ	08691	(609) 585-6000
Berlin Nisa INC.	200 Route 73 N	West Berlin	NJ	08091	(714) 866-9104
JAYMI, INC.	2625 OLD DENTON RD	CARROLLTON	TX	75007	(214) 483-3553
Texas KWM Fruition Inc.	1251 E. SOUTHLAKE BLVD	SOUTHLAKE	TX	76092	(817) 310-6390
Mr. B's Hospitality #1, LLC	7700 W. NORTHWEST HIGHWAY	DALLAS	TX	75225	(214) 750-9950
CHARLIE YANG	2600 W. 7TH STREET	FORT WORTH	TX	76107	(817) 870-4689
Texas KWLJ Prosper Incorporated	4170 LAVON DRIVE	GARLAND	TX	75040	(972) 675-5970
ZPZP Enterprises, Inc.	303 MEMORIAL CITY MALL	HOUSTON	TX	77024	(713) 465-8886
ROBERT AND BRITTANY BRUNER	28404 HIGHWAY 290	CYPRESS	TX	77433	(281) 256-1155
Delicious Promise Land LLC	7170 SKILLMAN STREET	DALLAS	TX	75231	(972) 803-4601
ROLY SIMANGUNSONG	2550 CITYWEST BLVD.	HOUSTON	TX	77042	(832) 831-6035
DALLAS PROMISE LAND, LLC	5925 Convair Drive	FT. WORTH	TX	76109	(682) 708-7676
Victory Promise Land, LLC	1900 Preston Road	Plano	TX	75093	(714) 478-5296
Mr. B's Hospitality #2, LLC	1910 ABRAMS ROAD	DALLAS	TX	75214	(214) 377-8613
INZOZA Investments LLC	13590 University Boulevard Suite 430	Sugar Land	TX	77479	(832) 790-4394
Bros-N-Yogurt LLC	7211 PLAZA CENTER DRIVE	WEST JORDAN	UT	84084	(801) 280-1235
Regala Enterprises, LLC	534 E. UNIVERSITY PARKWAY	OREM	UT	84097	(801) 225-5440
HEINZ KIRCHHAUSEN	15 SOUTH RIVER ROAD	ST. GEORGE	UT	84790	(435) 673-5250
440 N Main Partners, LLC	595 North Main Street	Panguitch	UT	84759	(435) 676-8979

List of Franchisees with Signed Agreements as of December 31, 2024, but Store not yet Open

Franchisee	City	State	Phone
Bakersfield Travel Plaza, Inc.	Bakersfield	CA	(310) 748-1348
Lohgarh, Inc.	Newberry Springs	CA	(818) 518-8648
Happy Highway Inc.	Baker	CA	(310) 748-1348
Gyan Investment, LLC	Bakersfield	CA	(661) 204-1624
SimShiv Investments, Inc.	Calexico	CA	(310) 748-1348

List of Franchisees who Left the System between January 1, 2024 and December 31, 2024

Franchisee	City	State	Phone
NATHAN NG, JASON NG, CHERYLNNE NG	San Jose	CA	(650) 245-8771
Gurparkash Sandhoo, Jaspreet Sandhoo	Trout Run	PA	(570) 337-5433
ALEX SOOFER	Santa Monica	CA	(310) 704-0910

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

EXHIBIT H
TO YOGURT LAND FRANCHISE DISCLOSURE DOCUMENT
General Release

General Release

This GENERAL RELEASE is made on this _____ day of _____, 20____ (the "Effective Date") by the undersigned ("Releasing Party").

For good and valuable consideration to Releasing Party (the receipt and sufficiency of which are hereby acknowledged), Releasing Party hereby waives, releases, and forever discharges Yogurtland Franchising, Inc., a Texas corporation, each and all of its shareholders, affiliates, subsidiaries, officers, directors, employees, agents, attorneys, and representatives, Phillip Chang, an individual, and Michelle Chang, an individual (all collectively, the "Released Parties") from any and all claims, demands, liabilities, or causes of action in law or in equity of whatsoever nature arising prior to and including the date hereof that the Releasing Party now has or may hereafter have by reason of any act, omission, event, deed, or course of action having taken place, or having been omitted, including without limitation any that is on account of, or arising out of any franchise agreement, lease or sublease agreement, or any other agreement between Releasing Party and any of the Released Parties, occurring prior to the date of this Release, except as may be prohibited by law.

Releasing Party hereby expressly acknowledges that any and all rights granted Releasing Party or anyone else under Section 1542 of the California Civil Code are hereby expressly waived. Such statute reads as follows:

"Section 1542.

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

Releasing Party hereby promises to defend, indemnify, and hold harmless from any claims, demands, liabilities, or causes of action in law or equity brought against any of the Released Parties by any of Releasing Party's owners, parents, affiliates, directors, officers, or employees that is or are based on any acts or omissions of any of the Released Parties occurring prior to the date of this Release.

In addition, Releasing Party hereby warrants and represents to the Released Parties that Releasing Party has never assigned to anyone any claim of Releasing Party against any of the Released Parties.

Intending to be legally bound, the Releasing Party through its duly authorized signatory signs and delivers this Release effective as of the Effective Date set forth above.

FRANCHISOR:

YOGURTLAND FRANCHISING, INC.

FRANCHISEE:

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

EXHIBIT I
TO YOGURT LAND FRANCHISE DISCLOSURE DOCUMENT
State Effective Dates

State Effective Dates

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

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

State	Effective Date
California	Pending
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Pending
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Pending
Washington	Not Registered
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 plans.

EXHIBIT J
TO YOGURT LAND FRANCHISE DISCLOSURE DOCUMENT
Receipts

Receipt

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

If we offer 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 an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure documents at least 10 business days before execution of any binding franchise or other agreement or payment of any consideration, whichever comes first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state regulatory agency listed in Attachment A. Franchisor's agents for service of process are listed in Exhibit B.

The franchisor is Yogurtland Franchising, Inc., 2100 Valley View Lane Suite 101, Farmers Branch, Texas 75234. Its telephone number is (949) 265-8000.

The franchise seller for this offering is:

NAME	ADDRESS	PHONE NUMBER
Charles Ballard	2100 Valley View Lane Suite 101, Farmers Branch, Texas 75234	949-265- 8000

Issuance Date: April 18, 2025

I received a disclosure document issued _____, 2025, that included the following Exhibits:

Exhibit A	State Administrators	Exhibit G	List of Current and Former Franchisees
Exhibit B	Agents for Service of Process	Exhibit H	General Release
Exhibit C	Financial Statements	Exhibit I	State Effective Dates
Exhibit D	Franchise Agreement	Exhibit J	Receipts
Exhibit E	Area Development Agreement		
Exhibit F	Table of Contents of Operations Manual		

Signature

Print Name

Date

If signing on behalf of a corporation or other entity, please complete the following:

Name of Entity

Title

Keep this copy for your records.

Receipt

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

If we offer 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 an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure documents at least 10 business days before execution of any binding franchise or other agreement or payment of any consideration, whichever comes first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state regulatory agency listed in Attachment A. Franchisor's agents for service of process are listed in Exhibit B.

The franchisor is Yogurtland Franchising, Inc., 2100 Valley View Lane Suite 101, Farmers Branch, Texas 75234. Its telephone number is (949) 265-8000.

The franchise seller for this offering is:

NAME	ADDRESS	PHONE NUMBER
Charles Ballard	2100 Valley View Lane Suite 101, Farmers Branch, Texas 75234	949-265- 8000

Issuance Date: April 18, 2025

I received a disclosure document issued _____, 2025, that included the following Exhibits:

Exhibit A	State Administrators	Exhibit G	List of Current and Former Franchisees
Exhibit B	Agents for Service of Process	Exhibit H	General Release
Exhibit C	Financial Statements	Exhibit I	State Effective Dates
Exhibit D	Franchise Agreement	Exhibit J	Receipts
Exhibit E	Area Development Agreement		
Exhibit F	Table of Contents of Operations Manual		

Signature

Print Name

Date

If signing on behalf of a corporation or other entity, please complete the following:

Name of Entity

Title