

FRANCHISE DISCLOSURE DOCUMENT



Dippin' Dots Franchising, L.L.C.
An Oklahoma Limited Liability Company
155 Main Street
Paducah, Kentucky 42003
(270) 575-6990
sterot@dippindots.com
www.dippindots.com

Dippin' Dots Franchising, L.L.C. ("DDF," "we," or "us") offers you the opportunity to operate a Dippin' Dots® franchised business through one of the models outlined in Item 1 of this Disclosure Document. The total investment necessary to begin operations as a Dippin' Dots® Territory franchisee will range from \$119,704 to \$366,950. This includes \$76,799 to \$113,150 that must be paid to our affiliates or us. The total investment necessary to begin operations as a Dippin' Dots® Store Only franchisee will range from \$108,704 to \$339,950. This includes \$70,799 to \$322,950 that must be paid to our affiliates or us. The total investment necessary to begin operations as a Dippin' Dots® Distribution franchisee will range from \$64,104 to \$175,550. This includes \$30,505 to \$112,300 that must be paid to our affiliates or us.

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 payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 our director of franchising, Steve Rothenstein, at (270) 415-3173 or by writing to him at Dippin' Dots Franchising, L.L.C., 155 Main Street, Paducah, KY 42003.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. If possible, show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, 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 21, 2023

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 7 and Exhibit 8.
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 9 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 Dippin' Dots® 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 Dippin' Dots® franchisee?	Item 20 or Exhibit 7 and Exhibit 8 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 1 and 2.

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 requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Oklahoma. 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 Oklahoma than in your own state.

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
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:

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) 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.

(C) 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.

(D) 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 THE FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) 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.

(F) 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.

(G) 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:

(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) 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.

(H) 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).

(I) 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.

ADDRESS FOR NOTICES TO THE MICHIGAN ATTORNEY GENERAL:

DEPARTMENT OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
FRANCHISE SECTION
G. MENNEN WILLIAMS BUILDING, 7th FLOOR
525 W. OTTAWA STREET
LANSING, MI 48909
MAIN NUMBER: 517-373-1110
FACSIMILE: 517-373-3042

DIPPIN' DOTS FRANCHISING, L.L.C.
FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

	<u>PAGE</u>
ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
ITEM 2 BUSINESS EXPERIENCE	3
ITEM 3 LITIGATION.....	5
ITEM 4 BANKRUPTCY	5
ITEM 5 INITIAL FEES.....	5
ITEM 6 OTHER FEES.....	7
ITEM 7 ESTIMATED INITIAL INVESTMENT.....	12
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	15
ITEM 9 FRANCHISEE’S OBLIGATIONS	18
ITEM 10 FINANCING.....	19
ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING.....	19
ITEM 12 TERRITORY	26
ITEM 13 TRADEMARKS	28
ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.....	30
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS.....	31
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	32
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	32
ITEM 18 PUBLIC FIGURES.....	35
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS	35
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION	36
ITEM 21 FINANCIAL STATEMENTS.....	43
ITEM 22 CONTRACTS.....	43
ITEM 23 RECEIPTS	43

Exhibits

- Exhibit 1 - List of State Administrators
- Exhibit 2 - List of Agents for Service of Process
- Exhibit 3 - Form of Franchise Agreement
- Exhibit 4 - Form of Customer Agreement
- Exhibit 5 - Form of Personal Guaranty
- Exhibit 6 - General Release
- Exhibit 7 - List of Franchisees
- Exhibit 8 - List of Former Franchisees
- Exhibit 9 - Financial Statements
- Exhibit 10 - State Addendum to Disclosure Document
- Exhibit 11 - State Specific Agreement Amendments
- Exhibit 12 - Operating Manual Table of Contents
- Exhibit 13 - State Effective Dates
- Exhibit 14 - Receipt

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

The Franchisor

Dippin' Dots Franchising, L.L.C. ("DDF," "we," or "us") offers the franchises described in this Disclosure Document. "You" means the person (or business entity and its owners) that buys the franchise.

DDF was originally organized as a Kentucky corporation on March 30, 1999 under the name Dippin' Dots Franchising, Inc. On May 18, 2012, Dippin' Dots Franchising, Inc. was converted to a Kentucky limited liability company named Dippin' Dots Franchising, L.L.C. ("DDF Kentucky"). On November 21, 2012, DDF Kentucky merged with and into an Oklahoma entity formed on November 20, 2012 with the same name converting the entity to an Oklahoma limited liability company. All references in this Disclosure Document to DDF refer to DDF since its inception in 1999.

We conduct our business under the trade name "Dippin' Dots®". Our principal business address is 155 Main Street, Paducah, Kentucky 42003. In June 2023, we will move our principal place of business to 910 South 5th Street, Paducah, Kentucky 42003. We offer franchises to sell Dippin' Dots® branded ice cream, frozen yogurt, sherbet and ice products at a fixed store or kiosk location and at events and in other retail locations within a set territory (each, a "Franchised Business"). We are not engaged in any other line of business.

Exhibit 2 to this Disclosure Document identifies the agents for service of process we have appointed in certain states.

Parent and Affiliates

On May 18, 2012, Dippin' Dots Holdings, L.L.C. ("DDH") acquired all of the stock of Dippin' Dots Franchising, Inc. from Curt D. Jones and Fischer Ventures. DDH is an Oklahoma limited liability company that was formed on April 9, 2012. We are owned 100% by DDH. DDH has no obligations to franchisees and does not provide any services to franchisees.

On June 21, 2022, J & J Snack Foods Corp. ("J&J"), indirectly through a wholly owned subsidiary, DD Acquisition Holdings, LLC ("DDA"), purchased all of the issued and outstanding equity securities of DDH and became our ultimate parent. J&J is incorporated in the State of New Jersey, and its principal place of business is 350 Fellowship Road, Mount Laurel, NJ 08054. DDA is organized in the State of Delaware, and its principal place of business is also 350 Fellowship Road, Mount Laurel, NJ 08054. Neither J&J nor DDA provides any products or services to our franchisees. Neither J&J nor DDA offers or sells any franchises.

DDF's affiliate is Dippin' Dots, L.L.C., an Oklahoma limited liability company ("DDL"). DDL, which is also a wholly owned subsidiary of DDH, purchased substantially all of the assets of Dippin' Dots, Inc. ("DDI"), including the Dippin' Dots® trademark and other related marks (the "Marks") out of bankruptcy on May 18, 2012. Currently, DDL owns the Dippin' Dots® trademarks and manufactures Dippin' Dots® ice cream, frozen yogurt, sherbet and ice products, and has licensed us the right to use all of its Marks in connection with our franchising activities. DDL's principal business address is 5101 Charter Oak Drive, Paducah, Kentucky 42001. DDL has never offered franchises for this or any other lines of business. DDL provides products and services to our franchisees. In June 2023, DDL will move its principal place of business to 910 South 5th Street, Paducah, Kentucky 42003.

Our affiliate, The ICEE Company (“ICEE”), is an approved supplier of certain ICEE® and Slush Puppie® products to our franchisees. ICEE was formed on September 16, 1987. Its principal place of business is 265 Mason Road, La Vergne, TN 37086. ICEE does not and has not offered franchises in any line of business.

Doc Popcorn® Franchises

In June of 2014, DDL organized its wholly owned subsidiary and our affiliate, Doc Popcorn, L.L.C., an Oklahoma limited liability company (“DP”), for the purpose of acquiring all of the assets related to the Doc Popcorn® branded franchise system (“Doc Popcorn Business”) owned by Doc Popcorn Franchising, Inc., a Colorado corporation, and its affiliates. DP completed the acquisition of the Doc Popcorn Business on July 1, 2014. Since 2003, the Doc Popcorn Business has offered and sold fresh, flavored popcorn made from Doc Popcorn® proprietary flavored blends in proprietary packaging along with soft drinks, bottled water and other approved products. The predecessors of the Doc Popcorn Business have offered and sold Doc Popcorn® franchises since 2009. As of September 24, 2022, there were approximately 66 Doc Popcorn® franchise outlets opened.

Shortly after DP’s acquisition of all the assets of the Doc Popcorn Business, we organized a wholly owned subsidiary named Doc Popcorn Franchising, L.L.C., an Oklahoma limited liability company (“DPF”), for which DP granted to DPF an exclusive license to sublicense and sell trademarks, concepts, and goodwill of the Doc Popcorn Business to franchisees. DPF began offering and selling Doc Popcorn® franchises in July of 2014. DP and DPF’s principal business address is 155 Main Street, Paducah, Kentucky 42003. In June 2023, DP and DPF will move its principal place of business to 910 South 5th Street, Paducah, Kentucky 42003.

We do not offer and are not offering the sale of Doc Popcorn® franchises. Our affiliates, including DPF, do not offer any franchises other than the Doc Popcorn® franchises. DPF does not provide products or services to our franchisees, except for co-franchisees described immediately below.

We and DPF each offer co-branded franchise opportunities that are comprised of both Dippin’ Dots® Franchises and Doc Popcorn Franchises. Co-franchisees will receive a franchise disclosure document from each of us and DPF and be required to execute a franchise agreement with us for their Dippin’ Dots® Franchise and with DPF for their Doc Popcorn Franchise. There were 37 co-branded Dippin’ Dots®/Doc Popcorn Franchises as of September 24, 2022.

Description of the Dippin’ Dots® Franchised Business

This Disclosure Document describes our franchise program, which is a franchise to sell Dippin’ Dots® branded novelty frozen ice cream, yogurt, sherbet and ice products in one of the following models:

1. The “Territory” franchise will grant you the right to operate at the following locations within your territory: (i) one retail store or kiosk at an approved location within your territory for in-person sales and catering to customers (additional stores may be added for an additional fee and subject to our approval), (ii) an unlimited amount of fairs, festivals, and similar events within your territory (subject to our approval for each instance), and (iii) an unlimited number of vending machines and stand-alone freezers placed within other retail locations within your territory (subject to our approval for each instance). We will not place another Distribution franchise in your territory if you purchase a Territory franchise.

2. The “Store Only” franchise will grant you the right to operate at one retail store or kiosk at an approved location within your territory for in-person sales and catering to customers within your territory (additional stores may be added for an additional fee and subject to our approval).
3. The “Distribution” franchise will grant you the right to operate an unlimited number of vending machines and stand-alone freezers placed within other retail locations within your territory (subject to our approval for each instance) and to fulfill catering orders for customers in your territory.

The Territory franchise, Store Only franchise, and Distribution franchise shall collectively be referred to as the Franchised Businesses and individually as a Franchised Business.

You will sell Dippin’ Dots® products and services to the general public. Customers will include individuals of all ages, especially from the ages of 8 to 18. It is anticipated that you will experience an increase in sales during the warmer months and a decrease in sales during the colder months. The most pronounced seasonal sales variations can be expected in geographic areas where there are significant seasonal temperature variations. These seasonal variations can be significant and may cause your Franchised Business to operate at a loss in colder months.

Prior Experience

We offer, sell, service and support Dippin’ Dots® Franchised Businesses. We license the right to use the Marks from our affiliate, DDL, and DDL has granted us the exclusive right to sublicense the Marks to franchisees as part of the Dippin’ Dots® franchise system.

We began selling Dippin’ Dots® franchises in 1999. We have never sold any other franchises. We began operating Dippin’ Dots® retail stores in 1999 with the opening of our Paducah, Kentucky store. This location ceased to operate in December 2018.

Competition

The market for products sold by our franchisees is developed. There are a large number of potential competitors that sell ice cream and similar frozen dessert products, including national, regional and local supermarkets, specialty ice cream stores, fast food operations and other retail establishments. Competitors will include other retail ice cream stores and food stores offering similar products and services, some of which may be located within the same shopping mall or shopping center as your Franchised Business. These may include nationally, regionally or locally owned stores such as Haagen-Dazs, Bressler’s, Baskin-Robbins, Mini-Melts, Coldstone Creamery, Marble Slab Ice Cream, IttiBitz, and Maggie Moo’s.

Additionally, DDL sells Dippin’ Dots® products through distributors, non-franchise service providers, and food service companies at certain locations such as theaters, zoos, stadiums, theme parks, water parks, museums, colleges, convention centers, travel centers, airports, fun centers, corporate cafeterias and retail chains.

Industry Specific Regulations

Since the food service industry is heavily regulated, there may be laws applicable to your Franchised Business so you should carefully investigate local, state and federal laws. Although no statutes or regulations deal specifically with the operation of a Dippin’ Dots® Franchised Business, there are

typically statutes and regulations that regulate businesses handling food and food products and there may be laws and regulations relating to refrigerated or frozen food items.

Commencing in December 2019 and continuing through the issue date of this Disclosure Document, COVID-19 has disrupted and continues to significantly disrupt local, regional and global economics and businesses. Most, if not all, states that implemented shelter-in-place restrictions mandated closure of non-essential businesses for a certain period. It is uncertain whether there will be additional closure periods. Pandemic restrictions may cause additional operating restrictions, limitations on customer capacity, additional sanitary precautions, greater spacing and changes in employee availability and other consequences of the outbreak. You also must comply with all applicable laws, rules and orders of any government authority concerning the outbreak and your response.

You are solely responsible for complying with all local, state and federal laws in the operation of your Dippin' Dots® Franchised Business.

ITEM 2 **BUSINESS EXPERIENCE**

Stephen C. Heisner, Vice President of Administration

Mr. Heisner has served as the Vice President of Administration since July 2022. Mr. Heisner had served as the Senior Vice President for DDF and DPF from October 2021 to July 2022, operating out of Paducah, KY. Prior to that, Mr. Heisner served as the Vice President of Administration and Human Resources for DDF from November 2012 to October 2021 and for DPF from July 2014 to October 2021.

Steve Rothenstein, Vice President of Franchise Operations

Mr. Rothenstein has served as the Vice President of Franchise Operations since July 2022. Mr. Rothenstein had served as the Associate Vice President - Franchising for DDF and DPF from October 2021 until July 2022, operating out of Spring Hill, Tennessee. Prior to that, Mr. Rothenstein served as the Senior Director of Franchising for DDF from October 2012 to October 2021 and for DPF from July 2014 to October 2021.

Martin Azambuya, Director - Brand Sales and Support

Mr. Azambuya has served as the Director- Brand Sales and Support since July 2022. Mr. Azambuya had served as our Managing Director/COO from January 2017 to July 2022.

Tammy Isom, Franchise Development Manager

Ms. Isom has served as Franchise Development Manager for us and DDF since November 2022. From January 2017 to November 2022 she served as Tradeshow and Sales Supervisor for DDL.

Adam Timothy Gross, Vice President of Sales

Mr. Gross has served as Vice President of Sales for DDL and DPF since July 2022. Mr. Gross had served as Vice President of Sales and Marketing for DDL and DPF from October 2021 to July 2022, operating out of North East, Maryland. Prior to that, Mr. Gross has served as Senior Director of Sales – Core Business for DDL and DPF from December 2014 to October 2021.

Halley Bentz, Franchise Sales Operations Manager

Ms. Bentz has served as our Franchise Sales Operations Manager since July 2022. Ms. Bentz had served as the Region Manager for DDL from September 2021 to July 2022. Prior to this, Ms. Bentz was the Operations Manager with We 4 Ventures (Doc Popcorn operating in the Mall of America) in Bloomington, Minnesota from August 2010 to April 2021. Ms. Bentz was unemployed from April 2021 to September 2021.

Daniel Fachner, Chief Executive Officer

Mr. Fachner has been the Chief Executive Officer of our parent, J&J, since May 2021, in Mt. Laurel, NJ. Prior to that, he was the President of our affiliate, ICEE, from 1997 to May 2021, in La Vergne, TN.

Ken Plunk, Chief Financial Officer

Mr. Plunk has served as the Chief Financial Officer of our parent, J&J, since September 2020, in Mt. Laurel, NJ. Prior to that, he was the Senior Vice President, Finance of Walmart, Inc. from July 2007 to January 2019 in Bentonville, AR.

Stephen Every, Chief Operating Officer

Mr. Every has served as the Chief Operating Officer of our affiliate, ICEE, since July 2022, in La Vergne, TN. Prior to that, he was the Senior Vice President, Sales of ICEE from August 2018 to July 2022, and prior that, was the Vice President, Sales from August 2012 to August 2018, both in Chicago, IL.

Michael Pollner, Senior Vice President, General Counsel and Corporate Secretary

Mr. Pollner has served as the Senior Vice President, General Counsel and Corporate Secretary of our parent, J&J, since April 2022, in Mt. Laurel, NJ. Prior to that, he was the Senior Vice President, Chief Administrative Officer, General Counsel and Secretary of Knoll, Inc. in East Greenville, PA from September 2005 to September 2021.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

The initial franchise fee is as follows:

Type	Fee
Territory	\$15,000
Store Only	\$10,000
Distribution	\$10,000

You must pay the initial franchise fee in full upon the opening of your Dippin' Dots® Franchised Business. This fee is not refundable. If you wish to operate more than one fixed location, store or kiosk if you are purchasing, and granted, the right to operate a Territory Franchised Business or Store Only Franchised Business, you may purchase additional Dippin' Dots® Franchised Business at \$5,000 per each additional fixed location, store or kiosk.

Discount for Concurrent Purchases of Multiple Franchise Systems

If you are simultaneously purchasing both a Dippin' Dots® Franchised Business from us and a Doc Popcorn® franchise from our affiliate, DPF, in accordance with the Doc Popcorn® franchise disclosure document, we will provide you a 25% discount off the initial franchise fee for your Dippin' Dots® Franchised Business and our affiliate, DPF, has agreed to offer you a 25% discount off the initial franchise fee for the Doc Popcorn® franchise; provided that the purchases of the franchises from both franchise systems are consummated concurrently and you enter into a franchise agreement in accordance with this Disclosure Document and enter into a franchise agreement with DPF in accordance with the Doc Popcorn® franchise disclosure document. We are not offering you a DPF franchise under this Disclosure Document but are merely informing you of the discount we will offer you in connection with your purchase of a Dippin' Dots® Franchised Business and a Doc Popcorn® franchise.

U.S. Veterans Franchise Discount

If you are a current member of the U.S. armed forces or an honorably discharged U.S. Veteran and have provided us with sufficient proof of the same in the form as we may reasonably require, we will offer you a 15% discount off your initial franchise fee for your initial Dippin' Dots® Franchised Business.

Other Initial Fees

The following are additional, non-refundable, initial fees that you might be required to pay to us or DDL before the business opens. The exact amount depends on whether a Franchised Business was primarily distribution-based or included a retail store or kiosk. The amount was on the lower end of the range for Franchised Businesses that are primarily distribution-based, and on the higher end of the range for Franchised Businesses that include a retail store or kiosk.

Expense	Amount	Payable
Opening Inventory	\$2,500 to \$5,250	Payable to DDL or approved suppliers based on the amount of inventory ordered. This

Expense	Amount	Payable
		expense must be paid before you begin your retail operations. DDL does not provide financing.
Equipment	\$20,000 to \$84,900	Payable to DDL or approved suppliers as this expense is incurred. This expense must be paid before you begin your retail operations. DDL does not provide financing.
Printing and Signage	\$499 to \$5,000	Payable to DDL or approved suppliers as this expense is incurred. This expense must be paid before you begin your retail operations. DDL does not provide financing.
Advertising Materials	\$500 to \$2,500	Payable to DDL or approved suppliers as this expense is incurred. This expense must be paid before you begin your retail operations. DDL does not provide financing.
Office and Retail Supplies	\$100 to \$500	Payable to DDL or approved suppliers as this expense is incurred. This expense must be paid before you begin your retail operations. DDL does not provide financing.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks ¹
Royalty Fee	<p>\$2.16 per bag for bulk ice cream products.</p> <p>\$0.09 per unit for pre-pack units.</p> <p>Up to 6% on ancillary items (non-Dippin' Dots manufactured retail food, drink and/or non-food approved items).</p>	Received on or before each Friday by 5:00 P.M. CST (the week begins on Sunday and ends on Saturday).	<p>These fees are collected by DDF in connection with the sale of Dippin' Dots® products.</p> <p>We may increase the amount of royalty fee at any time upon written notice to all of our franchisees; provided, however, that the royalty fee for each type of product purchased shall not exceed 6% of the average retail price of the product being purchased.</p> <p>We may elect to forgo the royalty fees indicated and charge a continuing royalty fee not to exceed 6% of your Gross Sales.²</p>
Advertising Fund Contributions	<p>\$0.24 per bag for bulk ice cream products.</p> <p>\$0.01 per unit for pre-pack units.</p>	Same as Above.	These funds are collected by DDL in connection with the sale of Dippin' Dots® products. DDL then remits these fees to DDF.

Type of Fee	Amount	Due Date	Remarks ¹
	Up to 2% on ancillary items (non-Dippin' Dots manufactured retail food, drink and/or non-food approved items).		<p>We may increase the amount of advertising fund contributions at any time upon written notice to all of our franchisees; provided, however, that the royalty fee for each type of product purchased shall not exceed two percent (2%) of the average retail price of the product being purchased.</p> <p>We may elect to forgo the advertising fund contributions indicated and require contributions not to exceed 2% of your Gross Sales.</p>
Regional Advertising Fund Contributions	Up to 50% of the contributions made to Advertising Fund.	Same as Above	Regional Advertising Funds have not been established at this time. Should we establish these funds, we will allocate up to 50% of the contributions you make to the Advertising Fund to your Regional Advertising Fund.
Additional Training Fees	\$75.00 per day per person.	Promptly upon receipt of invoice.	Payable to us, if you require more training or related assistance than our usual training program and routinely scheduled visits.
Relocation Fee for Relocation of Franchised Business	\$1,000.	Promptly upon receipt of invoice.	<p>You must pay the relocation fee to us prior to your relocation of your fixed location retail store or kiosk. Any relocation is subject to our prior approval.</p> <p>This fee is inapplicable to Distribution Only.</p>

Type of Fee	Amount	Due Date	Remarks¹
Evaluation and Testing of New Approved Supplier	Reasonable cost of the evaluation and testing.	Promptly upon receipt of invoice.	If you want to purchase products from suppliers other than approved suppliers you must submit a request to us along with samples of the supplier's products. We shall have the right to inspect the supplier's facilities and to evaluate and test the supplier's products. You shall pay us a charge not to exceed the reasonable costs of evaluation and testing.
Reimbursement of Amounts Paid to Correct any Deficiencies	Actual cost to us.	Promptly upon receipt of invoice.	Upon notice from us, you must take steps to correct any deficiencies in your operations that we detect during any inspection. If you do not correct these deficiencies within a reasonable time, we may perform your obligations for you, and you must reimburse us for our costs in performing your obligations.
Replacement Fee for lost Manuals	At least \$200.	Promptly upon receipt of invoice.	Payable to replace any Manual that is lost, stolen or damaged to render it, in DDF's sole determination, unusable.
P.O.S. System Transaction Fee	\$100 - \$150 per month.	Promptly upon receipt of invoice.	Payable for transaction fees in connection with P.O.S. System.
Late Fee for Sales Reports	\$5.00 per day.	Promptly upon receipt of invoice.	Sales reports are due no later than the 20 th day of each month showing Gross Sales for each retail venue you operate with your territory during the immediately preceding month.
Late Fee for Profit and Loss Statement	\$5.00 per day.	Promptly upon receipt of invoice.	Profit and loss statements are due no later than March 31 st of each year showing the results of operations for the preceding calendar year.
Interest on Understated Amounts Payable	18% per annum or the maximum rate permitted by law, whichever is less.	Promptly upon receipt of invoice.	If an audit reveals that amounts payable to us have been understated you shall pay us the amount understated plus interest from the date such amount was due until the amount due was paid.

Type of Fee	Amount	Due Date	Remarks ¹
Reimbursement of Audit Costs	Actual cost to us.	Promptly upon receipt of invoice.	We have the right to have an audit made of your records and conduct a physical inventory. If any inspection discloses an understatement of any reported amount of any type, in any report, of 2% or more of Gross Sales, you will, in addition to paying us the amount of the understatement, reimburse us for all expenses, including, without limitation, travel, lodging and wage expenses and reasonable accounting and legal costs.
Insurance Coverage	Actual cost to us.	Promptly upon receipt of invoice.	If you fail to maintain the insurance required by the Franchise Agreement, we may obtain the required insurance and charge you the cost of the insurance.
Late Fee for Certificates of Insurance	\$5.00 per day.	Promptly upon receipt of invoice.	You are required to provide us with certificates of insurance evidencing that you have the proper types and amounts of insurance coverages required by the Franchise Agreement prior to your commencement of operations and, thereafter, at least 20 days prior to the expiration of any policy.

Type of Fee	Amount	Due Date	Remarks ¹
Transfer Fee	<p>The lesser of \$7,500 or 10% of the sales consideration plus any attorney fees incurred by us in connection with our review of and processing of the transfer.</p> <p>For existing Dippin' Dots Franchisees transferring their interests to an existing Dippin' Dots Franchisee - The lesser of \$1,000 or 10% of the sales consideration per franchise sold plus any attorney fees incurred by us in connection with our review of and processing of the transfer.</p>	At the time of transfer.	<p>Payable for the training, supervision, administrative costs, counsel fees, accounting and our other expenses in connection with a transfer.</p> <p>In the case of a transfer to a corporation or limited liability company formed by you for the convenience of ownership, no transfer fee shall be required. This fee is payable to DDF.</p>
Renewal Fee	<p>\$2,500 for Territory Franchised Business.</p> <p>\$2,000 for Store Only Franchised Business or Distribution Franchised Business.</p>		Payable for the training, supervision, administrative costs, counsel fees, accounting and our other expenses in connection with a renewal and subject to compliance with other renewal conditions outlined in the Franchise Agreement.
Fee to Add Minority Equity Owner	\$1,000.	At the time the new equity owner is added.	If you add a minority shareholder, partner, member or owner, you must pay us this fee.
Damages, Costs and Expenses upon Default	Actual damages, costs and expenses, including reasonable attorneys' fees, incurred by us as a result of the default.	Promptly upon receipt of invoice.	Payable to DDF and/or DDL.

Type of Fee	Amount	Due Date	Remarks ¹
Indemnification	Actual cost to DDF.	Promptly upon receipt of invoice.	You agree to indemnify us and our affiliated companies and each of their officers, directors and employees against any claims, legal proceedings, investigations, damages, costs and expenses, and the cost of defending them, if they arise directly or indirectly from, or as a result of, your operation of the Franchised Business.
Fee for Infringement of Rights of Other Franchisee or customers of DDL	<p>\$1,000 for freezer placements (FDMC Channel, Food, Drug, Mass Convenience/Club)</p> <p>Fairs, festivals, events; \$2,500 for first breach.</p> <p>\$2,500 for subsequent breaches.</p>	Immediately upon receipt of Notice of Default	<p>You must pay a fee of \$1,000 for each freezer placement that is found to be unauthorized by Dippin' Dots Franchising; i.e. prior approval was not granted before a freezer was placed at the account.</p> <p>You must pay a fee of \$2,500 (first breach)/\$2,500 (subsequent breaches) if you infringe upon the rights of any other franchisee or customer of DDL by operating at any unauthorized location or event currently serviced by another franchisee or customer of DDL. We collect this fee and remit it to the franchisee or customer whose territory or event you encroached upon.</p>
Franchisee Council Membership Dues	\$100 per year.	Time of the meeting (varies).	We collect this on behalf of DDF Franchisee Council, Inc. You, all franchisees and us are required to be members of the Franchise Council. All members of the Franchise Council will be entitled to one (1) vote on all matters which members are authorized to vote under the Franchise Agreement and the By-Laws of the Franchise Council. The membership dues for the Franchise Council has no maximum or minimum cap.

Notes:

1. All fees payable to us or DDL are uniformly imposed and are non-refundable.
2. "Gross Sales" means all revenues received by you for all Dippin' Dots® products sold and services rendered, directly or indirectly, using the Dippin' Dots® franchise or our Marks.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

A. Territory Franchised Business

Type of Expenditure	Amount (US\$)		Method of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			
Initial Franchise Fee ¹	\$15,000	\$15,000	Lump Sum	When the Franchise Agreement is signed	DDF
Grand Opening Advertising Materials Expenditure ²	\$500	\$2,500	As Incurred	Before Retail Operations	DDL and Third Parties
Credit Card and Gift Card Processing ³	\$755	\$800	As Incurred	Before Retail Operations	Third Parties
Office and Retail Supplies ⁴	\$100	\$500	Lump Sum	Before Retail Operations	DDL and Third Parties
Opening Inventory ⁵	\$2,500	\$5,250	Lump Sum	Before Retail Operations	DDL and Third Parties
Insurance ⁶	\$1,500	\$2,500	As Incurred	Before Retail Operations	Third Parties
Printing and Signage ⁷	\$499	\$5,000	As Incurred	Before Retail Operations	DDL and Third Parties
Equipment (Freezers, etc.) ⁸	\$65,700	\$84,900	As Incurred	Before Retail Operations	DDL and Third Parties
Leased Warehouse and Cold Storage ⁹	\$5,000	\$20,000	As Incurred	Before Retail Operations	Third Parties
20 Ft. Box Truck Monthly Payments to Lease or Own ¹⁰	\$1,000	\$2,000	As Incurred	Before Retail Operations	Third Parties
Travel, Lodging, Meals, Etc. for Initial Training ¹¹	\$1,500	\$2,500	As Incurred	Before Retail Operations	Third Parties
Real Estate and Improvements ¹²	\$2,400	\$120,000	As Incurred	As Incurred	Third Parties
Security Deposit and Prepaid Rent ¹³	\$500	\$10,000	As Incurred	Before Retail Operations	Third Parties
Miscellaneous Start-up Costs ¹⁴	\$12,500	\$32,500	As Incurred	Before Retail Operations	Third Parties

Type of Expenditure	Amount (US\$)		Method of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			
Additional Funds (6 months) ¹⁵	\$10,250	\$63,500	As Incurred	Before Retail Operations	Third Parties
TOTALS	\$119,704	\$366,950			

B. Store Only Franchised Business

Type of Expenditure	Amount (US\$)		Method of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			
Initial Franchise Fee ¹	\$10,000	\$10,000	Lump Sum	When the Franchise Agreement is signed	DDF
Grand Opening Advertising Materials Expenditure ²	\$500	\$2,500	As Incurred	Before Retail Operations	DDL and Third Parties
Credit Card and Gift Card Processing ³	\$755	\$800	As Incurred	Before Retail Operations	Third Parties
Office and Retail Supplies ⁴	\$100	\$500	Lump Sum	Before Retail Operations	DDL and Third Parties
Opening Inventory ⁵	\$2,500	\$5,250	Lump Sum	Before Retail Operations	DDL and Third Parties
Insurance ⁶	\$1,500	\$2,500	As Incurred	Before Retail Operations	Third Parties
Printing and Signage ⁷	\$499	\$5,000	As Incurred	Before Retail Operations	DDL and Third Parties
Equipment (Freezers, etc.) ⁸	\$65,700	\$84,900	As Incurred	Before Retail Operations	DDL and Third Parties
Travel, Lodging, Meals, Etc. for Initial Training ¹¹	\$1,500	\$2,500	As Incurred	Before Retail Operations	Third Parties
Real Estate and Improvements ¹²	\$2,400	\$120,000	As Incurred	As Incurred	Third Parties
Security Deposit and Prepaid Rent ¹³	\$500	\$10,000	As Incurred	Before Retail Operations	Third Parties
Miscellaneous Start-up Costs ¹⁴	\$12,500	\$32,500	As Incurred	Before Retail Operations	Third Parties

Type of Expenditure	Amount (US\$)		Method of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			
Additional Funds (6 months) ¹⁵	\$10,250	\$63,500	As Incurred	Before Retail Operations	Third Parties
TOTALS	\$108,704	\$339,950			

C. Distribution Franchised Business

Type of Expenditure	Amount (US\$)		Method of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			
Initial Franchise Fee ¹	\$10,000	\$10,000	Lump Sum	When the Franchise Agreement is signed	DDF
Grand Opening Advertising Materials Expenditure ²	\$500	\$2,500	As Incurred	Before Retail Operations	DDL and Third Parties
Credit Card and Gift Card Processing ³	\$755	\$800	As Incurred	Before Retail Operations	Third Parties
Office and Retail Supplies ⁴	\$100	\$500	Lump Sum	Before Retail Operations	DDL and Third Parties
Opening Inventory ⁵	\$2,500	\$5,250	Lump Sum	Before Retail Operations	DDL and Third Parties
Insurance ⁶	\$1,500	\$2,500	As Incurred	Before Retail Operations	Third Parties
Printing and Signage ⁷	\$499	\$5,000	As Incurred	Before Retail Operations	DDL and Third Parties
Equipment (Freezers, etc.) ⁸	\$20,000	\$40,000	As Incurred	Before Retail Operations	DDL and Third Parties
Leased Warehouse and Cold Storage ⁹	\$2,500	\$7,500	As Incurred	Before Retail Operations	Third Parties
20 Ft. Box Truck Monthly Payments to Lease or Own ¹⁰	\$1,000	\$2,000	As Incurred	Before Retail Operations	Third Parties
Travel, Lodging, Meals, Etc. for Initial Training ¹¹	\$1,500	\$2,500	As Incurred	Before Retail Operations	Third Parties
Security Deposit and Prepaid Rent ¹³	\$500	\$1,000	As Incurred	Before Retail Operations	Third Parties
Miscellaneous Start-up Costs ¹⁴	\$12,500	\$32,500	As Incurred	Before Retail Operations	Third Parties

Type of Expenditure	Amount (US\$)		Method of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			
Additional Funds (6 months) ¹⁵	\$10,250	\$63,500	As Incurred	Before Retail Operations	Third Parties
TOTALS	\$64,104	\$175,550			

Notes:

1. See ITEM 5 for a description of the Initial Franchise Fee and an explanation of the several discounts to the Initial Franchise Fee that may be available to you. These fees are not refundable.
2. Grand opening activities vary greatly based upon the location you select and the local rates for services selected (for example, printing and advertising). We require you to spend a minimum of \$500 on Grand Opening Advertising. However, you may spend more. Any fees paid to DDL are not refundable.
3. You agree to enter into an agreement with an approved supplier for the ability to conduct credit card and gift card transactions at your store. You also agree to enter into an agreement to sell and accept Dippin' Dots gift cards through DDF. As part of this agreement, you may be required to purchase card-reading equipment at an estimated cost of \$800. After that, you will be responsible for a fee on card transactions that will be deducted by ACH Debit pursuant to the agreement with the approved supplier.
4. You agree to the importance of image and agree to use only the supplies we specify or approve. We will only allow office and retail supplies that support the image of the System (as defined in the Franchise Agreement) in the marketplace. Supplies of this nature include the format, type, decoration and style as they relate to retail and office supplies. These costs are based upon our estimate of the initial supplies. Any fees paid to DDL are not refundable.
5. Minimum inventory will fluctuate because of seasonal sales. This may cause the initial inventory investment to be greater or less. We retain the right to change the minimum and maximum levels in response to changing market conditions. We will work with you to organize and balance inventories. Any fees paid to DDL are not refundable.
6. You will be required to purchase insurance prior to the opening of your Franchised Business in the types of coverages and amounts specified in the Franchise Agreement. You and your insurer will resolve the method and timing of payments. It is difficult to estimate the ultimate cost to any given franchisee. Because of price fluctuations between different insurance carriers, you should obtain quotes from carriers of choice before proceeding.
7. We will specify the outdoor and indoor signs and graphics, and only those that we approve are permitted to be used. Signs and graphics are to be maintained in a condition acceptable to us at all times. You, at your expense, will prepare, construct and erect the signs and graphics in accordance

with any requirements of governmental authorities and the landlord. The costs of fabricating and installing approved signs and graphics can vary depending upon local market conditions. Any fees paid to DDL are not refundable.

8. You will be required to purchase and/or lease and install the office/kitchen equipment necessary to operate your Franchised Business in accordance with our then-current trade dress specifications. You will be required to purchase the freezers necessary to operate your Franchised Business. This estimate will not only cover an initial order of 40 route delivery freezers, 5 storage freezers, a tent and a serving freezer with shipping, but it will also cover the cost of equipment for either a kiosk or a store as well. The costs of purchase and installation of the furniture, fixtures, equipment and décor will vary according to local market conditions, the size of the premises for your fixed location store or kiosk (the “Premises”), your selections made from our approved line of items, price differences among suppliers, the location of the Premises and other related factors. You can expect initial cash outlays to be lower if the items can be leased rather than purchased or if any compatible items are included with the lease for the Premises. Any fees paid to DDL are not refundable.
9. You will be responsible for leasing warehouse space to store the Dippin’ Dots® Products you order for your Franchised Business.
10. You will be responsible for purchasing or leasing a truck to service your accounts in your territory. Monthly costs will vary depending on size, type and age of the truck.
11. You will be responsible for all out-of-pocket expenses, workers’ compensation insurance and all employee compensation along with federal and state taxes for the trainees plus a Training Fee of \$75 per day per person for any additional training beyond the requirements of Basic Management Training. We assume no responsibility for your human-resource related liabilities or costs during Basic Management Training. The typical costs of training that you will bear are the Training Fee, transportation, lodging, compensation and meals. The estimate is for items that are non-discretionary in nature. Generally, these costs will vary widely as a function of the distance traveled, the accommodations selected, the restaurants eaten in, the distance between the hotel and the training center and the transportation selected.
12. For the first year of your investment in the Franchised Business, rent is estimated to range from \$2,400 to \$120,000 for the leased location, which will depend on numerous factors such as type of Franchised Business (kiosk or fixed location), size, condition and location of the leased location. More specifically, the lease range for kiosks is estimated to be from \$2,400 to \$90,000 and the range for an in-line fixed location store is estimated to be from \$14,400 to \$120,000.
13. You will be required to pay rent, and may be required to pay a security deposit at the beginning of your lease or license agreement with the landlord or operator.
14. Miscellaneous expenses include leasehold improvements; incorporation fees, such as fictitious name registration, legal review and other professional fees; rental deposits; licenses and permits; attorney fees and point-of-sale system. In every business startup there are many unexpected minor costs, for example, additional licenses and permits, professional fees for accountants or additional fees for attorneys, utility deposits, miscellaneous supplies and many others. You will be required to conform the location to our then-current specifications for trade dress. The cost of leasehold improvements for your Franchised Business will vary. All leasehold improvements are directly related to conforming the Premises to our current standards for layout, traffic flow, merchandising, trade dress and other specifications. While you may sign the Franchise Agreement individually, you may also decide to hold the franchise interest in a corporation or other entity and transfer the

Franchise Agreement to a corporation or other entity formed before beginning operations. Fees for doing so will vary from state to state depending on each state's laws and the prevailing rate of attorneys' fees. These costs are paid to the attorneys, newspapers and governmental agencies, are not refundable and are usually incurred before beginning business. You will generally be required to incur deposits with local utilities (for example, electric, telephone, gas, water, etc.). These will vary depending on the policies of the local utilities. Local, municipal, county and state regulations vary on what licenses and permits are required to operate a Franchised Business. These fees are paid to governmental authorities, when incurred, before beginning business and are usually not refundable. We have the right to require you to use a point-of-sale system that can communicate with our computer system.

15. You should have additional funds available before beginning operation of a Dippin' Dots® Franchise. These additional funds should be sufficient to keep the Dippin' Dots® Franchise in operation for 6 months and capable of covering the excess of expenses over cash flow from the store covering employee salaries and taxes, inventory replenishment, insurance premiums, rent, utilities and other normal expenses that are associated with the day-to-day business operation of the Franchise. You must be able to meet operating expenses from pre-opening, including hiring and training expenses, until the Dippin' Dots® Franchise develops sufficient cash flow to cover all costs. The additional funds estimate does not include any payments to you during the start-up period. You are encouraged to create a personal/family cash flow budget and determine if there is sufficient revenue on the personal level to provide for your family throughout the start-up period. Clearly, the additional funds requirement will be a function of your decisions regarding nearly every aspect of your Dippin' Dots® Franchise, for example, the size of the payroll, rent, utilities, size of the operation and many other expenses that you decide to incur. In providing this estimate for additional funds needed for the operation of Dippin' Dots® Franchise, we relied on our institutional experience gained from the sale of hundreds of Dippin' Dots® franchises over the past 15 years.

Neither DDF, DDL nor any of its affiliates are exclusive suppliers under any of the expenditures that you are required to make as described in this Item 7.

Above you will find a chart that summarizes your initial investment. These payments are not refundable unless otherwise indicated. The costs will vary depending upon the location and make-up of your business, financing arrangements, financial commitments and other factors that may vary widely. We give no assurance that your experience will necessarily parallel that summarized above. We caution you to consider in all categories the effect of local cost and market variations, discretionary expenditures and inflation, which can result in substantial and uncontrolled increases in costs. We strongly recommend that you retain the services of an experienced accountant or financial advisor in order to come up with a business plan and financial projections for your Franchised Business.

As described in Item 10, neither DDF nor its agents or affiliates offer any financing arrangements to you.

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

You may only purchase or lease equipment, supplies, inventory, advertising materials, construction services and other products and services used for the operation of your Franchised Business from approved manufacturers, contractors and other suppliers who demonstrate, to our continuing reasonable satisfaction: (i) ability to meet our reasonable standards and specifications; (ii) adequate quality controls and capacity to supply your needs promptly and reliably; and (iii) approval in writing by us within 30 days of submission

FDD 4-23

and not later disapproved. We may approve a single supplier for any brand and may approve only a certain supplier as to any certain brand or brands and may take into consideration the price and quality of the products or services and the reliability of the supplier and other factors. Approval of a supplier may be conditioned on numerous requirements and may be temporary, pending our additional evaluation of the supplier.

You must purchase all ice cream, yogurt, sherbet and flavored ice products from DDL, which is the only approved supplier of Dippin' Dots® brand products. Additionally, you must purchase all cups featuring the Marks from DDL. DDL is also an approved supplier of freezers and other equipment necessary to operate your Franchised Business, although neither we nor DDL are currently the only approved supplier of freezers or equipment. Our affiliate, ICEE, is the only approved supplier of certain ICEE® and Slush Puppie® products. Currently, we are not the sole approved supplier of any items you must purchase in connection with the operation of your Franchised Business, although we retain the right to do so in the future.

You must refrain from selling any Products in retail establishments that have a primary business of selling firearms/ammunition, alcoholic beverages, tobacco or vape related products. You must purchase credit and debit card and gift card services from a designated approved supplier.

Specifications and Standards

We provide specifications and/or required suppliers for the purchase or lease of certain items. These may include standards for enhancing the System's image along with minimum standards for safety, appearance and quality. Specifications are issued to you in the Confidential Operating Manual (the "Manual") or otherwise in writing.

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Business in accordance with the methods, standards, and specifications as we may from time to time prescribe in the Manual or otherwise in writing, including but not limited to, the purchase and installation, at your expense, of a cash register and point-of-sale recording system ("P.O.S. System") as we may reasonably direct from time to time in the Manual or otherwise in writing. The currently approved cash register for the P.O.S. System is Square. This P.O.S. System is further described in Item 11.

The costs for the P.O.S. System is estimated to be in the range of \$250 to \$2,800, with the possibility of ongoing monthly cost associated with the P.O.S. System transactions ranging from \$100 to \$150.

Insurance

In addition to insurance required by applicable law, your landlord, lender or otherwise, you must obtain and maintain insurance, at your expense, required by us. All policies must be written by an insurance company reasonably satisfactory to us with a Best rating of "A" or include the risks of coverage and deductibles as stated in the Manual and Section 13 of the Franchise Agreement. As of the issuance date of this Disclosure Document, you must procure, maintain in full force and effect an insurance policy or policies protecting you, us and DDL, as well as their respective officers, directors, partners, managers, agents and employees against any demand or claim with respect to personal injury, death or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Franchised Business, including, but not limited to, comprehensive general liability insurance, property and casualty insurance, statutory workers' compensation insurance, employer's liability insurance, and business interruption insurance. Such policy or policies shall be written by a responsible carrier or carriers acceptable to us, shall name us and DDL as an additional insured thereunder (in such manner as may be specified by us), shall provide coverage in the amount of not less than One Million Dollars (\$1,000,000.00)

per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate, and contain a waiver by you and our insurers of their subrogation rights against us and our affiliates and their respective owners, managers, directors, employees and agents.

Building Specifications

If you do not operate a kiosk or cart, you must employ a qualified licensed architect or engineer to prepare a site plan and adopt the building specifications to the specific site and/or adapt the recommended floor plan to the Premises (Section 5.3 of the Franchise Agreement).

Advertising

You must submit to us, and receive our approval, for all advertising materials to be used in the operation of your Franchised Business. All materials containing proprietary Marks must comply with the specifications stated in the Manual and in accordance with Sections 8.2 and 8.3 of the Franchise Agreement.

Approval of New Specifications and Alternative Suppliers

If you desire to purchase or lease any equipment, supplies, non-ice cream products, advertising materials, construction services or other products or services from an unapproved, alternate supplier, you must obtain our prior written approval. We may approve alternate suppliers that, to our reasonable satisfaction, meet the standards and specifications set forth in the Manual, which is provided to every franchisee, and who demonstrate adequate quality controls and capacity to supply your needs promptly and reliably. We may approve a single supplier for any brand and may approve only a certain supplier as to any certain brand or brands and may take into consideration the price and quality of the products or services and the reliability of the supplier and other factors. Approval of a supplier may be conditioned on numerous requirements and may be temporary, pending our additional evaluation of the supplier. We have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility we designate. You must pay a charge not to exceed the reasonable cost of the evaluation and testing. We will notify you in writing of our approval or disapproval of the proposed supplier within 30 days after we complete evaluation and testing (if required).

Revenues from Franchise Purchases

We do not sell or lease products or services directly to our franchisees. We may, however, receive rebates or other payments from approved suppliers, or from other suppliers, including equipment and kiosk suppliers, manufacturers, sales to our franchisees and our owned stores. DDL will derive revenue from the sale of products and equipment to our franchisees.

For the partial year ended September 24, 2022, DDL derived approximately \$24,446,869 in revenue from sales to Dippin' Dots® franchisees. For the partial year ended September 24, 2022, DDL received a total of \$44,229 in rebates and marketing allowances from vendors. DDL remits a portion of the revenue it collects from the sale of Dippin' Dots® brand products to franchisees to us for our royalty fees. For the partial year ended September 24, 2022, DDF's total revenues were approximately \$2,949,636 and the total revenues that DDF derived from sales to Dippin' Dots® franchisees was approximately \$319,760 or 10.84% of its total revenues.

Purchases from DDL, our approved suppliers or in accordance with our standards should represent approximately 47% to 66% of your total purchases of goods and services in connection with establishment and continued operation of your Franchised Business.

There are no purchasing or distribution cooperatives for franchisees. We may, from time to time, obtain purchase arrangements from suppliers and pass these on to franchisees. We do not provide material benefits to franchisees based on their purchase of any particular products or services or their use of a particular supplier.

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 Under Your Dippin' Dots® Franchise Agreement (see Exhibit 3)	Section in Your Dippin' Dots® Franchise Agreement	Item In Disclosure Document
(a) Site selection and acquisition/lease	1.2, 3.8, 7.2 & 7.13	6, 7, 8 & 11
(b) Pre-opening purchase/leases	4.1, 5, 6.1, 7.2.2, 7.4.4, 7.4.5, 7.6, 11.1 & 13	5, 7, 8 & 11
(c) Site development and other pre-opening requirements	1.2, 3.1, 3.2, 3.3, 3.8, 5 & 6	7, 8 & 11
(d) Initial and on-going training	3.1, 6, 7.11, 7.15 & 14.2.11	6, 7 & 11
(e) Opening	3.3, 3.4, & 5	7, 8 & 11
(f) Fees	4, 6.2.4, 6.3, 7.2.3, 9.6, 11.4, 12.2, 13.3, 14.2.12, 15.3.8, & 26.3	5, 6 & 7
(g) Compliance with standards and policies/Operating Manual	1.3, 5, 7, 8, 9, 10, 11, 12, 13 & 14.2,	8, 11, 13 & 14
(h) Trademarks and proprietary information	1.1, 7.8, 7.10, 7.12, 8.9, 16.2 & 17.2.1	13 & 14
(i) Restrictions on products/services offered	7.1, 7.3, 7.4, 7.5, 7.6 & 7.12	8 & 16
(j) Warranty and customer service requirements	7.1, 7.4.3 & 7.11	9
(k) Territorial development and sales quotas	1.1, 1.4.2 & Exhibit B	
(l) Ongoing product/service purchases	5.2, 6.2.4 & 7.4	5, 6 & 8
(m) Maintenance, appearance and remodeling requirements	2.3, 7.2.1, 7.4.4, 7.4.5, 7.6, 7.8, 7.9, 7.10, 7.12, 8.2.1, 8.2.2, 8.2.3, 8.2.4, 8.3.7, 16.2 & 16.5	6, 7 & 8
(n) Insurance	13	6, 7 & 8
(o) Advertising	5.5.1, 7.8, 8.2.2, 12 & 16.5	6, 7, 8 & 11
(p) Indemnification	19.3	6 & 8
(q) Owner's participation/ management/ staffing	6.1, 7.11, 7.15, 15.2.2 & 17.1	6, 11 & 15
(r) Records/reports	4.3, 11, 13.2 & 18.4	6 & 8
(s) Inspections/audits	3.7, 7.7 & 11.5	6, 8 & 11
(t) Transfer	14	6 & 17
(u) Renewal	2	6 & 17
(v) Post-termination obligations	16 & 17.3	17

Obligation Under Your Dippin' Dots® Franchise Agreement (<i>see Exhibit 3</i>)	Section in Your Dippin' Dots® Franchise Agreement	Item In Disclosure Document
(w) Non-competition covenants	17.2 & 17.3	17
(x) Dispute Resolution	24	17

ITEM 10
FINANCING

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

ITEM 11
**FRANCHISOR'S ASSISTANCE, ADVERTISING,
COMPUTER SYSTEMS, AND TRAINING**

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

Mandatory Obligations Before Opening of Your Franchised Business

Either directly or through our designee, before the opening of your Franchised Business, we will provide you the following assistance and services:

(A) Site Selection Assistance

You are solely responsible for selection of the site of your Franchised Business. However, you may solicit our assistance relative to your site selection, and we may provide some evaluation of your selection if we deem it necessary. [Section 7.2 of the Franchise Agreement.] We will provide you with our standard site selection criteria. Our acceptance of a site is not a representation or warranty that your Franchised Business will be profitable or that your sales will attain any predetermined levels. Approval is intended only to indicate that the proposed site meets our minimum criteria for identifying sites. You agree that our acceptance or rejection of a proposed site does not impose any liability or obligation on us. [Section 3.8 of the Franchise Agreement.]

(B) Lease Assistance

You must use your best efforts to ensure that the lease of the Premises meets your obligations to us under the Franchise Agreement. We must review and approve the lease or sublease for your Premises. We may, in our sole discretion, assist you in your lease negotiations. [Section 7.2.2 of the Franchise Agreement.]

(C) Plans and Specifications

We will make available to you, at no charge, standard plans and specifications for each category of Dippin' Dots® retail venue that you plan to open, including accounting system, lists, forms, schedules, equipment, exterior and interior design and layout, fixtures, furnishings and signs. We will provide you further assistance with obtaining equipment, signs, fixtures, opening inventory and supplies. We will provide you with a list of approved vendors for equipment, inventory and supplies in addition to specifications and plans for the installation of fixtures and equipment. [Section 3.1 of the Franchise Agreement.]

(D) Administrative, Bookkeeping, Accounting and Inventory Control Systems

DDF will provide standardized accounting, cost control, portion control and inventory control systems. [Section 11.1 of the Franchise Agreement.]

(E) Lists, Forms and Schedules

We will supply to you a list of all required inventory, supplies, materials, equipment and other items necessary to operate your Franchised Business. We will also provide a list of items that must be purchased from us or our affiliates and a recommended list of items to be purchased from third parties. [Section 3.1 of the Franchise Agreement.] Upon request and in our discretion, we will provide pricing recommendations for Dippin' Dots® products sold by the Franchised Business.

(F) Basic Management Training

We will provide Basic Management Training for up to two (2) trainees. [Section 3.2 of the Franchise Agreement.] Details of the Basic Management Training are described below under the heading "Training Program".

(G) Opening Supervisor

We will provide you with opening support, in such quantities as we deem advisable, but for no more than two (2) days to assist in the opening of your Franchised Business. We will pay the expenses of the opening supervisor. [Section 3.3 of the Franchise Agreement.]

Our Obligations to You Once Operation Begins

(A) During the operation of your Franchised Business, DDF will:

(1) provide you with advertising and promotional methods and materials we may develop. [Section 3.4 of the Franchise Agreement.]

(2) loan you one (1) registered copy of the Manual. This Manual is confidential and remains our property. The table of contents for the 292-page Manual is attached as Exhibit 12. [Section 3.5 of the Franchise Agreement.]

(3) promote our franchising through advertising and public relations using the Advertising Fund. [Section 3.9 of the Franchise Agreement.]

(4) provide support to you in the improvement and operation of your Franchised Business by means of periodic visits by our representatives. [Section 3.9 of the Franchise Agreement.]

(5) make our representatives available for consultation on matters such as operation, advertising and promotion, and business methods on such terms and for such additional fees as may be mutually agreed. [Section 3.9 of the Franchise Agreement.]

(6) provide administrative, bookkeeping, accounting and inventory procedures. [Section 11.1 of the Franchise Agreement.]

(7) upon request and in our discretion, provide pricing recommendations for Dippin' Dots® products sold by the Franchised Business.

(8) periodically send one copy of DDF's publication for franchisees, either electronically or by mail.

(B) Advertising Programs

A certain portion of the fees you pay for Dippin' Dots® products will be contributed to an Advertising Fund with the purposes of advertising and promoting all the Dippin' Dots® franchised businesses and the Dippin' Dots® products. [Section 12.2 of the Franchise Agreement.] You shall contribute the following amounts to the Advertising Fund:

Type of Product Purchased	Advertising Fund Contribution
Bulk ice cream products	\$0.24 per bag
Pre-pack units	\$0.01 per unit

In addition you shall pay to us Advertising Fund contributions on all sales of "ancillary items" by your Franchised Business in an amount we specify, which shall not exceed 2% of Gross Sales.

We may, in our discretion, divide your contributions to the Advertising Fund among (1) payments to the Advertising Fund, (2) payments to any regional advertising fund (up to 50% of total amount contributed to the Advertising Fund), and (3) expenditures on local advertising and promotion. [Section 12.3 of the Franchise Agreement.]

Any company-owned Dippin' Dots® outlet(s) will also contribute to the Advertising Fund in the same manner and in the same amounts as all Dippin' Dots® franchisees are required to contribute.

We or our designee will maintain and administer the Advertising Fund. We will direct all advertising programs, with sole discretion over concept, materials, and media used in such programs and the placement and allocation of such advertising. The Advertising Fund is used to maximize general public recognition, acceptance and use of the Dippin' Dots® franchise system. The Advertising Fund is used exclusively to meet the costs of maintaining, administering, directing, conducting and preparing advertising, marketing, public relations and/or promotional materials for the franchise system. The Advertising Fund is used, among other things, to cover the costs of (i) preparing and conducting media advertising campaigns, (ii) direct mail advertising and/or public relations agencies to assist therein, (iii) purchasing promotional items and conducting and administering visual merchandising, point of sale and other merchandising programs, and (iv) providing promotional and other marketing materials and services to the Franchised Businesses operated under the franchise system. We may utilize local, regional, national or international sources of advertising in various scope and media, such as print, radio, television or the World Wide Web.

Subject to our approval, franchisees may be allowed to use their own advertising materials. [Section 12.6 of the Franchise Agreement.] The Advertising Fund may also be used to provide rebates or reimbursements to you for local expenditures on products, services or improvements, approved in advance by us, which products, services or improvements we deem, in our sole discretion, will promote general public awareness and favorable support for the Dippin' Dots franchise system. [Section 12.4 of the Franchise Agreement.] The funds will not be used to pay for stadium or other sponsorships for the benefits of individual franchisees.

The Advertising Fund is not our asset and the funds are maintained in an account separate from our other monies. [Section 12.4.3 of the Franchise Agreement.] However, we and DDL may receive payment for providing goods or services to the Advertising Fund. We do not use any funds from the Advertising

Fund to solicit new franchise sales. The Advertising Fund is not used to defray any of our expenses, except for such reasonable costs and overhead we incur in activities reasonably related to the direction and implementation of the Advertising Fund and advertising programs for franchisees and the franchise system, including, among other things, costs of personnel for creating and implementing advertising, merchandising, promotional and marketing programs. [Section 12.4.3 of the Franchise Agreement.]

A report of the operations of the Advertising Fund as shown on our books will be prepared annually by an independent certified public accountant we select, at the expense of the Advertising Fund, and made available to you upon written request. [Section 12.4.4 of the Franchise Agreement.] During the last fiscal year of the Advertising Fund (ending on September 24, 2022), the Advertising Fund spent 31% of its income on general promotional expenses, 2% on the purchase of promotional materials, and 34% on administrative and professional fees, spending less than was collected. The Advertising Fund's equity, totaling \$454,336 was carried forward towards the fiscal year of 2023.

In the event not all Advertising Fund contributions are used in a fiscal year, we carry the balance forward to the subsequent fiscal year to include in that year's budget.

DDF Franchisee Council, Inc. ("Franchisee Council") is a Kentucky non-profit organization that has been formed to benefit the relationship between us and our franchisees. We will seek the advice and counsel of the Franchisee Council, its board of directors, and committees on matters such as advertising, marketing, operations, new product and services suggestions and other matters concerning the franchise system. All of our franchisees and we are required to be members of the Franchisee Council. Membership dues for the Franchisee Council are \$100.00 per year. All members of the Franchisee Council will be entitled to one vote on all matters which members are authorized to vote under the Franchise Agreement and the By-Laws of the Franchisee Council. All members will be required to attend the Annual Meeting each year. The Franchisee Council may initiate or increase the fine from time to time.

We will not require you or other franchisees to participate in local or regional advertising cooperatives, except that we do have the right to establish, in our sole discretion, regional advertising funds for the purpose of conducting regional advertising in the geographic areas that we designate (each a "Regional Fund"). If a Regional Fund for the geographic area in which you are located is established during the term of the Franchise Agreement, you must become a member of the Regional Fund. Regional Funds will be administered and maintained by us upon such terms and conditions as we reasonably determine are necessary or appropriate. If you become a member of any Regional Fund, we will allocate up to 50% of the contributions you make to the Advertising Fund to your Regional Fund. All local advertising and promotion will be in such media and format, as we may approve, will be conducted in a dignified manner and will conform to such standards and requirements as we may specify. You will not use any advertising or promotional plans or materials unless and until you have received written approval from us.

(C) P.O.S. System

The currently approved cash register for the P.O.S. System is Square. The P.O.S. System is an electronic cash register system that provides financial records of sales information on sales levels by time, item menu pricing, product movement statistics, individual unit and category sales data, and various financial data to prepare store reports. The estimated cost of the P.O.S. System will vary depending on the type of system you purchase but is estimated to cost in the range of \$250 to \$2,800. We will have independent electronic and manual access to the P.O.S. System, and no contractual limitations exist to prevent or limit our right to access this information for your Franchised Business. There may be an ongoing monthly cost associated with the P.O.S. system transactions ranging from \$100 to \$150.

We are in no way contractually obligated to provide to you any maintenance, repairs, upgrades or updates, although we or a designee may do so. You are contractually required to make periodic upgrades and updates to the P.O.S. System software and hardware that we or our designee makes available for your Franchised Business and there are no contractual limitations on the frequency and cost of this requirement. We reserve the right to designate an approved supplier of P.O.S. System software.

You are also required to obtain equipment for accepting credit and debit cards and gift cards. [Section 5.2 of the Franchise Agreement.]

Method of Selection of Location of Franchised Business for Territory Franchised Business and Store Only Franchised Business

You are responsible for selection of the site of your Franchised Business. However, you may solicit our assistance relative to your site selection, and we may provide some evaluation of your selection if we deem it necessary. While you are responsible for choosing the site, you must request our approval of any site you select. [Section 7.2 of the Franchise Agreement.] Your Dippin' Dots® Franchise is granted for a specific location of your choice, subject to our acceptance. We will take into account demographic characteristics, traffic patterns, parking, predominant character of the neighborhood, competition from other businesses providing similar services within the area, proximity of competing businesses, the nature of other businesses in proximity to the site and other commercial characteristics, the size, appearance and other physical characteristics of the site and any other factors that we consider relevant in approving or disapproving a site. We shall not unreasonably withhold acceptance of any site meeting our site selection criteria and any other standards we may consider relevant in approving or disapproving a site. We shall review your site selection for approval or disapproval within 30 days of receipt of your request in writing to approve the site. If you are operating a Store under this Agreement and you have not selected a site for your Store prior to the effective date of the Franchise Agreement, you must complete the acquisition and construction, if a facility is to be constructed or renovation of an existing facility is to be improved, or lease arrangements for the Premises located at an approved location within your territory (referred to as the "Accepted Location" in the Franchise Agreement, at your expense within 90 days of the effective date of the Franchise Agreement. If you have failed to complete the acquisition of the Premises for the Store within 90 days of when you sign the Franchise Agreement or you have failed to open the Franchised Business six months after you sign the Franchise Agreement, we may, at our option, immediately terminate your Franchise Agreement. [Section 15.2.1 of the Franchise Agreement.]

Typical Length of Time Between Signing of Franchise Agreement and the Opening of the Franchised Business

The typical length of time between the signing of the Franchise Agreement and the opening of the Franchised Business will be approximately 30 days for a Distribution Franchised Business and no more than six months for a Store Only Franchised Business or Territory Franchised Business. The factors that affect this time frame usually include: the time needed to acquire a site for your Franchised Business (depending in part on selecting a satisfactory site, arranging financing, local ordinance compliance issues, etc.) and the time when you receive and complete satisfactorily Basic Management Training.

Training Program

(A) Location, Duration and General Outline of the Basic Management Training (Mandatory)

We will provide Basic Management Training for up to two (2) trainees during a four-day training period (minimum of seven (7) hours per day) at our offices or a designated Dippin' Dots® business. We

have the discretion to shorten the training period. However, all trainees must satisfactorily pass the Basic Management Training test to our satisfaction. Unless otherwise agreed in writing, you (or, if the Franchised Business is not owned by an individual, the principal owner) must be one of the trainees. You may designate another person who will be active in the day-to-day activities of your Franchised Business to be the other trainee. All trainees must be acceptable to us. In addition to a written test, Basic Management Training includes instruction in marketing, promotion and advertising, sales techniques and computer applications at a time we schedule. We provide, at our expense, instructors, facilities, training materials and technical training tools for Basic Management Training. You are responsible for all expenses of your trainees in attending Basic Management Training including all travel, lodging and meal expenses. You are responsible for paying all expenses incurred to have additional employees or agents attend Basic Management Training including reasonable training fees. [Section 6 of the Franchise Agreement.]

TRAINING PROGRAM			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Operations	12	16	Paducah, KY/DDF's Offices
Food Preparation	8	8	Paducah, KY/DDF's Offices
Manager Duties	12	6	Paducah, KY/DDF's Offices

(B) Failure to Satisfactorily Complete Basic Management Training

Trainees must receive a score of 75% on the Basic Management Training test to satisfactorily complete Basic Management Training. If any trainee fails the Basic Management Training test, you may designate a new trainee to receive Basic Management Training or request that the trainee who failed the Basic Management Training test receive Basic Management Training again but you shall be required to pay the \$75 per day fee for training additional individuals. [Section 6.3 of the Franchise Agreement.] Basic Management Training will occur 30 to 45 days after the later of the signing of the Franchise Agreement or the approval of the site selected for Franchised Business [Section 6.2.2 of the Franchise Agreement.]

(C) Pre-Opening On-Site Training

We will provide you with opening support, if we deem it necessary, for up to two (2) days to assist in the opening of the Dippin' Dots® Franchise. We will pay the expenses of the opening support we provide. [Section 3.3 of the Franchise Agreement.]

(D) Refresher or Additional Training (Mandatory)

We may provide refresher or additional training programs, seminars or advanced management training for you and your employees at our principal training facility (or any other location we designate

provided the other location is closer to your Franchised Business). This training may be required at our option, but will not be required more often than twice a year. You will be solely responsible for all expenses associated with these programs, including our then-prevailing standard training fee for the programs and all travel, meals and lodging costs for your attendees. [Section 6.1 of the Franchise Agreement.]

(E) New Manager Basic Management Training (Mandatory)

If we have permitted the manager of your Franchised Business to be an individual other than you, and the manager fails to satisfy his or her obligations under Section 6.2.4 of the Franchise Agreement due to death, disability, termination of employment or for any reason, you must satisfy these obligations until you designate a new manager who has successfully completed Basic Management Training. You are solely responsible for the expenses associated with this New Manager Basic Management Training, including the then-prevailing standard training fee DDF charges for Basic Management Training (currently \$75 per day per person). [Section 6.2.4 of the Franchise Agreement.]

(F) Instruction Materials and Experience of Instructors

Training classes use our confidential Manual as instructional materials. Steve Rothenstein, the Senior Director of Franchising as described in Item 2 of this FDD, leads the training staff. Mr. Rothenstein has over 15 years of experience in fields related to frozen dessert concepts, which includes employment with Dippin’ Dots, Tasti D-Lite and Cold Stone Creamery.

In addition to Mr. Rothenstein, DDF maintains a training staff that changes frequently. DDF uses certain subject matter experts for different parts of the training described above, including experts for accounting, retail sales, equipment and product orders, marketing and operations training. The instructors will change according to availability, which means no expert instructor is guaranteed to be a part of each and every training. The expert instructors generally have within five to ten years of experience working for Dippin’ Dots in their particular field related to the subject matter or other frozen dessert concepts. Their occasional replacements will also have at least two years or more working for Dippin’ Dots in the respective field related to the training topics.

Current members of the training staff are as follows:

Trainer	Number of Years of Experience with Dippin’ Dots and Type of Experience	Number of Years of Experience in Industry Generally
Sara Bradley	10 years in store operations, franchisee support, and training	10
Billie Stuber	24 years in departments related to ice cream production, marketing and media relations	24
Dana Knudsen	16 years in the areas of graphic design and marketing	16
J.P. Huckleberry	18 years in the customer service and call center departments	18

Trainer	Number of Years of Experience with Dippin' Dots and Type of Experience	Number of Years of Experience in Industry Generally
Myllinda Fuller	13 years in the area of accounting	13
Mary Beth Stuber	13 years in the area of accounting	13

ITEM 12
TERRITORY

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.

The franchise granted to you will permit you to sell Dippin' Dots® products via certain methods of delivery within a specified territory based on the model you are operating. Except for the possible operation of Doc Popcorn® franchises as described in Item 1, neither we nor any of our affiliates operate or plan to operate or franchise businesses under a different trademark that will sell similar goods or services to those you are selling. The size of each franchisee's territory is not uniform and will depend on many factors such as location, population density, consumer median income in the territory, your financial resources, and your proximity to other franchisees or other sales avenues. Before you sign a Franchise Agreement, we and you will mutually agree upon the size and scope of your territory. The minimum territory that any Dippin' Dots® franchisee purchasing a Territory Franchised Business or Store Only Franchised Business would be granted by us would be a territory consisting of the shopping mall or general shopping center in which the fixed location retail store is located. We will not grant a minimum territory for Distribution Only Franchised Businesses. With respect to catering orders for customers within your territory, we will forward catering orders to our franchisees based on the guidance provided in the Operations Manual or as otherwise directed by us.

We are not required to pay you for soliciting or accepting orders from inside your territory. You may not solicit or accept orders from customers outside of your territory or ship Dippin' Dots® products to customers outside of your territory without our expressed written consent. You may not use alternative channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing to make sales outside your territory.

In connection with establishing a territory, we and you will mutually agree on a performance plan that sets forth the performance requirements you must meet with respect to your territory. The performance plan is based on the number of points of presence that you must establish in your territory and does not mandate a minimum level of gross revenue, market penetration or other contingency. These points of presence can be attained through fixed-store locations, freezer and vending machine placements and selling Dippin' Dots® products at events, fairs, school events and festivals within the territory and will be measured individually. Performance plans will not be uniform, and the performance requirements in your performance plan will be specifically tailored to the attributes of your territory and will vary based on the size of territory, the population of your territory, your financial resource3s and other factors we and you agree are appropriate. In the event you do not meet the performance requirements in your performance plan, then (i) we may, and may permit others to, solicit and make sales in your territory, or (ii) reduce the size of your territory, in our sole discretion, to a size that we determine to be appropriate based on your level of performance during your agreement term or upon renewal.

Within your territory, we will grant you certain rights based on the type of Franchised Business you purchase as follows:

1. The “Territory” franchise will grant you the right to operate at the following locations within your territory: (i) one retail store or kiosk at an approved location within your territory for in-person sales and catering to customers (additional stores may be added for an additional fee and subject to our approval), (ii) an unlimited amount of fairs, festivals, and similar events within your territory (subject to our approval for each instance), and (iii) an unlimited number of vending machines and stand-alone freezers placed within other retail locations within your territory (subject to our approval for each instance). We will not place another Distribution franchise in your territory if you purchase a Territory franchise.
2. The “Store Only” franchise will grant you the right to operate at one retail store or kiosk at an approved location within your territory for in-person sales and catering to customers within your territory (additional stores may be added for an additional fee and subject to our approval).
3. The “Distribution” franchise will grant you the right to operate an unlimited number of vending machines and stand-alone freezers placed within other retail locations within your territory (subject to our approval for each instance) and to fulfill catering orders for customers in your territory.

We will not grant a franchise or license to any other person to establish a Franchised Business in the same enclosed mall, strip mall, shopping center or facility in which your fixed location store or kiosk is located if you purchase a Territory Franchised Business or Store Only Franchised Business. However, if a franchisee has a vending machine or freezer placement already located in the mall prior to your franchise purchase, that vending machine or freezer placement will be permitted to continue operating in its current location.

We will not solicit or make sales or permit any other person to solicit or make sales of any Dippin’ Dots® products within your territory, so long as you meet the performance requirements set forth in a performance plan mutually agreed upon by us and you, except as follows:

- DDL and its distributors may continue to sell Dippin’ Dots® products in locations in your territory where DDL or the distributor had operations prior to the date of your Franchise Agreement.
- We may solicit the right to make sales at retail venues as described in Exhibit A-1 to the Franchise Agreement in your territory on your behalf and will offer the right to make sales at these retail venues to you. If you are unable to or choose not to solicit and make sales at such retail venue, then we may, in our sole discretion, sell direct to the location or permit another person to solicit and make sales at that particular retail venue and that retail venue will be carved out of your territory going forward.
- Certain large retail “chains” prefer to have their accounts handled through a centralized organization rather than through multiple franchisees. If you are soliciting and making sales at a retail location that is part of a “National Account”, otherwise known as a Product Placement Venue under the Franchise Agreement, then upon a request from that chain’s headquarters, DDL may take over operations at the location solely in connection with DDL’s sale of Dippin’ Dots® products to all or a portion of such National Account’s

FDD 4-23

location. “National Account” means any retail establishment having one hundred (100) or more locations or operate in multiple states. You shall not receive any compensation from us or DDL for taking over operations at any such National Account location.

- We may solicit and make sales of Dippin’ Dots® products to customers within your territory at a lower price set by us on your behalf, in which case, we will first offer you the right to complete the sale to such customers at the price that we have offered to the customer and to receive the proceeds thereof. If you are unable to or choose not to complete such sales offered by us to customers within your territory, then we may, in our sole discretion, complete the sale to such customer or permit another franchisee or person to complete the sale to such customer. Additional details for this exception shall be provided in the Manual.

If you fail to meet the performance requirements set forth in your performance plan with respect to any particular location or event within your territory, we may, at our discretion, solicit or make sales or permit others (including other franchisees) to solicit or make sales at such location or event; provided, however, that we will not and will not permit others to solicit or make sales from a location that is within a 100-foot radius of your cart at such location or event.

DDL reserves the sole right to make sales over the internet (or other alternative distribution channels) of Dippin’ Dots® products and you may not make any sales over the internet (or other alternative distribution channels), even if such sales are within your territory. DDL will not compensate you for soliciting or accepting orders inside your specified territory.

You may not relocate your fixed location store or kiosk without our prior written consent. We have the right to accept or reject any change of location requests in our sole discretion. You must pay us a fee of \$1,000 if you relocate your fixed location store or kiosk. We will review a number of factors to decide whether to approve relation of your fixed location store or kiosk, including your lease, sales, other nearby businesses and your proposed new location.

You have no options, rights of first refusal or similar rights to acquire additional territories. Additional Dippin’ Dots and/or Co-Brand locations within your territory will not be afforded rights of first refusal and may be offered to a “new” or existing franchisee without your prior approval or knowledge.

ITEM 13 **TRADEMARKS**

Sections 7.8 and 8.2 of the Franchise Agreement grant you the right to use only the Marks we designate, and only in the manner we authorize and permit, and only for the operation of your Dippin’ Dots® Franchised Business.

Registrations and Applications

The following Marks, which are registered on the Principal Register of the United States Patent and Trademark Office, are owned by DDL, have been licensed to DDF and will be sublicensed to you for your use pursuant to the Franchise Agreement:

Mark	DIPPIN' DOTS®	ICE CREAM OF THE FUTURE®	Dippin' Dots®
Int'l. Class	030 & 042	042	030
Reg. No.	1,551,183	1,769,015	3,580,467
Reg. Date	August 8, 1989	May 4, 1993	February 24, 2009
Most Recent Renewal Date	August 20, 2018	December 19, 2012	March 14, 2018

Mark	DIPPIN' DOTS ICE CREAM OF THE FUTURE®
Int'l. Class	030
Reg. No.	2,156,908
Reg. Date	May 12, 1998
Renewal Date	May 22, 2018

Mark	DIPPIN' DOTS®
Int'l. Class	025
Reg. No.	3,043,871
Reg. Date	January 17, 2006
Renewal Date	February 5, 2015

Mark	DIPPIN' DOTS ICE CREAM®
Class	046
Int'l. Class	030
Reg. No.	3,212,694
Reg. Date	February 27, 2007
Renewal Date	November 15, 2016

All required affidavits of use and renewals have been filed as necessary to keep the federal registration/application of the Trademarks listed above in full force and effect.

There are no pending material determinations of the United States Patent and Trademark Office related to the Marks. Also, there are no pending Opposition or Cancellation proceedings related to the Marks with the Trademark Trial and Appeal Board.

We have used the Marks and have also acquired common law rights in the Marks as a result of this use.

DDL owns the Marks and has licensed to DDF the right to sublicense the Marks to franchisees throughout the United States under a license agreement. The agreement is for a term of thirty (30) years from September 1999. The agreement may be canceled or modified solely by DDF. In the event that DDF cancels the license agreement entered into with DDL, the franchisee will no longer have any license rights to the Marks. There are no other agreements currently in effect that significantly limit our rights to use or license the use to franchisees of the Marks in any manner.

DDF currently has no pending material federal or state court litigation regarding DDF's use or ownership rights in the Marks, nor are there any infringing uses actually known to DDF that could materially affect your use of the Marks.

We grant you the right to use the Marks. These rights are derived exclusively from your Franchise Agreement and are strictly limited to the operation of your Dippin' Dots® Franchise under your Franchise Agreement and all applicable standards, specifications and operating procedures we required during the term of the Franchise Agreement. Any unauthorized use of the Marks is a breach of your Franchise Agreement and infringement of our rights in and to the Marks.

Your use of the Marks and any goodwill developed by your use inures to the exclusive benefit of DDF and DDL. The Franchise Agreement does not confer any goodwill or other interest in the Marks to you. You have only the right to operate a Franchised Business in compliance with the Franchise Agreement. These rights and restrictions will also apply to any other trademarks, service marks, commercial symbols, designs, artwork and logos that DDF may license to you to use during the Term.

You must use the Marks as the sole trade identification of your Franchised Business, and you must identify your Franchised Business in the form we require as the independent owner of the Franchised Business. You must use all Marks and other commercial symbols that we may license to you in full compliance with our rules. You cannot use a name or mark as a part of a corporation name or with modifying words, designs or symbols except for those which we license to you. You may not use the Marks with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

You must notify us in writing immediately (within 10 days) of any claim of infringement, unfair competition or other challenge to your right to use any of the Marks, or if you become aware of any use of or claims to any Marks by persons other than DDL, DDF or its franchisees. We will take whatever action to protect the Marks that we, in our sole discretion, deem appropriate. You must not communicate with anyone except DDL, DDF and its counsel concerning any infringement, challenge or claim except under judicial process. DDL and DDF retain the exclusive right to control any litigation or other proceeding involving any infringement, challenge or claim of any Marks. You must fully cooperate in order to protect and maintain DDL's and DDF's interest in any litigation or proceeding involving the Marks or otherwise to protect and maintain DDL's and DDF's interests in the Marks including signing all instruments and documents, rendering all assistance and taking all actions that our attorneys deem necessary or advisable. [Section 8.2.7 of the Franchise Agreement.]

We are not required to defend you against any claim against your use of the Marks. We will, however, reimburse you for your liability and reasonable costs for defending the Marks. In order to be eligible for reimbursement you must meet all of our requirements as stipulated herein and in the Franchise Agreement.

You must modify or discontinue the uses of any Marks to the extent we modify it or discontinue it. If we discontinue your right to use the name "Dippin' Dots®" because of a severing of the agreement between DDF and DDL, we will reimburse you for the costs of modifying your signs and advertising materials to reflect the new name of the franchise system but shall otherwise have no obligation or liability

to you as a result of any such additions, substitutions or discontinuances. [Section 8.3.7 of the Franchise Agreement.]

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

We neither own nor presently have any claims in any patent rights.

Copyrights

In addition to certain advertising and promotional materials, operations manuals and training materials in which we claim copyright rights, we own the following registered copyrights. We reserve the right to, and expect to, register additional copyrights in the future. There are no material determinations before the United States Copyright Office, or any pending material claims or actions regarding any of the copyrights. There are no other agreements currently in effect that significantly limit our rights to use or license the use to franchisees of the copyrights in any manner. There are no known claims or acts of infringement related to the copyrights.

Title and Registration No.	Date	Duration
Dippin' dots/TX0005666620	November 11, 2001	95 years
Ice cream of the future: Dippin Dots/VA0005186922	October 1, 2002	95 years
www.dippindots.com/TX0006968944	January 17, 2008	95 years

Confidential Information

Confidential and proprietary information, as well as DDL's and DDF's trade secrets, are contained in the Manual and other materials made available to you. Because of this, you must take all reasonable steps necessary to maintain this information and trade secrets (collectively, "Confidential Information") as secret and confidential and to ensure that this material and the information contained therein is not used in any unauthorized manner. DDL and DDF own and will develop and acquire certain confidential and proprietary information and trade secrets including, but not limited to, the following categories of information: (1) methods, techniques, tools, specifications, standards, policies, procedures, information, concepts, systems and knowledge and experience in DDF's development, operation and franchising; (2) marketing and promotional programs for DDF; (3) the software; (4) knowledge of specifications for and knowledge of suppliers of certain materials, equipment, furniture and fixtures for DDF; and (5) knowledge of DDF's customer lists, operating results and financial performance. These methods, techniques, procedures and knowledge may be developed by DDF, its affiliates or its franchisees.

DDF will disclose to you all parts of the Confidential Information as required for the operation of the Franchised Business in the Manual, during Basic Management Training and the course of the Term. You may learn additional Confidential Information of DDF during the Term. You shall be responsible for taking reasonable steps to ensure that your employees maintain the confidentiality of information that they receive in connection with their employment by you, and you shall be responsible for their unauthorized disclosure of any such confidential information.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL
OPERATION OF THE FRANCHISED BUSINESS

Your Franchised Business must be directly supervised by an on-site manager who has successfully completed the Basic Management Training Program (“Manager”). The Manager is expected to devote his or her best full-time efforts to the management and operation of your Franchised Business. The Manager is not required to have any equity interest in your Dippin’ Dots® Franchise. The Manager cannot have an interest or business relationship in any business competing with DDL, DDF or its franchisees. Any replacement or additional Managers are required to complete Basic Management Training before managing your Dippin’ Dots® Franchised Business, unless we otherwise agree in writing. You shall be responsible for taking reasonable steps to ensure that your Manager maintains the confidentiality of information that the Manager receives in connection with his or her employment by you and you shall be responsible for his or her unauthorized disclosure of any such confidential information. Any and all information, knowledge, know-how, techniques and other data which we designate as confidential shall be deemed confidential for purposes of this Agreement.

If you are a corporation, limited liability company or other entity, all of the your holders of a legal or beneficial interest of 5% or more must execute a Personal Guaranty upon becoming a franchisee that will also, among other matters, require them to jointly and severally guarantee your payment and performance under this Agreement and any other agreements between you and either DDF. Any other persons providing substantial capital for your operations must also execute a Personal Guaranty. DDF reserves the right to require any guarantor to provide personal financial statements at any time upon request. Unless your spouse is a holder of more than 5% of the franchisee entity or providing substantial capital for your operations, your spouse does not have to sign the Personal Guaranty.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all goods and services that we require for all franchisees. We have the right to add or remove authorized products or services offered by franchisees. There are no limits to our right to add or remove products or services offered by franchisees. Some products and services offered will be optional as among franchisees based on market, distribution, legal and unit conditions. These will be determined by us, in our sole discretion, on a case-by-case basis. You must keep the Franchised Business open and in normal operation for the minimum hours and days as we require in the Manual or otherwise in writing except as may be limited by local governmental regulations or the landlord of the Premises’ rules and regulations. You must not allow the use of the Premises for any other purpose or activity at any time without first obtaining our written consent. This prohibition is extended to but not limited to the production, storage, and/or distribution of any other frozen beaded product.

There are no restrictions on the customers you may serve except as provided in this Item. Sales to customers over the internet are prohibited. You must not offer any goods or services without our written consent.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise or Other Agreement	Summary
a. Length of the franchise term	2.1	The term of the Franchise Agreement is five (5) years.
b. Renewal or extension of the term	2.2	You may renew the term of this Agreement for two (2) additional consecutive terms of five (5) years each, if you are in good standing and satisfy certain conditions set forth in the Franchise Agreement.
c. Requirements for franchisee to renew or extend	2.2, 2.3	“Renewal” means that, subject to the requirements and limitations set forth in your Franchise Agreement, upon the expiration of the term of your current Franchise Agreement, you will enter into a new franchise agreement according to the then-current terms and conditions. You may renew if you provide us with written notice less than three months but not more than six months prior to the end of your then-current term; are current with all monies owed; in full compliance with Franchise Agreement; execute then-current Franchise Agreement and other ancillary documents; remodel to conform with then-current standards; pay a renewal fee of \$2,500 for a Territory Franchised Business, \$2,000 for a Store Only Franchised Business or a Distribution Franchised Business; and sign general release. This means that you may be asked to sign an agreement with terms and conditions that are materially different from those in your original agreement.
d. Termination by franchisee	None	Your right to terminate is subject to state law.
e. Termination by franchisor without cause	None	
f. Termination by franchisor with cause	15.1	We can terminate only if you default.

Provision	Section in Franchise or Other Agreement	Summary
g. "Cause" defined - curable defaults	15.3	Failure to comply with Franchise Agreement; failure to promptly pay monies owed to us or DDL; failure to maintain standards set forth in Franchise Agreement; failure to obtain our written consent, when required; acting or failing to act in manner in breach of your lease; threat to public health or safety arising from your operation of Franchised Business; and attempting to sell Dippin' Dots® products outside your territory. Curable defaults must be cured within 30 days after we send you written notice.
h. "Cause" defined – non-curable defaults	15.2	Bankruptcy; insolvency; failure to complete training; abandonment of Franchised Business; loss of lease; conviction of felony; purported assignment without our written consent; failure to comply with covenants in Franchise Agreement; maintaining false books and records; misuse of Marks; refusal to let us inspect your Franchised Business; failure to initiate steps to cure default after notice; and occurrence of same default within a two-year period.
i. Franchisee's obligations on termination/non-renewal	16	You must immediately stop operating the Franchised Business, and not represent to the public or hold yourself out as a present or former franchisee of Franchisor. You must cease to use any confidential methods, procedures and techniques; pay all money owed.
j. Assignment of contract by franchisor		No restriction on DDF's right to assign.
k. "Transfer" by franchisee – defined	14.1	Sell, assign, transfer, convey, pledge, mortgage, encumber, merge or give away any direct or indirect interest in this Agreement, in Franchisee or in all or most of the assets of the Franchised Business.
l. Franchisor approval of transfer by franchisee	14	We must approve any transfer of the Franchised Business. Approval will not be unreasonably withheld.

Provision	Section in Franchise or Other Agreement	Summary
m. Conditions for franchisor approval of transfer	14.2	If new franchisee qualifies, transfer fee is paid, purchase agreement is approved, training arranged and released, signed by you and new franchisee (See “r” below).
n. Franchisor’s right of first refusal to acquire franchisee’s business	14.3	We have the right to purchase your Franchised Business before anyone else by matching their offer.
o. Franchisor’s option to purchase franchisee’s business	14.3	Only in right of first refusal scenario.
p. Death or disability of franchisee	14.4	Franchise must be assigned by estate to approved buyer within 6 months.
q. Non-competition covenants during the term of the franchise	17.2 - 17.4	No involvement in competing business during term of Franchise Agreement (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	17.3	No competing business for two years following termination or expiration of Franchise Agreement within the Territory (subject to state law).
s. Modification of the agreement	22	Generally, no modifications, but Manual is subject to change.
t. Integration/merger clause	22, 23	Only the terms of the Franchise Agreement are binding (subject to Federal, FTC or state law). Any representation or promises outside of the Disclosure Document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	24	Except as otherwise provided in the Franchise Agreement, all disputes to be resolved by binding arbitration in Oklahoma City, Oklahoma (subject to state law).
v. Choice of forum	24.1	Unless otherwise provided by state law or expressly stated in this Disclosure Document, you must file any suit against us only in the federal or state court having jurisdiction in Oklahoma City, Oklahoma. We may file suit in the federal or state court having jurisdiction in Oklahoma City, Oklahoma or in the jurisdiction where you reside or do business or where the Franchised Business is or was located or where the claim arose.

Provision	Section in Franchise or Other Agreement	Summary
w. Choice of law	24.1	Unless otherwise provided by state law or expressly stated in this Disclosure Document, the laws of the State of Oklahoma apply.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Steve Rothenstein, Senior Director of Franchising, Dippin’ Dots Franchising, L.L.C., 155 Main Street, Paducah, Kentucky 42003, 270-575-6990, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	228	224	-4
	2021	224	231	+7
	2022	231	239	+8

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Company-Owned	2020	0	0	0
	2021	0	0	0
	2021	0	0	0
Total Outlets	2020	228	224	-4
	2021	224	231	+7
	2022	231	239	+8

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than us)
For years 2020 to 2022

State	Year	Number of Transfers
California	2020	1
	2021	0
	2022	0
Colorado	2020	0
	2021	0
	2022	0
Florida	2020	0
	2021	1
	2022	0
Georgia	2020	0
	2021	0
	2022	1
Hawaii	2020	0
	2021	0
	2022	1
Illinois	2020	0
	2021	1
	2022	0
Indiana	2020	0
	2021	1
	2022	0
Mississippi	2020	0
	2021	0
	2022	1
New Jersey	2020	0
	2021	0
	2022	2
South Dakota	2020	0
	2021	0
	2022	0
Texas	2020	0
	2021	2
	2022	0
Totals	2020	2

State	Year	Number of Transfers
	2021	5
	2022	5

**Table No. 3
Status of Franchised Outlets
For years 2020 to 2022**

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
Alabama	2020	6	0	0	0	0	0	6
	2021	6	1	0	0	0	0	7
	2022	7	1	0	0	0	0	8
Alaska	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Arizona	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
Arkansas	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
California	2020	19	0	0	2	0	0	19
	2021	19	0	0	0	0	0	19
	2022	19	0	0	0	0	0	19
Colorado	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Connecticut	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Delaware	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	23	0	0	1	0	0	23
	2021	23	1	0	0	0	0	23
	2022	23	0	0	0	0	0	23
Georgia	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Hawaii	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Idaho	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

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
Illinois	2020	13	0	0	0	0	0	13
	2021	13	0	0	0	0	0	13
	2022	13	0	0	0	0	0	13
Indiana	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Kansas	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Kentucky	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Louisiana	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Maryland	2020	7	0	0	0	0	0	7
	2021	7	1	0	2	0	0	6
	2022	6	0	0	0	0	0	6
Massachusetts	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Michigan	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Minnesota	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Mississippi	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Missouri	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Montana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Nebraska	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Nevada	2020	4	0	0	0	0	0	4
	2021	4	0	0	1	0	0	3
	2022	3	0	0	0	0	0	3
New Jersey	2020	4	0	0	0	0	0	4
	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4

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 Mexico	2020	2	0	0	1	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
New York	2020	1	0	0	0	0	0	1
	2021	1	2	0	0	0	0	3
	2022	3	2	0	0	0	0	5
North Carolina	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	0	9
	2022	9	0	0	0	0	0	9
North Dakota	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Ohio	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
Oklahoma	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Oregon	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	0	4
Puerto Rico	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Rhode Island	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina	2020	2	0	0	1	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Dakota	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Tennessee	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Texas	2020	39	1	0	0	0	1	37
	2021	37	3	0	1	0	0	39
	2022	39	3	0	1	0	0	41
Utah	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2

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
Virginia	2020	10	0	0	0	0	0	10
	2021	10	0	0	0	0	0	10
	2022	10	1	0	1	0	0	10
Washington	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
West Virginia	2020	4	0	0	1	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Wisconsin	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Wyoming	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020	228	4	1	6	0	1	224
	2021	224	12	0	5	0	0	231
	2022	231	11	0	3	0	0	239

Exhibit 7 to this disclosure document lists the names, addresses and telephone numbers of our franchisees who were operating Franchised Businesses as of September 24, 2022. Exhibit 8 of this Disclosure Document lists the name, last known address and telephone number of every franchisee whose franchise agreement was, during 2022, terminated, canceled, not renewed, or who has, during the same time period, otherwise voluntarily or involuntarily ceased to do business in a Dippin' Dots® location or who has not communicated with us within 10 weeks of the application date. If you buy this franchise, your contact information may be disclosed to other prospective buyers when you leave the franchise system.

During the last 3 fiscal years, we have required all franchisees to sign confidentiality clauses. Each Confidentiality Agreement was entered into as part of the purchase of their franchise. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Dippin' Dots®. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

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Table No. 4
Status of Company-Owned Outlets
For years 2020 to 2022

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
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Table No. 5
Projected Openings
As Of September 24, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Florida	1	1	0
Illinois	0	0	0
VA	3	1	0
New York	0	0	0
NC	3	2	0
Texas	1	0	0
HI	0	1	0
Totals	8	6	0

Franchisee Association

DDF created and supports the following franchisee organization:

DDF Franchisee Council, Inc.
155 Main Street
Paducah, Kentucky 42003
(270) 575-6990

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit 9 are our unaudited financial statements from September 25, 2022 to March 25, 2023 and our audited financial statements for the years ending on

December 31, 2020 and December 31, 2021, and our audited financial statements for the partial year ending on September 24, 2022.

Our fiscal year ends on September 24 of each year.

ITEM 22
CONTRACTS

The following contracts are attached to this Disclosure Document:

Exhibit 3	Franchise Agreement
Exhibit 4	Customer Agreement
Exhibit 5	Personal Guaranty
Exhibit 6	General Release

ITEM 23
RECEIPTS

The last two pages of this Disclosure Document (Exhibit 14) are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy; please keep the other copy along with this Disclosure Document.

EXHIBIT 1

LIST OF STATE ADMINISTRATORS

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of the Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 876-7500 (866) 275-2677	NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty St., 21st Floor New York, New York 10005 (212) 416-8222
CONNECTICUT Connecticut Banking Commissioner 44 Capitol Avenue Hartford, CT 06106	NORTH CAROLINA Office of the Secretary of State Securities Division 300 North Salisbury Street Suite 302 Raleigh, NC 27611
FLORIDA The Prentice Hall Corporation System, Inc. Ste. 420 Lewis State Bank Bldg Tallahassee, FL 32304	NORTH DAKOTA North Dakota Securities Department 600 East Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
GEORGIA Secretary of State 2 Martin Luther Drive Atlanta, GA 30334	OKLAHOMA Oklahoma Department of Securities First National Center 120 N. Robinson, Suite 860 Oklahoma City, Oklahoma 73102 (405) 280-7700
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Regulation Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	PENNSYLVANIA CT Corporation Systems 1635 Market Street Philadelphia, PA 19103
ILLINOIS Chief, Franchise Division 500 South Second Street Springfield, Illinois 62701 (217) 782-4465	RHODE ISLAND Department of Business Regulation John O. Pastore Center Bldg. 69, First Floor 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 277-3048

<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH CAROLINA The Prentice-Hall Corporation System, Inc. 2019 Park Street Columbia, SC 29201</p>
<p>KENTUCKY Todd E. Stockwell 861 Corporate Drive, Suite 200 Lexington, KY 40503</p>	<p>SOUTH DAKOTA Director, Division of Securities 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>TENNESSEE CT Corporation Systems 530 Gay Street Knoxville, TN 37902</p>
<p>MICHIGAN Consumer Protection Div., Franchise Section G. Mennen Williams Building, First Floor 525 W. Ottawa Street P.O. Box 30213 Lansing, Michigan 48913 (517) 373-7117</p>	<p>VIRGINIA Director, Securities and Retail Franchising Div. State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051</p>
<p>MINNESOTA Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p>	<p>WASHINGTON Department of Financial Institutions General Administration Building Securities Division – 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760</p>
<p>MISSOURI CT Corporation Systems 120 South Central Avenue Clayton, MO 63105</p>	<p>WISCONSIN Office of the Commissioner of Securities 345 West Washington Avenue, Fourth Floor Madison, Wisconsin 53703 (608) 266-2801 (608) 266-2139</p>
<p>NEBRASKA Director, Department of Banking and Finance Ste. 311, The Atrium PO Box 95006 Lincoln, NE 68509-5006</p>	

EXHIBIT 2

LIST OF AGENTS FOR SERVICE OF PROCESS

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following agents as our agents for service of process in these states:

<p>CALIFORNIA Commissioner of the Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll free: (866) 275-2677</p> <p>CT Corporation System 818 West Seventh Street Los Angeles, California 90017</p>	<p>MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p> <p>The Corporation Trust Incorporated 300 East Lombard Street Baltimore, Maryland 21202</p>
<p>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</p> <p>The Corporation Company, Inc. 1000 Bishop Street Honolulu, Hawaii 86813</p>	<p>MICHIGAN Dept. of Commerce, Corp'ns & Securities Bur. 670 Law Building 525 West Ottawa Lansing, Michigan 48913 (517) 373-7117</p> <p>CT Corporation System The Corporation Company 30600 Telegraph Road Bingham Farms, Michigan 48025</p>
<p>ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62701 (217) 782-4465</p> <p>CT Corporation System 36 S. LaSalle Street Chicago, Illinois 60604</p>	<p>MINNESOTA Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p> <p>CT Corporation System 405 Second Avenue South Minneapolis, Minnesota 55401</p>

<p>INDIANA Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681</p> <p>CT Corporation System 36 S. Pennsylvania Street Suite 700 Indianapolis, Indiana 46204</p>	<p>NEW YORK New York State Department of State Division of Corporations Second Floor 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492</p> <p>CT Corporation System 111 Eighth Avenue New York, New York 10011</p>
<p>NORTH DAKOTA Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 224-4712</p> <p>CT Corporation System 314 East Thayer Avenue Bismarck, North Dakota 58501</p>	<p>VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9733</p> <p>CT Corporation System 4701 Cox Road Suite 301 Glen Allen, Virginia 23060-6802</p>
<p>RHODE ISLAND Director of Department of Business Regulation John O. Pastore Center Bldg. 69, First Floor 1511 Pontiac Avenue Cranston, Rhode Island 02920-4407 (401) 462-9527</p> <p>CT Corporation System 155 South Main Street, Ste. 301 Providence, Rhode Island 02903</p>	<p>WASHINGTON Director of Department of Financial Institutions General Administration Building Securities Division – 3rd Floor West 150 Israel Road S.W. Tumwater, Washington 98501 (360) 902-8760</p> <p>CT Corporation System 520 Pike Street Seattle, Washington 98101</p>
<p>SOUTH DAKOTA Director, Division of Securities 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p> <p>CT Corporation System 319 South Coteau Pierre, South Dakota 57501</p>	<p>WISCONSIN Commissioner of Securities 345 West Washington Avenue, Fourth Floor Madison, Wisconsin 53703 (608) 261-9555</p> <p>CT Corporation System 840 Excelsior Drive Suite 200 Madison, Wisconsin 53717</p>

EXHIBIT 3

FORM OF FRANCHISE AGREEMENT

DIPPIN' DOTS® FRANCHISING, L.L.C.

**TERRITORY DEVELOPMENT OPTION
AND LOCATION
FRANCHISE AGREEMENT**

DIPPIN' DOTS® TERRITORY DEVELOPMENT AND LOCATION
FRANCHISE AGREEMENT

TABLE OF CONTENTS

1.	GRANT	2
2.	TERMS AND RENEWAL	5
3.	DUTIES OF FRANCHISOR	6
4.	FEES	6
5.	CONSTRUCTION AND OPENING OF THE FRANCHISED BUSINESS	9
6.	TRAINING	10
7.	DUTIES OF FRANCHISEE	11
8.	PROPRIETARY MARKS	15
9.	OPERATING MANUAL	17
10.	CONFIDENTIAL INFORMATION	18
11.	ACCOUNTING AND RECORDS	18
12.	ADVERTISING AND PROMOTION	19
13.	INSURANCE	21
14.	TRANSFER OF INTEREST	21
15.	DEFAULT AND TERMINATION	25
16.	OBLIGATIONS UPON TERMINATION OR EXPIRATION	28
17.	COVENANTS	29
18.	TAXES, PERMITS AND INDEBTEDNESS	30
19.	INDEPENDENT OWNER AND OPERATOR	31
20.	APPROVALS AND WAIVERS	31
21.	NOTICES	32
22.	ENTIRE AGREEMENT	32
23.	SEVERABILITY AND CONSTRUCTION	32
24.	ARBITRATION; APPLICABLE LAW	33
25.	ACKNOWLEDGEMENTS	34
26.	DDF FRANCHISEE COUNCIL, INC	34

Exhibits

Exhibit A - Retail Venues

Exhibit A1 - Permitted Locations For Retail Venues

Exhibit B - Development Schedule Performance Plan

Exhibit C – DMA Counties–

Exhibit D - Personal Guaranty For Shareholder/Member of Dippin’ Dots® Entity Franchisee

Exhibit E - Franchisee Information Sheet

DIPPIN' DOTS® TERRITORY DEVELOPMENT AND LOCATION
FRANCHISE AGREEMENT

THIS AGREEMENT (this "Agreement"), is made and entered into on this _____ day of _____, _____, (the "Effective Date") by and between DIPPIN' DOTS FRANCHISING, L.L.C., an Oklahoma limited liability company, with our principal place of business at 155 Main Street, Paducah, Kentucky 42003 ("we" or "us"), and _____, with a business address of _____ ("you").

WITNESSETH:

WHEREAS, over a period of time and as a result of the expenditure of time, skill and money, we have developed and own a proprietary system ("System") identified by the mark "Dippin' Dots®" related to the establishment, development and operation of facilities offering ice cream, yogurt, frozen ice and other Dippin' Dots® branded products prepared in accordance with our specifications and method of operations, promotion and sales including without limitation;

WHEREAS, we are the owner of the right, title and interest, together with all the goodwill connected thereto, in and to the trade names, service marks and trademarks, "DIPPIN' DOTS®" and Design and "DIPPIN' DOTS ICE CREAM OF THE FUTURE®" and Design, and associated marks, logos, commercial symbols and such other trade names, service marks, and trademarks, as are now designated (and may hereafter be designated by us in writing) as part of the System (the "Marks");

WHEREAS, we grant qualified persons franchises (each, a "Dippin' Dots® Franchised Business" or "Franchised Business") to own and operate a Dippin' Dots® business offering products ("Products") and services that we authorize and that utilizes the System and the Marks at certain locations, including (i) locations operating as Dippin' Dots® branded stores (including outlet(s) and/or kiosk(s)) venues that operate from a stationary location for a continuous term under a lease or other right to tenancy agreement ("Stores"), (ii) "time limited" venues such as Dippin' Dots® branded fairs and festivals ("Events") and (iii) additional Dippin' Dots® approved locations utilizing Dippin' Dots® branded vending machines and/or other so identified "self serve" or third party operated freezer placements within an otherwise separately branded or commonly recognized and/or designated retail domain ("Product Placement Venues"). Stores, Events and Product Placement Venues are referred to collectively herein as "Retail Venues" and are shown separately and collectively on EXHIBIT A - RETAIL VENUES;

WHEREAS, you desire to operate a Dippin' Dots® Franchised Business using the System and the Marks and have applied for a franchise, which application has been approved by us in reliance upon all of the representations made therein;

WHEREAS, you understand and acknowledge the value of our high standards of quality, cleanliness, appearance and service and the necessity of operating the Dippin' Dots® Retail Venue in conformity with our standards and specifications; and

WHEREAS, we expressly disclaim the making of and you acknowledge that you have not received or relied upon any warranty or guaranty, express or implied, as to the revenues, profits or success of the Franchised Business contemplated by this Agreement other than those set forth in our Franchise Disclosure Document. You acknowledge that you have read this Agreement and our Franchise Disclosure Document and that you have no knowledge of any representations by us, or our officers, managers, members, employees or agents that are contrary to the statements made in our Franchise Disclosure Documents or the terms of this Agreement.

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

1. GRANT

1.1 We grant to you the right and you, as the Franchisee, accepts the obligation, upon the terms and conditions set forth in this Agreement to operate the Franchised Business using the Marks and the System, which shall consist of and include the rights to: (A) for a Territory franchise, the following locations within your territory if we grant you the right to a Territory franchise: (i) operate at one (1) Dippin' Dots® Store at each Accepted Location for in-person sales and catering to customers (additional stores may be added for an additional fee and subject to our approval), (ii) operate at an unlimited amount of fairs, festivals, and similar events within your territory (subject to our approval for each instance), and (iii) solicit and sell approved Products at the types of "Retail Venues" set forth in EXHIBITS "A" and "A-1" in the territory set forth on Exhibit "B" attached hereto (the "Territory"); (B) for a "Store Only" franchise operate at one (1) Dippin' Dots® Store at each Accepted Location for in-person sales and catering to customers within your Territory (additional stores may be added for an additional fee and subject to our approval); or (C) for a "Distribution" franchise, solicit and sell approved Products at the types of "Retail Venues" set forth in EXHIBITS "A" and "A-1" in the Territory and to fulfill catering orders for customers in your Territory.

1.2 For purposes of clarity, you may not solicit any customers or ship any Products to any customers outside your Territory without our prior written consent. Notwithstanding the foregoing, if this Agreement is being signed by an existing franchisee that does not currently have the right to operate a Store, you, the existing franchisee, shall not have the right to operate any Store at any Accepted Location under this Agreement unless you have accepted and executed this Agreement form and until you pay an additional franchise fee of Ten Thousand Dollars (\$10,000). We will not place another Distribution franchise in your territory if you purchase a Territory franchise.

1.2.1 Notwithstanding anything to the contrary in this Agreement, if you purchase a Franchised Business hereunder and establish and operate a permanent inline/standalone Store and you also purchase a Doc Popcorn® franchise from our affiliate, Doc Popcorn Franchising L.L.C., an Oklahoma limited liability company ("DPF"), you may be eligible upon our approval, which may be given in our sole discretion, to co-brand the Dippin' Dots® Store at the Accepted Location with Doc Popcorn® branding and trademarks. Plans, specifications and other conditions for such co-branding of the Store, such as use of the Marks in conjunction with the Doc Popcorn® trademarks, shall be subject to our direction and final approval, which may be given in our sole discretion. Our approval of such co-branding Store, as contemplated herein, shall also serve as our consent to the extent that any provision in this Agreement would otherwise require our consent in connection with the intended use of the Marks as contemplated by the co-branding Store model.

1.3 If, at the time of execution of this Agreement, a location(s) for a Dippin' Dots® Retail Venue(s) has not been obtained by you and accepted by us, you shall lease or acquire a location(s), subject to our acceptance. You shall not relocate the Dippin' Dots® Retail Venue, or operate the Franchised Business from any other location, without our prior written acceptance.

1.4 Retail Venues.

1.4.1 You may not contact any person, entity or group in an effort to solicit sales at any Retail Venue without our prior written acceptance. After written request and upon our written acceptance you may solicit and make sales in connection with the particular Retail Venue that was accepted and included on Exhibit "A" - Retail Venues. We shall maintain and update an electronic list of the "Retail Venues" at which we have given you approval to solicit and make sales on the franchisee extranet section of our website (the "Exhibit "A" Retail Venues List"). If you fail to meet the performance plan under Exhibit "B" – Development Schedule at any and all such Retail Venue(s) for two (2) consecutive years,

such Retail Venue(s) shall be deleted from the Exhibit “A” Retail Venues List and cease to be included under your Territory.

1.4.2 All Events must be approved in writing before pursuing the Event within your Territory. Upon approval to pursue any Event, you will be given a set period of time (not to exceed 3 months) to make application to the Event for the right to sell Products at such Event. The Event will be listed as a pending Event until you are given approval to sell Products at that Event. You must deliver a copy of the approved application to us before such Event will be added to your Exhibit “A” – Retail Venues List.

1.5 Territory.

1.5.1 During the term of this Agreement, and except as otherwise provided herein, we shall not grant a franchise or license to any other person to establish a Franchised Business at any location within the same enclosed mall, strip mall, shopping center or other facility in which your Dippin’ Dots® Retail Venue, if any, is located.

1.5.2 Except as provided in Section 1.4.4(a) and (b) and Section 1.4.5 below and except for locations where our affiliate, Dippin' Dots, L.L.C., an Oklahoma limited liability company (“DDL”), or its distributors had operations prior to you being granted the Territory, we will not solicit or make sales or permit any other person to solicit or make sales of any Product within the Territory so long as you meet the performance requirements set forth in your performance plan attached hereto as Exhibit B (the “Performance Plan”). In the event you do not meet the performance requirements set forth in your Performance Plan, (i) we may, and may permit others to, solicit and make sales in your Territory, or (ii) reduce the size of your Territory in our sole discretion to a size that we determine to be appropriate based upon your level of performance. In the event that you do not meet the performance requirements set forth in the Performance Plan with respect to any particular Retail Venue within the Territory, we may, at our discretion, solicit or make sales or permit others (including other franchisees) to solicit or make sales at such Retail Venue; provided, that we will not and will not permit others to solicit or make sales from a location that is within a radius of one hundred (100) feet from your Retail Venue formerly located within the Territory.

1.5.3 Except for the exceptions noted on your Performance Plan and as permitted pursuant to Section 1.4.2 and Section 1.4.4 of this Agreement, we will not permit other franchisees to solicit or make sales in your Territory so long as you meet the performance requirements set forth in your Performance Plan.

(a) We may solicit the right to make sales at Retail Venues in the Territory on your behalf and we will offer the Retail Venue to you. If you are unable to or choose not to solicit and make sales at any Retail Venue that we offer you within the Territory, then in our sole discretion, we may permit another person to solicit and make sales at such Retail Venue formerly within the Territory and such Retail Venue will no longer be included within the Territory.

(b) We may solicit and make sales of Products to customers within your Territory at a price set by us on your behalf, which may be reasonably lower than the then-current retail prices. In such case, we will first offer you the right to complete the sale to such customers at such price that we have offered to the customer and you may receive the proceeds thereof. If you are unable to or choose not to complete such sales offered by us to customers within your Territory, then we may, in our sole discretion, complete the sale to such customer or permit another franchisee or person to complete the sale to such customer. We may provide additional details for this exception to your Territory in the Manual (as defined hereinafter) from time to time.

1.5.4 We retain the rights, among others: (a) to establish accounts in any “prohibited location” (as set forth on Exhibit A-1) within or outside the Territory; (b) to authorize the sale of the Product in any format except a Franchised Business at any location, regardless of proximity to your Dippin’ Dots® Retail Venue, if any, including direct sales by DDL; (c) to sell or authorize others to make sales at any Retail Venue that ceases to be party of the Territory; (d) to sell or authorize others to make sales at any Retail Venue within the Territory with respect to which you have failed to meet the performance requirements set forth in the Performance Plan, subject to the restrictions set forth in this Section 1.4; and (e) to authorize other franchisees to make sales in your Territory if you have failed to meet the performance requirements set forth in the Performance Plan, subject to the restrictions set forth in this Section 1.4.

1.5.5 Notwithstanding anything herein to the contrary, if your Franchised Businesses is located in any of the following Designated Market Areas (as defined by the Neilson Company), the limited exclusivity granted in this Section 1.4 will be inapplicable and we can add additional franchisees to these markets at our sole discretion:

The markets that are defined by this are:

New York, NY	Phoenix, AZ	Portland, OR
Los Angeles, CA	Seattle-Tacoma, WA	Charlotte, NC
Chicago, IL	Tampa- St. Petersburg, FL	St. Louis, MO
Philadelphia, PA	Minneapolis- St. Paul, MN	Raleigh-Durham, NC
Dallas-Ft. Worth, TX	Detroit, MI	Indianapolis, IN
San Francisco-Oakland-San Jose, CA	Denver, CO	Pittsburgh, PA
Atlanta, GA	Orlando, FL	San Diego, CA
Houston, TX	Miami-Ft. Lauderdale, FL	Baltimore, MD
Washington, D.C.	Cleveland-Akron, OH	Nashville, TN
Boston, MA	Sacramento, CA	Salt Lake City, UT

Exhibit C – DMA Counties is the list of counties that are included in each Designated Market Area.

1.6 If you are soliciting or making sales to a Product Placement Venue that is in a location that is part of a “National Account,” then DDL may take over operations at the location of such Product Placement Venue solely in connection with DDL’s sale of Product to all or a portion of such National Account’s locations. For purposes of this Agreement, a “National Account” is any retail establishment having one hundred (100) or more locations.

1.7 You may not conduct sales via the alternative distribution channels, including e-commerce and the internet. This provision shall not prevent you from otherwise communicating with customers by e-mail, so long as that communication does not involve receipt of orders for product being sold to unapproved locations.

1.8 Acknowledgements.

1.8.1 You acknowledge that absolute uniformity under certain conditions may not be possible or in the best interest of the System, you or us, and that, as a result, we may modify the System from time to time with respect to certain of our other franchisees. You agree that we shall have the right to modify the terms of the franchise agreement for any other franchisee based upon the unique attributes of our specific site or situation, existing business practices, business potential, population density or any other

condition we consider important to the successful operation of such franchisee's business. You are not entitled to require us to grant you equivalent or similar variations granted to or permitted to any other franchisee or any location that we operate.

1.8.2 You also acknowledge that modifications to the System may be appropriate from time to time because of developments (e.g. technology, industry standards, consumer preferences or costs of components of the System) or other changes affecting the System, and that, as a result, we may supplement, improve or otherwise modify the System, from time to time. You agree to comply with any such modifications that we make to the System, including, without limitation, modifications with respect to offering and selling new or different Products or services.

2. TERMS AND RENEWAL

2.1 This franchise for the Franchised Business will continue for a primary term of five (5) years, beginning on the Effective Date, unless it is terminated earlier due to breach or default or as otherwise provided in this Agreement.

2.2 If at the end of the five (5)-year primary term you are in full compliance with all of your obligations under this Agreement, you will have the option to renew the franchise for an additional term of five (5) years from the expiration of the primary term (the "Secondary Term") upon the terms and conditions set forth in 2.3 below. If at the end of the Secondary Term you are in full compliance with all of your obligations under this Agreement, you will have the option to renew the franchise for an additional term of five (5) years from the scheduled expiration date of the Secondary Term pursuant to the procedures set forth in 2.3 below

2.3 If the conditions in Section 2.2 are met, you may renew your franchise under this agreement by (i) notifying us of your intention to renew, not less than three (3) months nor more than six (6) months prior to the end of the then-current term, (ii) signing our then-current franchise agreement and all other ancillary documents, (iii) remodeling, refurbishing, modernizing and upgrading your Dippin' Dots® Retail Venue(s), if any, including interior and exterior, structure components, mechanical condition, furnishings, fixtures, signs, equipment and trade dress, to conform to our standards at that time, (iv) paying a renewal fee of Twenty Five Hundred Dollars (\$2,500), and (v) signing and furnishing to us a general release on a form we prescribe, releasing us and our affiliates and each of our directors, officers, managers, and owners of any liability or claims you may have against each. If you do not satisfy any of these conditions, you will not be able to renew the franchise. If you do not qualify to renew or elect not to renew, the franchise will terminate and you must comply with requirements relating to termination.

3. DUTIES OF FRANCHISOR

3.1 If you are operating Dippin' Dots® Retail Venue(s) under this Agreement, we shall make available, at no charge to you, standard plans and specifications for each such category of prototypical Dippin' Dots® Retail Venue(s), including accounting system, lists, forms, schedules, equipment, exterior and interior design and layout, fixtures, furnishings and signs.

3.2 We shall provide training as set forth in Section 6 of this Agreement.

3.3 We shall provide on-site pre-opening and opening supervision and assistance in such quantities, as we deem advisable.

3.4 We shall make available to you advertising and promotional materials as described herein.

3.5 We shall provide you, on loan, one (1) copy of our Manual, as more fully described herein.

3.6 We shall provide to you from time to time, as we deem appropriate, advice and written materials concerning techniques of managing and operating the Franchised Business.

3.7 We shall conduct, as we deem advisable, inspections of your operation of the Franchised Business.

3.8 If you are operating a Dippin' Dots® Retail Venue under this Agreement, we must accept the proposed site for your location in writing before you begin any construction or improvements. We will supply to you our site selection criteria. **OUR ACCEPTANCE OF A RETAIL VENUE IS NOT A REPRESENTATION OR WARRANTY THAT THE DIPPIN' DOTS® FRANCHISE WILL BE PROFITABLE OR THAT YOUR SALES WILL ATTAIN ANY PREDETERMINED LEVELS. ACCEPTANCE IS INTENDED ONLY TO INDICATE THAT THE PROPOSED RETAIL VENUE MEETS OUR MINIMUM CRITERIA FOR IDENTIFYING A RETAIL VENUE. YOU AGREE THAT OUR ACCEPTANCE OR REJECTION OF A PROPOSED RETAIL VENUE DOES NOT IMPOSE ANY LIABILITY ON US.**

3.9 We may promote our franchises and the System through advertising and public relations using the advertising fees paid by you as set forth herein, but we will not use those fees to solicit franchise sales. We shall continue to provide support to you in the improvement and operation of your Franchised Business by means of periodic visits by our representatives. We shall continue to make our representatives available for consultation on matters such as operation, advertising and promotion, and business methods on such terms and for such additional service fees as may be mutually agreed.

4. **FEES**

4.1 In consideration of the franchise granted herein, you shall pay to us an Initial Franchise Fee (the "Initial Franchise Fee") of Fifteen Thousand Dollars (\$15,000.00) upon execution of this Agreement.

4.1.1 The Initial Franchise Fee for any franchise shall be deemed fully earned and non-refundable in consideration of administrative and other expenses we incur in connection with entering into this Agreement.

4.1.2 Notwithstanding the provisions of the foregoing Section 4.1 with respect to the Initial Franchise Fee:

(a) If you have purchased or received a prior Franchised Business directly from us, then we, in our sole discretion, may grant you the right to purchase an additional Franchised Business under this Agreement for an Initial Franchise Fee of \$10,000 for each additional Store location.

(b) If you are purchasing a Dippin' Dots® Franchised Business and a Doc Popcorn® franchise from our affiliate, DPF, in accordance with the Doc Popcorn® franchise disclosure document simultaneously, we will provide you a 25% discount off the Initial Franchise Fee for your Dippin' Dots® Franchised Business and our affiliate, DPF, has agreed to offer you a 25% discount off the initial franchise fee for the Doc Popcorn® franchise; provided that the purchases of the franchises from both franchise systems are consummated concurrently and you enter into this Agreement and into an agreement with DPF in accordance with the current DPF franchise disclosure document.

(c) If you are a current member of the armed forces or an honorably

discharged U.S. Veteran and have provided us with sufficient proof of the same in the form as we may reasonably require prior to the execution of this Agreement, we will offer you a 15% discount off your Initial Franchise Fee for your first Franchised Business.

We reserve the right to alter, modify or rescind Sections 4.1.2(a), (b), or (c) at our sole discretion, without notice to you. We do not guarantee this Initial Franchise Fee scale on future purchases. All subsequent purchases will be at the then-current additional Initial Franchise Fee rate for additional purchases as provided in the then-current franchise agreement.

4.2 During the Agreement, you must pay us the following royalty fees and make the following contributions to the Advertising Fund (as defined in Section 12.1) based on the Products you purchase:

Type of Product Purchased	Royalty Fee	Advertising Fund Contribution
Bulk ice cream products	\$2.16 per bag	\$0.24 per bag
Pre-pack units	\$0.09 per unit	\$0.01 per unit

4.3 In addition to the royalty fees and advertising fund contributions for sales of Dippin’ Dots® Products set forth in Section 4.2 above, you shall pay to us royalty fees and make advertising fund contributions on all sales of “ancillary items” by your Franchised Business in an amount we specify not to exceed the amounts set forth below:

Royalty Fee for Sales of Ancillary Items	Advertising Fund Contribution for Sales of Ancillary Items
Up to 6% of Gross Sales	Up to 2% of Gross Sales

“Ancillary Items” include all non-Dippin’ Dots® manufactured retail food, drink and/or non-food approved items sold within a Dippin’ Dots® fixed franchise retail location including seasonal locations (i.e., locations using the Dippin’ Dots® Trade Mark, i.e. kiosk, cart, store, etc.). The royalty will be charged on all gross retail sales minus sales tax of ancillary items reported to us on a monthly basis by the 20th of each month from your reporting and submission through our electronic data portal provided to all franchisees or through an approved point of sale system. Gross sales shall only include gift certificates either when sold or when redeemed by you, but shall not include both the sale and redemption of a gift certificate. The royalties for each month will be deducted from your bank accounts by ACH debit by the 25th of each month (or first business day thereafter).

4.4 The amount of the royalty shall be calculated based on the amount of ice cream actually purchased by you, and shall be paid to us as a pre-paid royalty. We may increase the amount of the royalty fee at any time upon written notice to all of our franchisees; provided, however, that the royalty fee for each type of product purchased shall not exceed six percent (6%) of the average retail price of the product being purchased. We may increase the amount of the advertising fund contributions at any time upon written notice to all of our franchisees; provided, however, that the advertising fee for each type of product purchased shall not exceed two percent (2%) of the average retail price of the product being purchased. We may in our discretion collect payment for royalty fees and Advertising Fund contributions from your bank account by ACH debit each Friday, calculated on the amount of ice cream Products purchased by you the preceding week, which begins on Sunday and ends on Saturday.

4.5 In our discretion, we may elect to forgo the royalty and advertising fund contributions described in Section 4.2 above and charge a continuing royalty fee in an amount not to exceed six percent (6%) of the gross sales of the Franchised Business and require an advertising fund contribution in an amount not to exceed two percent (2%) of gross sales of the Franchised Business.

5. CONSTRUCTION AND OPENING OF THE FRANCHISED BUSINESS

5.1 You shall purchase from an approved supplier a kiosk, cart and/or vending and freezer equipment to complete your Accepted Retail Venue.

5.2 You shall participate in our credit/debit card and gift card acceptance program through approved suppliers that we provide to you. You agree to lease or purchase, as required by our approved supplier for our credit/debit card payment and gift card programs, such equipment as is necessary for you to fully participate in our credit card payment and gift card programs. You acknowledge that our credit/debit and gift card programs, and other loyalty programs, may require payment of additional fees or charges from third parties that are unknown to us at this time.

5.3 If you are operating a Dippin' Dots® Retail Venue under this Agreement, you shall employ a qualified, licensed architect or engineer to prepare, for our approval, preliminary plans and specifications for construction of the premises of your Dippin' Dots® Retail Venue (the "Premises") based upon the plans and specifications furnished by us, if necessary in our opinion. You shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations, or which may be necessary or advisable. You must submit to us, for our acceptance, final plans for construction based upon the preliminary plans and specifications. We shall review your plans for approval within 30 days of receipt of your request in writing to approve the site. Once accepted by us, such final plans may not thereafter be changed or modified without our prior written consent. You must obtain all permits required for the lawful construction and operation of the Franchised Business and must certify in writing to us that all such permits have been obtained. You must employ a qualified general contractor to construct the Franchised Business and to complete all improvements. You must obtain and maintain in force during the entire period of construction the insurance required under this Agreement.

5.4 You shall open the first Retail Venue within six (6) months after the Effective Date of this Agreement. The parties agree that time is of the essence in the opening of the Franchised Business.

5.5 In connection with the opening of the Franchised Business:

5.5.1 You shall conduct, at your expense, such grand opening promotional and advertising activities as we may require, but be a minimum of at least Five Hundred Dollars (\$500.00) to benefit the first Retail Venue operated under the Exhibit "B" attached hereto.

5.5.2 You shall provide at least seven (7) days' prior notice to us of the date on which you propose to operate the first Retail Venue. You shall not operate your first Retail Venue without our prior approval or without one of our representatives present, unless we waive such requirements.

6. TRAINING

6.1 Prior to the opening of the first Retail Venue, you (or, if you are a corporation or partnership, a principal of you acceptable to us) and your manager shall attend and complete to our satisfaction the initial training program offered by us ("Basic Management Training"). At our option, any persons subsequently employed by you in the position of manager shall also attend and complete Basic Management Training, to our satisfaction.

6.2 Basic Management Training will be for up to two (2) individuals representing you for a four-day training period (minimum of seven hours per day) at our offices or a Dippin' Dots® business we designate. We may shorten the training period in our sole discretion. All trainees must satisfactorily pass the Basic Management Training test. Unless otherwise agreed in writing, you (or, if you are a corporation or partnership, a principal of you acceptable to us) must be one of these two individuals. You shall designate as one of these two (2) individuals a person who will be active in the day-to-day activities of the Accepted Retail Venue. All trainees must be acceptable to us.

6.2.1 In addition to a written test, Basic Management Training includes instruction in food preparation and service, food ingredients and general nutrition, equipment usage, system operation, marketing, accounting and use of trademarks, all at a time scheduled by us.

6.2.2 Basic Management Training is provided approximately thirty to forty five (30-45) days after the later of the signing of the Franchise Agreement or the acceptance of the site selected for the Retail Venue.

6.2.3 We will provide, at our expense, instructors, facilities, training materials and technical training tools for Basic Management Training. You are responsible for all expenses of your trainees incurred in attending Basic Management Training including, without limitation, all travel, lodging and meal expenses.

6.2.4 If you desire that additional individuals receive Basic Management Training, or if additional individuals must be trained to meet the requirements of this Section, or related assistance above and beyond our usual training program and routinely scheduled visits is needed, then you shall pay all expenses incurred to have such individuals attend Basic Management Training, including, without limitation, reasonable training fees (currently Seventy-Five Dollars (\$75.00) per day per individual) and other reasonable expenses. Payment for these services is due upon demand.

6.3 If any trainee fails to satisfactorily complete Basic Management Training by passing the Basic Management Training test with a score of at least seventy-five percent (75%), you may designate a new trainee to receive Basic Management Training or request that the trainee who failed the Basic Management Training test receive Basic Management Training again and shall pay the fees for training additional individuals set forth in Section 6.2.4 above.

6.4 You and/or your manager and other employees shall also attend such additional courses, seminars and other training programs as we may reasonably require from time to time, but not more often than twice per year.

6.5 With our prior written approval, the completion of the Basic Management Training Program shall enable franchisees and their employees to train new employees in the Basic Management Training Program and to certify their completion thereof.

6.6 All training programs shall be at such times and places as we may designate. For all required initial and additional, training courses, seminars, and programs, as referenced in Section 6.2 above, we shall provide, at no charge to you, instructors and training materials; and you or your employees shall be responsible for any and all other expenses incurred by them in connection with any such courses, seminars and programs, including, without limitation, the costs of transportation, lodging, meals and wages.

7. DUTIES OF FRANCHISEE

7.1 You understand and acknowledge that every detail of the Franchised Business is important

to you, us and other franchisees in order to develop and maintain high operating standards, to increase the demand for the Products sold by all franchised businesses operating under the System and to protect our reputation and goodwill.

7.2 You are solely responsible for selecting the site of your Franchised Business, subject to our acceptance as specified in this Agreement. However, if you are operating a Dippin' Dots® Retail Venue under this Agreement, you may solicit our assistance relative to your site selection and lease negotiations as provided in this Agreement.

7.2.1 If you are operating a Store under this Agreement and you have not selected a site for your Store prior to the Effective Date, you must complete the acquisition and construction if a facility is to be constructed or renovation of an existing facility is to be improved, or lease arrangements for the Premises located in the Accepted Location, at your expense within ninety (90) days of the Effective Date. We shall not unreasonably withhold acceptance of any site meeting our site selection criteria and any other standards we may consider relevant in approving or disapproving a site. We shall review site acceptance within 30 days of receiving your request in writing to approve a particular site.

7.2.2 If you are operating a Store under this Agreement, we must review for acceptance by us your lease or sublease of the Premises. You must deliver a copy of the signed lease, sublease or Retail Placement Agreement to us within fifteen (15) days of your signing. You must agree not to sign or agree to any modification of such lease or sublease that would adversely affect us without our written acceptance.

7.2.3 If you are operating a Store under this Agreement, you may not change the location of the Store without our prior written acceptance. We shall have the right to accept or reject any change in location in our sole discretion. In the event that a change of location for your Store is accepted, you shall pay us a service charge of One Thousand (\$1,000).

7.3 You shall use the Premises solely for the operation of the Franchised Business. You shall keep the Franchised Business open and in normal operation for such minimum hours and days as we may specify and shall refrain from using or permitting the use of the Premises for any other purpose or activity at any time without first obtaining our written consent. You shall operate the Franchised Business in strict conformity with such methods, standards and specifications as we may from time to time prescribe in the Manual or otherwise in writing. You shall refrain from deviating from such methods, standards and specifications without our prior written consent.

7.4 To ensure that the highest degree of quality and service is maintained, you agree:

7.4.1 To maintain in sufficient supply (as we may prescribe in the Manual or otherwise in writing), and to use at all times, only such fixtures, furnishings, equipment, signs, menu items, ingredients, products, materials, supplies and paper goods that conform with our standards and specifications, and to refrain from deviating therefrom by the use of nonconforming items, without our prior written consent.

7.4.2 (i) To sell or offer for sale only such menu items, Products and services that we have expressly approved for sale in writing, (ii) to sell or offer for sale all types of menu items, Products and services that we specify, (iii) to refrain from any deviation from our standards and specifications without our prior written consent, and (iv) to discontinue selling and offering for sale any menu items, Products or services which we may, in our sole discretion, disapprove in writing at any time.

7.4.3 To use in the preparation of food products, ingredients and recipes meeting the

quality standards and specifications as we prescribe. You may purchase or lease equipment, supplies, inventory, advertising materials, construction services or other products or services from manufacturers, contractors and other suppliers (“Suppliers”) other than those currently authorized, but only in accordance with Section 7.5 of this Agreement.

7.4.4 To use and display only the standard format menu we provide, as the same may be revised by us from time to time. We must approve in writing, any changes in the menu format, except prices charged by you to your customers.

7.4.5 To purchase and install, at your expense, all fixtures, furnishings, decor, supplies, signs and equipment (including, without limitation, a telecopy machine, telephone, Internet access/e-mail communication system and cash register or point-of-sale recording system) as we may reasonably direct from time to time in the Manual or otherwise in writing. You shall refrain from installing or permitting to be installed on or about the Premises, without our prior written consent, any fixtures, furnishings, equipment, signs or other items not previously approved as meeting our standards and specifications.

7.4.6 To refrain from making any sales of Products in any retail establishment, which has a primary business of selling alcoholic beverages, tobacco, or “vape” type establishments as determined by us in our sole discretion.

7.5 All Products sold or offered for sale at the Franchised Business shall meet our then-current standards and specifications as established in the Manual or otherwise in writing. You shall purchase all Products solely from Suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the Manual or otherwise in writing.

7.5.1 If you desire to purchase Products from other than approved Suppliers, you must submit samples of the Supplier’s Products to us together with such evidence of conformity with our specifications as we may reasonably require. We shall have the right to require that our representatives be permitted to inspect the Supplier’s facilities, and that samples from the Supplier be delivered for evaluation and testing either to us or to an independent testing facility we designate. You shall pay a charge not to exceed the reasonable cost of the evaluation and testing. We shall, within thirty (30) days after our receipt of such completed request and completion of such evaluation and testing (if required by us), notify you in writing of our approval or disapproval of the proposed Supplier. Approval shall not be unreasonably withheld. Approval of a Supplier may be conditioned on numerous requirements and may be temporary, pending our additional evaluation of the Supplier.

7.5.2 You shall not sell or offer for sale any Products of the proposed Supplier until our written approval of the proposed Supplier is received. We may from time to time revoke our approval of particular Products of Suppliers when we determine, in our sole discretion, that such Products or Suppliers no longer meet our standards or specifications. Upon receipt of written notice of such revocation, you shall cease to sell any disapproved Products and cease to purchase from any disapproved Supplier. You agree that you shall use Products purchased from approved Suppliers solely for the purpose of operating the Franchised Business and not for any other purpose, including, without limitation, resale.

7.6 At the time the Franchised Business opens, you shall stock and display the initial inventory of Products and supplies prescribed by us in the Manual or otherwise in writing. Thereafter, you shall stock and maintain all types of approved Products in quantities sufficient to meet reasonably anticipated customer demand.

7.7 You shall permit us and our agents to enter the Premises, and any other location at which you are operating the Franchised Business with our consent, at any time during normal business hours for the purpose of conducting inspections; shall cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request. Upon notice from us or our agents, and without limiting our other rights under this Agreement, you shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as determined by us, we shall have the right, but not the obligation, to correct any deficiencies that may be susceptible to correction and to require you to reimburse us for our expenses in so acting, payable by you upon demand. The foregoing shall be in addition to such other remedies we may have.

7.8 You shall ensure that all advertising and promotional materials, signs, decorations and other items we specify bear the Marks in the form, color, location and manner prescribed by us.

7.9 You shall maintain the Premises (including adjacent public areas) and any other location you are operating the Franchised Business with our consent in a clean, orderly condition and in excellent repair. You shall, at your expense, make such additions, alterations, repairs and replacements thereto (but no others without our prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment and decor as we may reasonably direct.

7.10 If you are operating a Dippin' Dots® Retail Venue under this Agreement, you shall at our request, but not more often than once every five (5) years (unless sooner required by your lease), refurbish the Premises and/or any machinery/equipment, at your expense, to conform to the design, trade dress, color schemes and presentation of the Marks in a manner consistent with the then-current image for new Franchised Businesses. Such refurbishment may include, without limitation, structural changes, installation of new equipment, remodeling, redecoration and modifications to existing improvements.

7.11 Each of your Franchised Businesses shall at all times be under the direct supervision of a qualified manager. Each Franchised Business shall have at least one qualified manager. You shall maintain a competent, conscientious, trained staff, including at least one fully trained manager (who may be you). You shall take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service and meet such minimum standards as we may establish from time to time in the Manual. You and your employees shall handle all customer complaints, refunds, returns and other adjustments in a manner that will not detract from our name and goodwill. You shall be solely responsible for all employment decisions and functions of the Franchised Business, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision and discipline of employees.

7.12 You shall not implement any change, amendment or improvement to the System without our express prior written consent. You shall provide us advance written notice of any change, amendment or improvement in the System which you propose to make and shall provide to us such information as we request regarding the proposed change, amendment or improvement. You acknowledge and agree that we shall have the right to incorporate the proposed change, amendment or improvement into the System and shall thereupon obtain all right, title and interest therein without compensation to you.

7.13 If you are operating a Dippin' Dots® Retail Venue under this Agreement, you shall comply with all terms of your lease, sublease, or Retail Placement Agreement for your Dippin' Dots® Retail Venue. If you are operating a Dippin' Dots® Retail Venue under this Agreement, you shall undertake best efforts to maintain a good and positive working relationship with your landlord and/or lessor and shall refrain from any activity which may jeopardize your right to remain in possession of, or to renew the lease or sublease

for, the Premises. You shall comply with all other agreements affecting the operation of the Franchised Business.

7.14 You shall meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Business. You shall furnish to us, within five (5) days after receipt thereof, a copy of every health inspection report related to the Franchised Business.

7.15 You will maintain a competent, conscientious staff and employ the minimum number of employees necessary to meet the anticipated volume of business and to achieve the goals of the System. You will take all steps necessary to ensure that your employees meet all employment criteria, maintain a neat appearance and comply with our required dress code. You are solely responsible for the terms of their employment and compensation and, except for training required under this Agreement, for the proper training of the employees in the operation of the Franchise. You are solely responsible for all employment decisions and functions, including hiring, firing, establishing wage and hour requirements, disciplining, supervising and record keeping.

7.16 We, now and in the future, may receive rebates or other payments from approved suppliers, or from other suppliers, including equipment and kiosk suppliers, manufacturers, distributors, packagers or other service providers based on sales to our franchisees and our owned stores.

8. PROPRIETARY MARKS

8.1 We have the right to use, and to license others to use, the Marks. The Marks are licensed to us by DDL. These Marks include, but are not limited to: DIPPIN' DOTS® and Design, and Logo; and DIPPIN' DOTS ICE CREAM OF THE FUTURE® and Design, and Logo.

8.2 With respect to your use of the Marks, you agree that:

8.2.1 You shall use only the Marks we designate, and shall use them only in the manner we authorize and permit;

8.2.2 You shall use the Marks only for the operation of the Franchised Business and only at the Accepted Location, or in advertising for the Franchised Business that we have approved;

8.2.3 Unless otherwise authorized or required by us, you shall operate and advertise the Franchised Business only under the name "DIPPIN' DOTS®", and shall use all Marks without prefix or suffix. You shall not use the Marks as part of your corporate or other legal name;

8.2.4 You shall identify yourself as the owner of the Franchised Business (in the manner we require) in conjunction with any use of the Marks, including, but not limited to, on invoices, order forms, receipts and business stationery, as well as at such conspicuous locations as we may designate in writing at the Premises, at any other location you are operating under the Franchise Agreement with our consent and on any delivery vehicles used in the operation of the Franchised Business;

8.2.5 Your right to use the Marks is limited to the uses authorized under this Agreement. Any unauthorized use of the Marks shall constitute an infringement of our rights and/or DDL's rights;

8.2.6 You shall execute any documents that we or DDL deem necessary to obtain protection for the Marks or to maintain their continued validity and enforceability; and

8.2.7 You shall promptly notify us of any suspected unauthorized use of the Marks, any challenge to the validity of the Marks, any challenge to DDL's ownership of, or our right to use and to license others to use the Marks. You acknowledge that we have the sole right to direct and control any administrative proceeding or litigation, but not the obligation to take action against uses by others that may constitute infringement of the Marks. We shall defend you against any third-party claim, suit or demand arising out of your use of the Marks. If we, in our sole discretion, determine that you have used the Marks in accordance with the Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by us. If we, in our sole discretion, determine that you have not used the Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by you. In the event of any litigation relating to your use of the Marks, you shall execute any and all documents and do such acts as may, in our opinion, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of this Agreement, we agree to reimburse you for your out-of-pocket expenses in doing such acts.

8.3 You expressly understand and acknowledge that:

8.3.1 DDL is the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them, and that DDL and we have the right to use, and license others to use, the Marks;

8.3.2 The Marks are valid and serve to identify the System and those who are authorized to operate under the System;

8.3.3 During the term of this Agreement and after our expiration or termination, you shall not directly or indirectly contest the validity of, DDL's ownership of, or the right of DDL and us to use and to license others to use, the Marks;

8.3.4 Your use of the Marks does not give you any ownership interest or other interest in or to the Marks;

8.3.5 Any and all goodwill arising from your use of the Marks shall inure solely and exclusively to the benefit of DDL and/or us, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System or the Marks;

8.3.6 Except as specified herein, the license of the Marks granted hereunder to you is non-exclusive, and thus we and DDL each have and retain the rights, among others: (a) to use the Marks in connection with selling Products and services; (b) to grant other licenses for the Marks; and (c) to develop and establish other systems using the Marks, similar Marks or any other Marks, and to grant licenses thereto without providing any rights therein to you; and

8.3.7 You agree to use any additional trade names, trademarks, brand names, slogans, commercial symbols or logos that we develop and designate in writing as part of the System, which shall be considered and treated as "Marks" under this Agreement. You agree to discontinue using any name or Mark that we determine is no longer appropriate or characteristic of the image we want to project for Dippin' Dots® businesses. If we discontinue your right to use the name "Dippin' Dots®" we shall bear the costs of modifying your signs and advertising materials to reflect the new name of the System but shall otherwise have no obligation or liability to you as a result of any such additions, substitutions or discontinuances.

9. **OPERATING MANUAL**

9.1 In order to protect our reputation and goodwill and to maintain high standards of operation under the System, you shall operate the Franchised Business in accordance with the standards, methods, policies and procedures specified in our Confidential Operating Manual (the "Manual"). We shall loan you one (1) copy of the Manual for the term of this Agreement no later than the commencement of the initial training program described above in Section 6 by the first representative of you to take such program. We reserve the right to issue the Manual to you in hard copy or electronic format.

9.2 You shall treat the Manual, any other materials created for or approved for use in the operation of the Franchised Business and the information contained therein, as CONFIDENTIAL, and shall use all reasonable efforts to maintain such information as secret and confidential. You shall not copy, duplicate, record or otherwise reproduce any of the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person, and shall not use any of such materials except for the purposes specified herein.

9.3 The Manual shall remain our sole property and shall be kept in a secure place, which shall be on the Premises (either in hard copy or stored on an electronic device on the Premises) if you are operating a Dippin' Dots® Retail Venue under this Agreement.

9.4 We may from time to time revise the contents of the Manual, and you expressly agree to comply with the Manual as revised.

9.5 You shall ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by us at our home office shall be controlling.

9.6 In the event the Manual should become lost, stolen or damaged to render it, in our sole determination, unusable, you shall pay a replacement fee of not less than two hundred (\$200.00) dollars.

10. **CONFIDENTIAL INFORMATION**

You shall not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, partnership, association or corporation any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business or the System which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement. You shall divulge such confidential information only to such of your employees as must have access to it in order to operate the Franchised Business. You shall be responsible for taking reasonable steps to ensure that your employees maintain the confidentiality of information that they receive in connection with their employment by you and you shall be responsible for their unauthorized disclosure of any such confidential information. All information, knowledge, know-how, techniques and other data which we designate as confidential shall be deemed confidential for purposes of this Agreement.

11. **ACCOUNTING AND RECORDS**

11.1 You shall record all sales on a computer-based, point-of-sale record keeping and control system that we designate, or on any other equipment specified by us in the Manual or otherwise in writing. You shall prepare, and shall preserve for at least three (3) years from the date of their preparation, complete and accurate books, records and accounts and in the form and manner prescribed by us from time to time in the Manual or otherwise in writing. We will provide standardized accounting, cost control, portion control and inventory control systems to you for use in preparing your books.

11.2 All Gross Sales, and all sales tax and other charges collected on behalf of third parties, shall be recorded by you in accordance with the procedures prescribed in the Manual and on such cash register or point-of-sale recording system as we may specify.

11.3 You shall, at your expense, submit to us in the form prescribed by us, the following reports, financial statements and other data:

11.3.1 No later than the twentieth day of each month, a report accurately reflecting all Gross Sales for each Retail Venue within the Territory during the preceding month.

11.3.2 No later than March 31st of each year, a profit and loss statement showing the results of operations of the Franchised Business for the preceding fiscal year.

11.3.3 Upon our request, financial statements, audited by an independent certified public accountant reasonably acceptable to us, showing the results of operations of the Franchised Business during any fiscal year during the term of this Agreement; and

11.3.4 Such other forms, reports, records, information and data as we may reasonably designate.

11.4 We may charge you a late fee of \$5.00 per day for (i) sales reports and (ii) profit and loss statements that you have not provided us in a timely manner as required by Sections 11.3.1 and 11.3.2 above. You hereby authorize us to ACH debit these late fees from your bank account without notice to you.

11.5 We and our designated agents shall have the right at all reasonable times to (i) examine and copy, at our expense, your books, records, accounts and sales tax returns (ii) audit any and all Retail Venues within your Territory to ensure accurate sales reporting, proof of event attendance or freezer placement. We shall also have the right, at any time, to have an independent audit made of your books. If any examination or audit should reveal that any amounts payable to us have been understated in any report to us, then you shall immediately pay to us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. If an examination or audit discloses an understatement in any report of two percent (2%) or more, you shall, in addition to repayment of monies owed with interest, reimburse us for any and all costs and expenses incurred in connection with such examination or audit (including, without limitation, travel, lodging and wages expenses, as well as reasonable accounting, auditing and legal costs) within 90 days of our written notice to you detailing such understatement and our costs and expenses of the examination or audit. You hereby authorize us to ACH debit the additional audit fees from your bank account without notice to you. The foregoing remedies shall be in addition to any other remedies we may have, including revocation of this Agreement.

12. **ADVERTISING AND PROMOTION**

12.1 We shall have the right to establish, at any time, a fund for the purpose of advertising and promoting all the Dippin' Dots® franchised businesses and the Products (the "Advertising Fund") and/or a regional advertising fund, as described in this Section 12.

12.2 During the term of this Agreement, you shall contribute to the Advertising Fund such amounts as required by Section 4.2 of this Agreement (the "Advertising Fund Contribution").

12.3 Your Advertising Contribution shall be divided in such proportions as may be designated

by us in our sole discretion among the following: (a) payments to the Advertising Fund; (b) payments to any regional advertising fund; or (c) expenditures on local advertising and promotion.

12.4 The Advertising Fund shall be maintained and administered by us or our designee, as follows:

12.4.1 We or our designee shall direct all advertising programs, with sole discretion over the concept, materials and media used in such programs and the placement and allocation thereof. You agree and acknowledge that the Advertising Fund is intended to maximize general public recognition, acceptance and use of the System. We and our designee are not obligated, in administering the Advertising Fund, to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Advertising Fund.

12.4.2 The Advertising Fund, all contributions thereto and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting and preparing advertising, marketing, public relations and/or promotional image of the System, including, among other things, (i) the costs of preparing and conducting media advertising campaigns, (ii) direct mail advertising and/or public relations agencies to assist therein, (iii) purchasing promotional items and conducting and administering visual merchandising, point of sale and other merchandising programs, (iv) and providing promotional and other marketing materials and services to the franchised businesses operated under the System. The Advertising Fund may also be used to provide rebates or reimbursements to you for local expenditures on Products, services or improvements, approved in advance by us, which Products, services or improvements we deem, in our sole discretion, will promote general public awareness and favorable support for the System.

12.4.3 Amounts paid by you to the Advertising Fund shall be maintained in an account separate from our other monies and shall not be used to defray any of our expenses, except for such reasonable costs and overhead, if any, we incur in activities reasonably related to the direction and implementation of the Advertising Fund and advertising programs for franchisees and the System, including, among other things, costs of personnel for creating and implementing advertising, merchandising, promotional and marketing programs. The Advertising Fund and our earnings shall not otherwise inure to our benefit. We or our designee shall maintain separate bookkeeping accounts for the Advertising Fund.

12.4.4 The Advertising Fund is not and shall not be our asset. A statement of the operations of the Advertising Fund as shown on our books shall be prepared annually by us and shall be made available to all franchisees.

12.4.5 Although the Advertising Fund is intended to be of perpetual duration, we maintain the right to terminate the Advertising Fund. The Advertising Fund shall not be terminated, however, until all monies in the Advertising Fund have been expended for advertising and/or promotional purposes. If we terminate the Advertising Fund, we shall have the right to establish other group or cooperative advertising programs and you shall be required to participate in such programs; provided, however, that no such program shall require you to make contributions in excess of the contributions you are currently required to make to the Advertising Fund.

12.5 We shall have the right to establish in our sole discretion, regional advertising funds for the purpose of conducting regional advertising in the geographic areas that we designate (each a "Regional Fund"). If a Regional Fund for the geographic area in which the Franchised Business is located is established during the term of this Agreement, you shall become a member of such Regional Fund. Regional Funds shall be administered and maintained by us upon such terms and conditions as we

reasonably determine are necessary or appropriate for Regional Funds. If you become a member of any Regional Fund, we will allocate up to 50% of the contributions you make to the Advertising Fund to your Regional Fund.

12.6 All local advertising and promotion by you shall be in such media, and of such type and format, as we may approve, shall be conducted in a dignified manner and shall conform to such standards and requirements as we may specify. You shall submit samples of all advertising materials you plan to use to us prior to using such materials. You shall not use any advertising or promotional plans or materials unless and until you have received written approval from us.

13. **INSURANCE**

13.1 Unless otherwise agreed by us in writing, you shall procure, prior to the commencement of any operations under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement, at your expense, an insurance policy or policies protecting you, us and DDL, as well as their respective officers, directors, partners, managers, agents and employees against any demand or claim with respect to personal injury, death or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Franchised Business, including, but not limited to, comprehensive general liability insurance, property and casualty insurance, statutory workers' compensation insurance, employer's liability insurance, and business interruption insurance. Such policy or policies shall be written by a responsible carrier or carriers acceptable to us, shall name us and DDL as an additional insured thereunder (in such manner as may be specified by us), shall provide coverage in the amount of not less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate, and contain a waiver by you and our insurers of their subrogation rights against us and our affiliates and their respective owners, managers, directors, employees and agents.

13.2 Prior to the commencement of any operations under this Agreement, and thereafter at least twenty (20) days prior to the expiration of any policy, you shall deliver to us certificates of insurance evidencing the proper types and minimum amounts of coverage. All certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given to us in the event of material alteration to or cancellation of the coverage evidenced by such certificates.

13.3 We may charge you a late fee of \$5.00 per day for any certificates of insurance that you have not provided us in a timely manner as required by Section 13.2 above. You hereby authorize us to ACH debit these late fees from your bank account without notice to you.

13.4 Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us in the Manual or otherwise in writing, we shall have the right and authority (but not the obligation) to procure such insurance and to charge the same to you, which charges shall be payable by you immediately upon notice. The foregoing remedies shall be in addition to any other remedies we may have.

14. **TRANSFER OF INTEREST**

14.1 You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted this franchise in reliance on your (or, if you are a corporation or partnership, your principal's) business skill, financial capacity and personal character. Accordingly, neither you nor any immediate or remote successor to any part of your interest in this Agreement, nor any individual, partnership, corporation or other legal entity which directly or indirectly owns any interest in you or in all or substantially all of the assets of the Franchised Business shall sell, assign, transfer, convey, pledge, mortgage, encumber, merge or give away any direct or indirect interest in this Agreement, in you

or in all or most of the assets of the Franchised Business (collectively, a “Transfer”) without our prior written consent, which may be granted or denied in our sole and absolute discretion. Any proposed transfer shall be subject to our right of first refusal set forth in Section 14.3 below. Any attempted transfer without our prior written approval shall be null and void and shall constitute a material breach of this Agreement, for which we may immediately terminate without opportunity to cure pursuant to Section 15 of this Agreement.

14.2 You shall notify us in writing of any proposed Transfer of any direct or indirect interest in this Agreement, in you, or in all or substantially all of the assets of the Franchised Business at least thirty (30) days before such Transfer is proposed to take place. In connection with such notice, you shall provide us with copies of all documents to be executed prior to any transfer or assignment of interest in this Agreement or the franchisee entity. Any such Transfer shall be subject to the minimum requirement that one person be designated as a controlling owner of the franchisee entity, owning at least 51% of the partnership, limited liability company, or corporation. If a Transfer, alone or together with other previous, simultaneous or proposed Transfers, would have the effect of changing control of you or substantially all of the assets of the Franchised Business, we may, in our sole discretion, require any or all of the following as conditions of our approval:

14.2.1 That the person to be designated as a controlling owner of the franchisee entity owns and controls not less than fifty-one (51%) of the general partnership interest if a partnership, membership interests if a limited liability company, or shares if a corporation;

14.2.2 That the person to be designated as a controlling owner meets all of our requirements for approval as a franchisee;

14.2.3 That all of your accrued monetary obligations and all other outstanding obligations to us and our affiliates, including DDL, have been satisfied;

14.2.4 That you are not in default of any provision of this Agreement, any amendment hereof or successor hereto or any other agreement between you and us or our affiliates;

14.2.5 That the transferor shall have executed a release, in a form satisfactory to us, of any and all claims against us, our owner(s), affiliates and their respective owners, officers, managers, directors, agents and employees;

14.2.6 That the transferee enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge all of your obligations under this Agreement; and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as we may request guarantee the performance of all such obligations in writing in a form satisfactory to us;

14.2.7 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as we may request) demonstrate to our satisfaction that it (a) meets our educational, managerial and business standards; (b) possesses a good moral character, business reputation and credit rating; (c) possesses the aptitude and ability to operate the Franchised Business (as may be evidenced by prior related business experience or otherwise); and, (d) has adequate financial resources and capital to operate the Franchised Business;

14.2.8 That the transferee execute for the Franchised Business, for a term ending on the expiration date of this Agreement and with such renewal provisions as are provided by this Agreement, the then-current form of franchise agreement and other ancillary agreements as we require for a franchised business, which agreements shall supersede this Agreement in all respects;

14.2.9 That the transferee, at its expense, refurbish the Premises, if any, to conform to our then-current standards and specifications and complete the refurbishing and other requirements within the time specified by us;

14.2.10 That you remain liable for all of the obligations to us in connection with the Franchised Business which arose prior to the effective date of the Transfer and execute any and all instruments reasonably requested by us to evidence such liability;

14.2.11 That the transferee (or, if the transferee is a corporation or partnership, a principal of the transferee acceptable to us) and the transferee's manager (if transferee or transferee's principal will not manage the Franchised Business), at the transferee's expense, complete any training programs then in effect for franchisees and managers upon such terms and conditions as we may reasonably require;

14.2.12 Except as otherwise provided herein, upon the partial or complete sale or other alienation of the franchise by you, you will be required to pay a non-refundable transfer fee equal to the lesser of Seven Thousand Five Hundred Dollars (\$7,500.00) or ten percent (10%) of the sales price, or total consideration, monetary and/or non-monetary, plus any reasonable attorneys' fees incurred by us in connection with our review, analysis, assessment and involvement of any kind with such partial or complete sale or other alienation of the Franchised Business. Upon the partial or complete sale or other alienation of the franchise by you to another franchisee, you will be required to pay a non-refundable transfer fee equal to ten percent (10%) of the sales price, or total consideration, monetary or non-monetary, but not to exceed \$1,000.00, plus any reasonable attorneys' fees incurred by us in connection with our review, analysis, assessment and involvement of any kind with such partial or complete sale or other alienation of the Franchised Business. In the event you add a minority shareholder, partner, member, or owner, you shall pay a transfer fee of One Thousand Dollars (\$1,000.00) to us, plus any reasonable attorneys' fees incurred by us in connection with our review, analysis, assessment and involvement of any kind with such partial or complete sale or other alienation of the Franchised Business. The transfer fee is for the training, supervision, administrative costs, overhead, counsel fees, accounting and our other expenses in connection with the transfer. Such fee shall be due at the time of Transfer. However, in the case of a Transfer to a corporation or limited liability company formed by you for the convenience of ownership, no such transfer fee shall be required, if the ownership is the same. In the event you transfer multiple Franchised Locations under separate Franchise Agreements pursuant to the terms of this Agreement, you shall allocate the total purchase price of such transfer among each Franchised Location. The transfer fee in this Section 14.2.12 shall then be applied to each location based upon your allocation provided to us.

14.3 If any party holding any direct or indirect interest in this Agreement, in you or in all or substantially all of the assets of the Franchised Business proposes to Transfer any interest in this Agreement, you, or all or substantially all of the assets of the Franchised Business, the Transfer of which would have the effect of transferring such interest or assets, by accepting any bona fide offer from a third party to purchase such interest and/or assets, such party shall notify us in writing of each such offer, and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the transferor that we intend to purchase the transferor's interest or the assets on the same terms and conditions offered by the third party. If we elect to purchase the transferor's interest or assets, closing on such purchase must occur within thirty (30) days from the date of the notice to the transferor of our election to purchase. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by us as in the case of an initial offer. Our failure to exercise the option afforded by this Section shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Agreement with respect to a proposed Transfer. If the consideration, terms and/or conditions offered by a third party are such that we may not reasonably be

required to furnish the same consideration, terms and/or conditions, then we may purchase the interest or assets proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the cash consideration, an independent appraiser shall be designated by us, and the determination of such appraiser shall be binding.

14.4 Upon the death or mental incapacity of any person with an interest in the Franchised Business, which would have the effect of transferring control of you, the executor, administrator or personal representative of such person shall transfer, within six (6) months after such death or mental incapacity, such interest to a third party approved by us. Such Transfers, including, without limitation, Transfers by devise or inheritance, shall be subject to the same conditions as any *intervivos* Transfer. However, in the case of Transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 14, the personal representative of the deceased shall have a reasonable time to dispose of the deceased's interest, which disposition shall be subject to all the terms and conditions for Transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, not to exceed six months, we may terminate this Agreement

14.5 Our consent to a Transfer of any interest in this Agreement, in you or in all or substantially all of the assets of the Franchised Business shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

14.6 If you are a corporation, limited liability company or partnership, you shall require each shareholder, member or partner (as the case may be) holding an interest in you to execute and deliver to us a covenant by which such person or entity agrees not to transfer any interest in you except in accordance with the terms and conditions of this Agreement. The organizational documents of any entity that is a franchisee shall recite that they are subject to all restrictions contained in this Agreement.

14.7 If, for any reason, this Agreement is not terminated pursuant to Section 15 and it is contemplated that this Agreement will be assumed by or assigned to a person or entity who has made a bona fide offer to accept an assignment or assumption of this Agreement, pursuant to the U.S. Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth (a) the name and address of the proposed assignee, and (b) all of the terms and conditions of the proposed assignment or assumption, shall be given to us within twenty (20) days after receipt of such proposed assignee's offer to accept assignment or assumption of this Agreement, and, in any event, within ten (10) days prior to the date that the application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and we shall have the right and option, exercisable within thirty (30) days after receipt of such notice, to accept an assignment of this Agreement to us, upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by you out of the consideration to be paid by such assignee for the assignment of this Agreement.

15. **DEFAULT AND TERMINATION**

15.1 You shall be deemed to be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice to you, (i) if you shall become insolvent or make a general assignment for the benefit of creditors, (ii) if a petition in bankruptcy is filed by you or such a petition is filed against you and is not dismissed within thirty (30) days, (iii) if you are adjudicated bankrupt or insolvent, (iv) if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you, (v) if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction, (vi) if proceedings for a composition with creditors under any state or federal law

should be instituted by or against you, (vii) if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a bond is filed), (viii) if you are dissolved, (ix) if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the Premises, if any, or equipment is instituted against you and not dismissed within thirty (30) days, or (x) if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, constable, or the like.

15.2 Upon the occurrence of any of the following events of default, we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon the provision of notice to you:

15.2.1 If you fail to locate an approved site or to construct and open the Franchised Business within the time limits provided in the Site Selection Addendum or Section 5.4 of this Agreement;

15.2.2 If you and/or your manager fails to satisfactorily complete the initial training program described in Section 6.1 hereof to our satisfaction;

15.2.3 If you at any time cease to operate or otherwise abandon the Franchised Business, or forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located; provided, however, that if you are operating a Dippin' Dots® Retail Venue under this Agreement and through no fault of your own, the Premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within ninety (90) days thereafter, then you shall have thirty (30) days after such event in which to apply for our approval to relocate or reconstruct the Premises, which approval shall not be unreasonably withheld;

15.2.4 If you or any of your principals or officers are convicted of a felony, a crime involving moral turpitude or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or our interest therein;

15.2.5 If any purported assignment or Transfer of any direct or indirect interest in this Agreement, in you or in all or substantially all of the assets of the Franchised Business is made to any third party without our prior written consent, contrary to the terms of Section 14 hereof;

15.2.6 If an approved Transfer is not effected within the time provided following death or mental incapacity, as required by Section 14 herein;

15.2.7 If you fail to comply with or perform any of the covenants contained herein;

15.2.8 If, contrary to any covenant contained within this Agreement, you disclose, divulge or use the contents of the Manual or other confidential information provided to you or if you violate any of the noncompetition or confidentiality covenants by which you are bound in this or any other agreement between you and us or our affiliates;

15.2.9 If you knowingly maintain false books or records, or submit any false reports (including, without limitation, the application for this franchise) to us;

15.2.10 If you misuse or make any unauthorized use of the Marks or any other identifying characteristics of the System, or otherwise materially impair the goodwill associated therewith or our rights therein;

15.2.11 If you refuse to permit us to inspect the Premises, any other location you are operating the Franchised Business with our consent, or your books, records or accounts in accordance with

this Agreement;

15.2.12 If you, upon receiving a notice of default as to which there is the opportunity to cure such default, fail to initiate immediately a remedy to cure such default; or

15.2.13 If you, after curing a default, commit the same default again within a two-year period, whether or not cured after notice.

15.3 Except as otherwise provided in Sections 15.1 and 15.2 of this Agreement, upon any other default of this Agreement by you, we may terminate this Agreement by giving you written Notice of termination stating the nature of the default at least thirty (30) days prior to the effective termination. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to you, effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

Defaults which are susceptible of cure hereunder include the following illustrative events:

15.3.1 Except as provided in Sections 15.1 and 15.2 hereof, if you fail to comply with any of the requirements imposed by this Agreement;

15.3.2 If you fail, refuse or neglect promptly to pay any monies owing to us or our affiliates when due, or to submit the financial or other information we require under the Agreement or any franchise agreement between us and you;

15.3.3 If you fail to maintain or observe any of the standards or procedures prescribed by us in this Agreement, the Manual or otherwise in writing;

15.3.4 Except as provided in Section 15.2 hereof, if you fail, refuse or neglect to obtain our prior written approval or consent as required by this Agreement;

15.3.5 If you are operating a Dippin' Dots® Retail Venue under this Agreement and you act, or fail to act, in any manner which is inconsistent with or contrary to your lease or sublease for the Premises, or in any way jeopardizes your right to renewal of such lease or sublease; or

15.3.6 If you engage in any business or market any service or product under a name or mark which, in our opinion, is confusingly similar to the Marks;

15.3.7 If a threat or danger to public health or safety results from the construction, maintenance or operation of the Franchised Business.

15.3.8 If you attempt to use the Marks or any other identifying characteristics of the System to sell Products at any event or location licensed to or serviced by another franchisee, distributor of Dippin' Dots® Products, or DDL itself. In the event you are in violation of this Section 15.3.8, in addition to being in default under Section 15.3, subject to the right to cure defined therein, you shall be charged by ACH debit a fee in the amount of One Thousand Dollars (\$1,000.00) for the first breach, as liquidated damages, and a fee in the amount of Twenty-Five Hundred Dollars (\$2,500.00) by ACH debit for each subsequent breach, regardless of whether you cure the default or not. You must pay a fee of \$250 for each freezer placement that is found to be unauthorized by Dippin' Dots Franchising; i.e. prior approval was not granted before a freezer was placed at the account. If any ACH debit under this Section 15.3.8 is returned for insufficient funds, you shall have 30 days from the date we notify you of the returned ACH debit to pay the full amount of the fee owed under this Section, in addition to any other fees required under this

Agreement for insufficient ACH debit charges (Section 4.5).

15.4 Any agreement between you and us and/or our affiliates which provides for the purchase of goods and services from us or one of our affiliates and for which there are credit terms granted to you shall be deemed a contract to extend a financial accommodation to you within the meaning of 11 U.S.C. Section 365(c). Such agreement, whether or not contained within the terms of this Agreement or in a separate written agreement shall be deemed to be a single unitary agreement. A default by you under this Agreement will be deemed a default of all agreements between you or your affiliates and us or our affiliates, including any agreement between you or your affiliates and DPF, if applicable. A default by you or your affiliates under any other agreement between you or your affiliates and us or our affiliates, including any agreement between you or your affiliates and DPF, will be deemed a default under this Agreement. A default by the guarantor(s) of this Agreement or any other agreement of guaranty, will be deemed a default of this Agreement. If this Agreement is terminated as a result of a default by you, we may, at our option, elect to terminate any or all other agreements between you or your affiliates and us or our affiliates, including any agreement between you or your affiliates and DPF. If any other agreement between you or your affiliates and us or our affiliates is terminated as a result of a default by you or your affiliates, we may, at our option, elect to terminate this Agreement. It is agreed that an incurable or uncured default under this Agreement or any other agreement between you or your affiliates and us or our affiliates will be grounds for termination of this Agreement and/or all agreements between you or your affiliates and us or our affiliates without additional notice or opportunity to cure.

16. **OBLIGATIONS UPON TERMINATION OR EXPIRATION**

Upon termination or expiration of this Agreement, all rights granted hereunder to you shall forthwith terminate, and:

16.1 You shall immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as one of our present or former franchisees.

16.2 You shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System, the Marks and distinctive forms, slogans, signs, symbols and devices associated with the System. In particular, you shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, products and any other articles that display the Marks.

16.3 You shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by you which contains any of the Marks, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

16.4 If you are operating a Dippin' Dots® Retail Venue under this Agreement, you shall, at our option, assign to us any interest that you have in any lease or sublease for the Premises. If we do not elect or are for whatever reason unable to exercise our option to acquire the lease or sublease for the Premises, you shall make such modifications or alterations to the Premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Premises from that of franchised businesses operating under the System, and you shall make such specific additional changes thereto as we may reasonably request for that purpose. If you fail or refuse to comply with the requirements of this Section, we will be entitled to injunctive or other similar relief, without bond, against you or any other person bound by this Agreement in order to enforce compliance.

16.5 You agree, if you continue to operate or subsequently begin to operate any other business,

not to use any reproduction, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which, in our sole discretion, is likely to cause confusion, mistake or deception, or which is likely to dilute our rights in and to the Marks. You further agree not to utilize any designation or origin, description or representation (including but not limited to reference to us, the System, or the Marks) which, in our sole discretion, suggests or represents a present or former association or connection with us, the System or the Marks.

16.6 You shall promptly pay all sums owing to us and our affiliates. In the event of termination for any default by you, such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by us or DDL as a result of the default, which obligation shall give rise to and remain, until paid-in-full, a lien and security interest in favor of us in all of your right, title and interest in any and all personal property, furnishings, equipment, signs, fixtures and inventory owned by you and used in the Franchised Business at the time of default.

16.7 You shall immediately deliver to us the Manual and all other records, correspondence and instructions containing confidential information relating to the operation of the Franchised Business, all of which are acknowledged to be our property.

16.8 We shall have the option, to be exercised within thirty (30) days after termination, to purchase from you any or all of the furnishings, equipment, signs and fixtures related to the operation of the Franchised Business at fair market value and to purchase any or all supplies and inventory of the Franchised Business at your cost. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraisal shall be conducted, at our sole discretion, and the appraiser's determination shall be binding. If we elect to exercise any option to purchase herein provided, we shall have the right to set off all amounts due from you, and the cost of the appraisal, if any, against any payment thereof.

16.9 You shall assign to us any interest which you may have in and to the telephone number(s) of the Franchised Business and you must immediately cease use of said telephone number(s).

17. **COVENANTS**

17.1 You covenant that, during the term of this Agreement, except as we otherwise approve in writing, you (or, if you are a corporation, limited liability company or partnership, one of your principals or general partners) or your fully-trained manager shall devote full time and best efforts to the management and operation of the Franchised Business.

17.2 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable, specialized training and confidential information, including, without limitation, information regarding our operational, sales, promotional and marketing methods and techniques and the System. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you shall not, either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person or legal entity, divert or attempt to divert any present or prospective business or customer of any franchised business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

17.3 You covenant that, except as otherwise approved in writing by us, you shall not, during the Term of the Franchise Agreement and for a continuous uninterrupted period of two (2) years commencing upon the date of: (a) a Transfer permitted under Section 14 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitration panel, or arbitrator(s), or a court of competent jurisdiction (after all appeals

have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 17.3; or (e) the latest of any or all of the foregoing; either directly or indirectly, for itself, or through, on behalf of or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to or have any interest in (as owner or otherwise) any business that features the sale of ice cream, yogurt or frozen flavored water within the Territory.

17.4 Section 17.3 shall not apply to ownership by you of a less than five (5%) percent ownership in a corporation with equity securities publicly traded on a national securities exchange.

17.5 You expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section 17. You agree to pay all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by us in connection with the enforcement of this Section 17, or any other provision of this Franchise Agreement.

17.6 At our request, you shall obtain and furnish to us executed covenants similar in substance to those set forth in Section 10 and this Section 17 (including covenants applicable upon the termination of a person's relationship with you and the provisions of Section 16 of this Agreement as modified to apply to an individual) from any or all of the following person: (a) all managers of you and any other personnel employed by you who have received or will receive training from us; (b) all officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of you and of any corporation directly or indirectly controlling, controlled by or under common control with you, if you are a corporation; and (c) the general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of one percent (1%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if you are a partnership. Every covenant required by this Section shall be in a form approved by us, including, without limitation, specific identification of us as a third party beneficiary of such covenants with the independent right to enforce them.

18. **TAXES, PERMITS AND INDEBTEDNESS**

18.1 You shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by you in the operation of the Franchised Business. You shall pay to us an amount equal to any sales tax, gross receipts tax or similar tax (other than income tax) imposed on us with respect to any payments to us required under this Agreement, unless the tax is credited against income tax otherwise payable by us.

18.2 In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event shall you permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Premises, or any improvements thereon.

18.3 You shall comply with all federal, state and local laws, rules and regulations, and shall timely obtain all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits and fire clearances.

18.4 You shall immediately notify us in writing of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the

Franchised Business or you.

19. **INDEPENDENT OWNER AND OPERATOR**

19.1 It is understood and agreed by the parties that this Agreement does not create a fiduciary relationship, that you shall be an independent owner and operator of the Franchised Business and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever.

19.2 During the term of this Agreement, you shall hold yourself out to the public as an independent owner and operator of the Franchised Business pursuant to a franchise agreement from us. You agree to take such action as may be necessary to do so, including, without limitation exhibiting a notice of that fact in a conspicuous place at the Premises and any other location you are operating the Franchised Business with our consent, the content of which we reserve the right to specify.

19.3 Neither we nor any of our affiliated companies will be liable for any of your acts, omissions, debts or other obligations. You agree to indemnify us and our affiliated companies and each of their officers, directors and employees against any claims, legal proceedings, investigations, damages, costs and expenses, and the cost of defending them, if they arise directly or indirectly from, or as a result of, your operation of the Franchised Business. Your indemnification does not apply to acts or omissions involving our gross negligence or intentional misconduct.

20. **APPROVALS AND WAIVERS**

20.1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us therefore, and such approval or consent must be obtained in writing.

20.2 We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you, by providing any waiver, approval, consent or suggestion to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefore.

20.3 No failure by us to exercise any power reserved to us by this Agreement, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms hereof. Our waiver of any particular default by you shall not affect or impair our rights with respect to any subsequent default of the same, similar or different nature; nor shall any delay, forbearance or omission of us to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants hereof, affect or impair our right to execute the same; nor shall such constitute a waiver by us of any right hereunder, or of the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Our subsequent acceptance of any payments due to us hereunder shall not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

21. **NOTICES**

Any and all notices that are required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by certified mail or sent by other means which affords the sender evidence of delivery or rejected delivery, to the respective parties at the addresses designated on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by means which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given and received at the date and time of receipt or rejected delivery.

22. **ENTIRE AGREEMENT**

This Agreement, the Exhibits and attachments hereto and the documents referred to herein constitute the entire Agreement between us and you concerning the subject matter hereof, and supersedes any prior agreements (whether oral or written), promises, arrangements or obligations by and between us and you, and no other representations have induced you to execute this Agreement. Except for those permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement, or any related agreement is intended to disclaim our representations in our Franchise Disclosure Document.

23. **SEVERABILITY AND CONSTRUCTION**

23.1 Each section, part, term or provision of this Agreement is severable, and if, for any reason, any section, part, term or provision of this Agreement is deemed to be invalid and contrary to, or in conflict with, any existing or future law, decision, ruling or regulation of a court or agency having valid jurisdiction, that will not impair the operation or affect the remaining portions, sections, parts, terms or provisions of this Agreement, and the latter will continue to be given full force and effect and bind you and us, and the invalid sections, parts, terms or provisions will not be a part of this Agreement. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you.

23.2 Any provision or covenant in this Agreement that expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination) shall survive such expiration, termination or assignment.

24. **ARBITRATION; APPLICABLE LAW**

24.1 Except as otherwise provided in Section 24.7, all disputes between the parties, including all those arising under or related to this Agreement shall be resolved by final binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“AAA”), regardless of whether administered by the parties or by the AAA. The arbitration proceedings shall be governed by the Federal Arbitration Act. The arbitration shall take place in Oklahoma City, Oklahoma and the parties consent to application of the laws of the State of Oklahoma, excluding its conflict of laws provisions. Any party who fails or refuses to submit any dispute to binding arbitration following a lawful demand by the opposing party shall bear all costs and expenses incurred by the opposing party in compelling arbitration.

24.2 For any dispute involving less than Three Hundred Thousand Dollars (\$300,000.00), the matter will be resolved by a single arbitrator and, absent a disagreement over the selection of the arbitrator, shall be self-administered. The parties shall have thirty days after the service of a Statement of Claim and demand for arbitration to agree on a single arbitrator. If the parties cannot agree on a single arbitrator, the matter will be filed with and administered by the AAA. For any dispute involving more than Three Hundred Thousand Dollars (\$300,000.00), three arbitrators shall be employed and the matter shall be filed with and administered by the AAA.

24.3 You agree that arbitration will be conducted on an individual basis only. Neither party shall commence any arbitration with a third party against the other, or join with any third party in any arbitration involving the other party. Further, neither party shall attempt to consolidate or otherwise combine in any manner, an arbitration proceeding involving the parties with another arbitration of any kind, nor shall either party attempt to certify a class or participate as a party in a class action against the other.

24.4 No discovery depositions shall be allowed unless the arbitrator(s) make a finding of exceptional need. The decision of the arbitrator(s) shall be final and binding. Either side may confirm and enforce any arbitration award in any court having jurisdiction.

24.5 The parties shall be entitled to a resort to provisional remedies to prevent breaches of this Agreement and to enforce specifically its terms, pending a final resolution of any claim by binding arbitration. In the event of resort to a provisional remedy, the parties agree that upon conclusion of such preliminary equitable proceeding; the matter shall be stayed pending a resolution of the underlying claim by arbitration.

24.6 The parties (and their owners and guarantors, if applicable) waive to the fullest extent permitted by law, any right to or claim for any punitive or consequential damages against the other and agree that in a dispute between them each shall be limited to the recovery of any actual damages sustained by it.

24.7 The following claims may be litigated as provided in Section 24.8: (a) claims involving actual or threatened disclosure or misuse of the confidential information; (b) claims involving the ownership, validity or use of the Marks; (c) claims to enjoin a transfer alleged to be in violation of Section 14; or (d) claims by Franchisor to enforce Franchisee's obligations under Section 17.

24.8 The parties agree that, for any matter that may be litigated, Franchisee must file any suit against Franchisor only in the federal or state court having jurisdiction in Oklahoma City, Oklahoma. Franchisor may file suit in the federal or state court having jurisdiction in Oklahoma City, Oklahoma or in the jurisdiction where Franchisee resides or does business or where the Franchised Business is or was located or where the claim arose. Franchisee consents to the personal jurisdiction of those courts over Franchisee and to venue in those courts.

24.9 This arbitration provision shall survive any termination, amendment, renewal, extension or expiration of this Agreement or any agreement executed in connection herewith.

25. **ACKNOWLEDGEMENTS**

25.1 You acknowledge that you have conducted an independent investigation of the business franchised hereunder, and recognize that the business venture contemplated by this Agreement involves business risks and that your success will be largely dependent upon your ability (or, if you are a corporation or partnership, the ability of your principals) as an independent businessperson. We expressly disclaim the making of, and you acknowledge that you have not received, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

25.2 You acknowledge that you received a complete copy of this Agreement, the attachments hereto and agreements relating thereto, if any, at least seven (7) days prior to the date on which this Agreement was executed. You further acknowledge that you received our Franchise Disclosure Document, required by the Federal Trade Commission, at least fourteen (14) days prior to the date on which this Agreement was executed.

25.3 You acknowledge that you have read and understood this Agreement, the attachments hereto and agreements relating thereto, if any, and that we have accorded you ample time and opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Agreement.

26. **DDF FRANCHISEE COUNCIL, INC.**

26.1 The DDF Franchisee Council, Inc. (the “Council”) was formed to serve as an advisory board to us on advertising, marketing, operations, new Product and service suggestions and other matters concerning the System. We will seek the advice of the Council, our officers and committees.

26.2 While the Franchised Business remains in operation in accordance with this Agreement, you are required to be a member with full privileges of the Council. We and all other franchisees of the System will also be members of the Council. All members of the Council will be entitled to one (1) vote on all matters that members are authorized to vote on under this Agreement and the By-Laws of the Council.

26.3 Membership dues for the Council are One Hundred Dollars (100.00) annually per franchisee. Membership dues may be increased or decreased by the Council as needed to meet the requirements of the annual budget. The Council may also impose fines for members that violate requirements set forth by the Council in its governing documents. You agree to execute an authorization for us to ACH debit the membership dues from your bank account for the benefit of the Council.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized representatives, in duplicate, on the date first written above.

FRANCHISEE

Dippin' Dots Franchising, L.L.C.
FRANCHISOR

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Address for Notice to Franchisee:

Address for Franchisor:

Dippin' Dots Franchising, L.L.C.
155 Main Street
Paducah, Kentucky 42003
Fax: (270) 575-6997

Fax: _____

EXHIBIT "A"
RETAIL VENUES

EXHIBIT "A-1"

PERMITTED LOCATIONS FOR RETAIL VENUES

The following is a list of locations and events where you are allowed to solicit and make sales with our prior written approval pursuant to the terms of the Agreement provided that a national or local agreement providing that such location is not serviced by a third party that has an existing contract with DDL now or in the future.

Store Locations

- Malls
- Outlet Centers
- Lifestyle Centers
- Other Shopping Centers

Fairs & Festivals

- State/County fairs (carts & concession trailers)
- Street fairs
- Arts & crafts fairs
- Local festivals
- 4th of July events
- Parades

Bowling Alleys; Roller Skating Rinks; Ice Skating Rinks

- Concession area
- Birthday parties

Family Fun Centers

- Laser tag
- Miniature golf
- Game rooms (stand-alone facilities-not inside malls or other locations)
- Inflatable facilities (bouncehouses)
- Trampoline establishments

Youth Sports Complexes

- Skate parks
- YMCAs
- Indoor soccer, hockey, baseball, basketball, etc.
- Little league ball fields/soccer fields
- Batting cages

Hotels & Resorts (except Resort Hotels with Water Parks or Hotels where the Water Park is the primary attraction)

- By the pool
- In the gift shop

Food establishments -including but not limited to:

- Bakeries
- Delis
- Privately owned restaurants
- Cafes

Catering

- Birthday parties
- Bar Mitzvahs/Bat Mitzvahs
- Weddings
- Company events (customer appreciation days, employee appreciation days, grand openings, promotional events)

Approved Chains

- Food (i.e. grocery), Drug, Mass, Convenience/Club ("FDMC") Channel with less than 25 locations, including, without limitation, convenience stores, drug stores, supermarkets, gas station convenience stores

Schools (K through 12th grade), provided that a national or local contract has not been executed.

- Prom
- Graduation night
- Homecomings
- Wrestling
- Football
- Basketball
- Baseball
- Soccer
- Cheerleading competitions
- Booster clubs
- General fundraising
- Field days
- Carnivals
- Fall festivals
- Band competitions
- Cafeterias
- Volleyball
- Tournaments (local, regional, national athletic events held locally)

Miscellaneous

- Summer camps
- State and National Parks
- Parks & rec. department
- City pools/Aquatic Centers/Splash Pads
- Hospitals
- Country clubs
- Ice Cream Shops (pre-pack only)
- Jewish community centers
- Churches – youth centers
- Dance/cheer competitions
- Flea Markets
- "Drive-In" Movies

- Corporations/Companies – such as company picnics or employee appreciation days

PROHIBITED LOCATIONS FOR EVENTS AND PRODUCT PLACEMENT VENUES

The following is a list of locations where you are prohibited from soliciting and making sales of the Product as a franchisee.

- Liquor stores
- Smoke/Tobacco Shops
- Vape Shops
- Gun/Fire Arms Shops (where sales of the guns or any ancillary products exceed 50% of their total sales)
- Popcorn Stores, or location where more than 51% of their revenue comes from Popcorn.

Upon successful completion of the Service Provider Standard Operating Procedure process, you may or may not be approved to service such locations, subject to the terms of the Service Provider Agreement to be entered into between you and DDL.

- Theaters
- Zoos
- Stadiums/Arenas
- Theme parks
- Waterparks -including, without limitation, Water Park Resort Hotels
- Museums
- Aquariums
- Colleges – including, without limitation, Food Service & Campus C-Stores & Book Stores
- Convention centers
- Airports
- Corporate Cafeteria
- Amusement Parks
- Family Entertainment Centers (FEC) – with more than 100 locations in the United States, including, without limitation, the following:
 - Fun Centers
 - Indoor & Outdoor Go-Cart Tracks
 - Mini Golf/Putt-Putt Locations
 - Escape Rooms
 - Trampoline Establishments
- “Emerging Chains” to be identified by rapid market growth within the industry and deemed to be an equitable match for the SP program by both Vice President of Sales & Marketing and the Associate Vice President of Franchising.
- FDMC Channel with 25 or more locations, including, without limitation, convenience stores, drug stores, supermarkets, gas station convenience stores
- Any non-FDMC Channel with 100 or more locations
- You are not permitted to solicit or negotiate any permitted accounts that cross over multiple territories assigned to Franchised Businesses, have less than 100 accounts and have 1 identified group buyer without prior permission from The Associate VP of Franchising and the VP of Sales & Marketing. You cannot negotiate on behalf of fellow Franchised Businesses without prior approval of the Associate Vice President of Franchising.
 - If permission is not granted, the lead or customer information will be researched and sent to the Chief Operating Officer for further vetting. In this process, it will be determined if there is interest with the

customer to have their location serviced by a network, if yes, a program will be constructed and you will have the right to opt-in or opt-out.

- If permission is granted then additional guidelines will be implemented to ensure proper handling of the account. Including the eligibility of the account into the referral program. The Referral program may be updated, or discontinued at any time. More information on the program can be supplied upon request with the prospective account being discussed at that time.

INTERNET SALES OF ANY KIND ARE STRICTLY PROHIBITED

EXHIBIT “B”
DEVELOPMENT SCHEDULE
PERFORMANCE PLAN

EXHIBIT "C"

DMA COUNTIES

Chicago

CHICAGO - M/D

COOK

DE KALB

Du page

GRUNDY

KANE

KANKAKEE

KENDALL

LA SALLE

LAKE

MCHENRY

WILL

JASPER, Indiana

LA PORTE

LAKE

NEWTON

PORTER

Atlanta

Banks, GA

Barrow, GA

Bartow, GA

Butts, GA

Carroll, GA

Chattooga, GA

Cherokee, GA

Clarke, GA

Clay, NC

Clayton, GA

Cleburne, AL

Cobb, GA

Coweta, GA

Dawson, GA

DeKalb, GA

Douglas, GA

Fannin, GA

Fayette, GA

Floyd, GA

Forsyth, GA

Fulton, GA

Gilmer, GA

Gordon, GA

Greene, GA

Gwinnett, GA

Habersham, GA

Hall, GA

Haralson, GA

Heard, GA

Henry, GA

Jackson, GA

Jasper, GA

Lamar, GA

Lumpkin, GA

Madison, GA

Meriwether, GA

Morgan, GA

Newton, GA

Oconee, GA

Oglethorpe, GA

Paulding, GA

Pickens, GA

Pike, GA

Polk, GA

Putnam, GA

Rabun, GA

Randolph, AL

Rockdale, GA

Spalding, GA

Towns, GA

Troup, GA

Union, GA

Upson, GA

Walton, GA

White, GA

Baltimore

Anne Arundel, MD

Baltimore, MD

Caroline, MD

Carroll, MD

Cecil, MD

Harford, MD

Howard, MD

Kent, MD

Queen Anne's, MD

Talbot, MD
Boston
Barnstable, MA
Belknap, NH
Cheshire, NH
Dukes, MA
Essex, MA
Hillsborough, NH
Merrimack, NH
Middlesex, MA
Nantucket, MA
Norfolk, MA
Plymouth, MA
Rockingham, NH
Strafford, NH
Suffolk, MA
Windham, VT
Worcester, MA
Charlotte
Alexander, NC
Anson, NC
Ashe, NC
Avery, NC
Burke, NC
Cabarrus, NC
Caldwell, NC
Catawba, NC
Chester, SC
Chesterfield, SC
Cleveland, NC

Gaston, NC
Iredell, NC
Lancaster, SC
Lincoln, NC
Mecklenburg, NC
Richmond, NC
Rowan, NC
Stanly, NC
Union, NC
Watauga, NC
York, SC
Cleveland-Akron
Ashland, OH
Ashtabula, OH
Carroll, OH
Cuyahoga, OH
Erie, OH
Geauga, OH
Holmes, OH
Huron, OH
Lake, OH
Lorain, OH
Medina, OH
Portage, OH
Richland, OH
Stark, OH
Summit, OH
Tuscarawas, OH
Wayne, OH
Dallas-Ft. Worth

ANDERSON
COLLIN
COMANCHE
COOKE
DALLAS
DELTA
DENTON
ELLIS
ERATH
FANNIN
FREESTONE
HAMILTON
HENDERSON
HILL
HOOD
HOPKINS
HUNT
JACK
JOHNSON
KAUFMAN
LAMAR
NAVARRO
PALO PINTO
PARKER
RAINS
RED RIVER
ROCKWALL
SOMERVELL
TARRANT
VAN ZANDT

WISE
Detroit
Lapeer, MI
Livingston, MI
Macomb, MI
Monroe, MI
Oakland, MI
Sanilac, MI
St. Clair, MI
Washtenaw, MI
Wayne, MI
Denver
Adams, CO
Alamosa, CO
Albany, WY
Arapahoe, CO
Archuleta, CO
Arthur, NE
Banner, NE
Boulder, CO
Box Butte, NE
Broomfield, CO
Campbell, WY
Carbon, WY
Chaffee, CO
Cheyenne, CO
Cheyenne, NE
Clear Creek, CO
Conejos, CO
Costilla, CO

Dawes, NE
Delta, CO
Denver, CO
Deuel, NE
Dolores, CO
Douglas, CO
Dundy, NE
Eagle, CO
Elbert, CO
Garden, NE
Garfield, CO
Gilpin, CO
Grand, CO
Grant, NE
Gunnison, CO
Hinsdale, CO
Hooker, NE
Jackson, CO
Jefferson, CO
Johnson, WY
Keith, NE
Kimball, NE
Kit Carson, CO
Lake, CO
Larimer, CO
Lincoln, CO
Logan, CO
Mineral, CO
Moffat, CO
Morgan, CO

Morrill, NE
Niobrara, WY
Ouray, CO
Park, CO
Phillips, CO
Pitkin, CO
Platte, WY
Prowers, CO
Rio Blanco, CO
Rio Grande, CO
Routt, CO
Saguache, CO
San Juan, CO
San Miguel, CO
Sedgwick, CO
Sheridan, NE
Sioux, NE
Summit, CO
Washington, CO
Weld, CO
Yuma, CO
Houston
Austin, TX
Brazoria, TX
Calhoun, TX
Chambers, TX
Colorado, TX
Fort Bend, TX
Galveston, TX
Grimes, TX

Harris, TX
Jackson, TX
Liberty, TX
Matagorda, TX
Montgomery, TX
Polk, TX
San Jacinto, TX
Trinity, TX
Walker, TX
Waller, TX
Washington, TX
Wharton, TX
Indianapolis
Bartholomew, IN
Blackford, IN
Boone, IN
Brown, IN
Carroll, IN
Cass, IN
Clinton, IN
Decatur, IN
Delaware, IN
Fayette, IN
Fountain, IN
Grant, IN
Hamilton, IN
Hancock, IN
Hendricks, IN
Henry, IN
Howard, IN

Johnson, IN
Lawrence, IN
Madison, IN
Marion, IN
Miami, IN
Monroe, IN
Montgomery, IN
Morgan, IN
Owen, IN
Putnam, IN
Randolph, IN
Rush, IN
Shelby, IN
Tipton, IN
Warren, IN
Wayne, IN
White, IN
Los Angeles
INYO
KERN
LOS ANGELES
ORANGE
RIVERSIDE
SAN BERN
VENTURA
ESMERALDA, Nevada
Miami-Ft. Lauderdale
Broward, FL
Miami-Dade, FL
Monroe, FL

Minneapolis- St. Paul
Aitkin, MN
Anoka, MN
Barron, WI
Beltrami, MN
Benton, MN
Big Stone, MN
Burnett, WI
Carver, MN
Cass, MN
Chippewa, MN
Chisago, MN
Cottonwood, MN
Crow Wing, MN
Dakota, MN
Douglas, MN
Dunn, WI
Faribault, MN
Goodhue, MN
Grant, MN
Hennepin, MN
Hubbard, MN
Isanti, MN
Jackson, MN
Kanabec, MN
Kandiyohi, MN
Lac qui Parle, MN
Le Sueur, MN
Lyon, MN
McLeod, MN

Meeker, MN	Allen, KY	Overton, TN
Mille Lacs, MN	Bedford, TN	Perry, TN
Morrison, MN	Benton, TN	Pickett, TN
Nicollet, MN	Cannon, TN	Putnam, TN
Pierce, WI	Cheatham, TN	Robertson, TN
Stearns, MN	Christian, KY	Rutherford, TN
Steele, MN	Clay, TN	Simpson, KY
Stevens, MN	Clinton, KY	Smith, TN
Swift, MN	Coffee, TN	Stewart, TN
Todd, MN	Cumberland, KY	Sumner, TN
Traverse, MN	Davidson, TN	Todd, KY
Wabasha, MN	DeKalb, TN	Trigg, KY
Wadena, MN	Decatur, TN	Trousdale, TN
Waseca, MN	Dickson, TN	Van Buren, TN
Washburn, WI	Franklin, TN	Warren, TN
Washington, MN	Giles, TN	Wayne, TN
Wright, MN	Henry, TN	White, TN
Yellow Medicine, MN	Hickman, TN	Williamson, TN
Pine, MN	Houston, TN	Wilson, TN
Polk, WI	Humphreys, TN	<u>New York</u>
Pope, MN	Jackson, TN	Bergen, NJ
Ramsey, MN	Lawrence, TN	Bronx, NY
Redwood, MN	Lewis, TN	Dutchess, NY
Renville, MN	Logan, KY	Essex, NJ
Rice, MN	Macon, TN	Fairfield, CT
Scott, MN	Marshall, TN	Hudson, NJ
Sherburne, MN	Maury, TN	Hunterdon, NJ
Sibley, MN	Monroe, KY	Kings, NY
St. Croix, WI	Montgomery, TN	Middlesex, NJ
<u>Nashville</u>	Moore, TN	Monmouth, NJ

Morris, NJ
Nassau, NY
New York, NY
Ocean, NJ
Orange, NY
Passaic, NJ
Pike, PA
Putnam, NY
Queens, NY
Richmond, NY
Rockland, NY
Somerset, NJ
Suffolk, NY
Sullivan, NY
Sussex, NJ
Ulster, NY
Union, NJ
Warren, NJ
Westchester, NY
Orlando
Brevard, FL
Flagler, FL
Lake, FL
Marion, FL
Orange, FL
Osceola, FL
Seminole, FL
Sumter, FL
Volusia, FL
Philadelphia

Ken, DE
New Castle
Atlantic AC-Split, NJ
ATLANTIC EAST
ATLANTIC WEST
BURLINGTON
CAMDEN
CAPE MAY
CUMBERLAND
GLOUCESTER
MERCER
SALEM
BERKS, Philadelphia
BUCKS
CHESTER
DELAWARE
LEHIGH
MONTGOMERY
NORTHAMPTON
PHILADELPHIA
Phoenix
Coconino, AZ
Gila, AZ
Graham, AZ
Greenlee, AZ
La Paz, AZ
Maricopa, AZ
Mohave, AZ
Navajo, AZ
Pinal, AZ

Yavapai, AZ
Pittsburgh
Allegheny, PA
Armstrong, PA
Beaver, PA
Butler, PA
Clarion, PA
Fayette, PA
Forest, PA
Garrett, MD
Greene, PA
Indiana, PA
Lawrence, PA
Monongalia, WV
Preston, WV
Venango, PA
Washington, PA
Westmoreland, PA
Portland
Baker, OR
Clackamas, OR
Clark, WA
Clatsop, OR
Columbia, OR
Cowlitz, WA
Crook, OR
Gilliam, OR
Grant, OR
Harney, OR
Hood River, OR

Jefferson, OR
Klickitat, WA
Lincoln, OR
Linn, OR
Marion, OR
Multnomah, OR
Polk, OR
Sherman, OR
Skamania, WA
Tillamook, OR
Union, OR
Wahkiakum, WA
Wasco, OR
Washington, OR
Wheeler, OR
Yamhill, OR
Raleigh-Durham
Chatham
Cumberland
Durham
Edgecombe
Franklin
Granville
Halifax
Harnett
Hoke, NC
Johnston, NC
Lee, NC
Mecklenburg, VA
Moore, NC

Nash, NC
Northampton, NC
Orange, NC
Person, NC
Sampson, NC
Vance, NC
Wake, NC
Warren, NC
Wayne, NC
Wilson, NC
Sacramento
Amador, CA
Calaveras, CA
Colusa, CA
Nevada, CA
Placer, CA
Plumas, CA
Sacramento, CA
San Joaquin, CA
Sierra, CA
Stanislaus, CA
Sutter, CA
Tuolumne, CA
Yolo, CA
Yuba, CA
Salt Lake City
Bear Lake, ID
Beaver, UT
Box Elder, UT
Cache, UT

Carbon, UT
Daggett, UT
Davis, UT
Duchesne, UT
Elko, NV
Emery, UT
Franklin, ID
Garfield, UT
Grand, UT
Iron, UT
Juab, UT
Kane, UT
Lincoln, WY
Millard, UT
Morgan, UT
Oneida, ID
Piute, UT
Rich, UT
Salt Lake, UT
San Juan, UT
Sanpete, UT
Sevier, UT
Sublette, WY
Summit, UT
Sweetwater, WY
Tooele, UT
Uinta, WY
Uintah, UT
Utah, UT
Wasatch, UT

Washington, UT

Wayne, UT

Weber, UT

White Pine, NV

San Diego

San Diego, CA

San Francisco-Oakland-
San Jose

ALAMEDA WEST

CONTRA COSTA WEST

LAKE

MARIN

MENDOCINO

NAPA

SAN FRANCISCO

SAN MATEO

SANTA CLARA

SOLANO

St. Louis

Bond, IL

Calhoun, IL

Clay, IL

Clinton, IL

Crawford, MO

Fayette, IL

Franklin, MO

Gasconade, MO

Greene, IL

Iron, MO

Jefferson, MO

Jersey, IL

Lincoln, MO

Macoupin, IL

Madison, IL

Marion, IL

Monroe, IL

Montgomery, IL

Phelps, MO

Pike, MO

Randolph, IL

Reynolds, MO

St. Charles, MO

St. Clair, IL

St. Francois, MO

St. Louis, MO

Ste. Genevieve, MO

Warren, MO

Washington, IL

Washington, MO

Seattle-Tacoma

Chelan, WA

Clallam, WA

Douglas, WA

Grays Harbor, WA

Island, WA

Jefferson, WA

King, WA

Kitsap, WA

Lewis, WA

Mason, WA

Pacific, WA

Pierce, WA

San Juan, WA

Skagit, WA

Snohomish, WA

Thurston, WA

Whatcom, WA

Tampa- St. Petersburg

Citrus, FL

Hardee, FL

Hernando, FL

Highlands, FL

Hillsborough, FL

Manatee, FL

Pasco, FL

Pinellas, FL

Polk, FL

Sarasota, FL

Washington, D.C.

Alexandria, VA

Allegany, MD

Arlington, VA

Berkeley, WV

Calvert, MD

Charles, MD

Clarke, VA

Culpeper, VA

District of Columbia, DC

Fairfax, VA

Falls Church, VA

Fauquier, VA
Frederick, MD
Frederick, VA
Fredericksburg, VA
Fulton, PA
Grant, WV
Hampshire, WV
Hardy, WV
Jefferson, WV
King George, VA

Loudoun, VA
Manassas Park, VA
Manassas, VA
Mineral, WV
Montgomery, MD
Morgan, WV
Page, VA
Prince George's, MD
Prince William, VA
Rappahannock, VA

Shenandoah, VA
Spotsylvania, VA
St. Mary's, MD
Stafford, VA
Warren, VA
Washington, MD
Westmoreland, VA
Winchester, VA

EXHIBIT “D”

**PERSONAL GUARANTY
FOR SHAREHOLDER/MEMBER
OF
DIPPIN’ DOTS® ENTITY FRANCHISEE**

THIS GUARANTY is made as of _____, 20__, by _____ (“Guarantors”), in favor of Dippin’ Dots Franchising, L.L.C., an Oklahoma limited liability company (“DDF”).

PRELIMINARY STATEMENTS

A. _____, a[n] _____ (the “Franchisee”) and DDF entered into the Dippin’ Dots® Territory Development and Location Franchise Agreement, dated the date of this Guaranty, (the “Franchise Agreement”).

B. In connection with the Franchise Agreement, the Franchisee and Dippin’ Dots, L.L.C., an Oklahoma limited liability company (“DDL”) entered into the Customer Agreement, dated the date of this Guaranty (the “Customer Agreement”) for the supply of various products as part of its franchised business.

C. Guarantors directly or indirectly own the Franchisee or otherwise have a direct or indirect beneficial interest in the success of the Franchisee.

D. The execution and delivery to DDF and DDL of this Guaranty is a condition to and is intended to induce the execution of the Franchise Agreement and the Customer Agreement.

AGREEMENT

1. Assumption. Guarantors hereby jointly and severally agree to be bound by all provisions of the Franchise Agreement and the Customer Agreement, including all provisions which purport to be binding upon the Guarantors as shareholders, members or partners of the Franchisee. Each of the Guarantors specifically agrees to comply with and be bound by the provisions of the Franchise Agreement relating to confidentiality, restrictions on competition, non-solicitation of customers, and dispute resolution procedures, and acknowledges that such provisions are acceptable and reasonable.

2. Guaranty. Guarantors hereby jointly and severally, absolutely and unconditionally, as primary obligors and not only as surety, guarantee to DDF and DDL the due and punctual payment and performance by Franchisee of all obligations of Franchisee under the Franchise Agreement, the Customer Agreement, and any other agreements between DDF or its affiliates and Franchisee or its affiliates.

3. Term. This Guaranty is an absolute and continuing guaranty of payment and performance. The obligations of Guarantors shall not terminate until the Franchisee has paid and performed all obligations now or hereafter owing to DDF or DDL under the Franchise Agreement, the Customer Agreement or any other agreements between DDF or its affiliates and Franchisee or its affiliates. To the extent any provisions of the Franchise Agreement or Customer Agreement survive its termination, this Guaranty shall likewise survive its termination.

4. Enforcement; Liability. This Guaranty is specifically intended to benefit both DDF and DDL, either of which may enforce this Guaranty jointly with or independent of the other. DDF or DDL may jointly or separately enforce this Guaranty directly against any of the Guarantors without the joinder of any other party or parties, without first having sought relief against the Franchisee or any other party,

and without resorting to any security for the obligations. If more than one person is Guarantor, the liability of each Guarantor shall be joint and several.

5. Actions with Respect to the Obligations. The liability under this Guaranty shall not be released, diminished, impaired, reduced or affected by: (i) the taking or accepting of any other security or guaranty for the performance of any or all obligations under the Franchise Agreement or the Customer Agreement; (ii) any release, surrender, exchange, subordination or loss of any security at any time existing in connection with the performance of any obligations under the Franchise Agreement and the Customer Agreement; (iii) any partial release of the liability of any other Guarantor under this Guaranty or under any other instrument executed in connection with or as security for the performance by Franchisee of its obligations under the Franchise Agreement and the Customer Agreement; (iv) the death, insolvency, bankruptcy, dissolution, liquidation or disability of any of the Guarantors or any other party at any time liable for the performance of any or all of the obligations under the Franchise Agreement and the Customer Agreement, whether now existing or hereafter occurring; (v) any renewal, extension and/or rearrangement of any or all of the indebtedness which may be or become due and owing under the Franchise Agreement and the Customer Agreement; (vi) any forbearance or compromise by DDF or DDL; (vii) any neglect, delay, omission, failure or refusal of DDF or DDL to take or prosecute any action against the Franchisee relating to its performance or nonperformance of its obligations under the Franchise Agreement and Customer Agreement; (viii) any transfer, permitted sale or other disposition by a Guarantor of any interest in the Franchisee; or (ix) any other act or circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, the Franchisee, any surety or any guarantor (other than the full payment and performance by Franchisee of all obligations guaranteed hereunder).

6. Waivers. Guarantors jointly and severally waive diligence, protest, notice, demand for payment, extensions of time, notice of acceptance of this Guaranty, and indulgences and notices of every kind and nature and consent to any and all forbearances and extensions of time for payment of any amounts owing under the Franchise Agreement and the Customer Agreement.

7. Binding on Successors, Transferees and Assigns; Assignment. This Guaranty shall be binding upon Guarantors and their heirs, estate, successors, beneficiaries, designees, transferees and assigns, and shall inure to the benefit of and be enforceable by DDF and DDL and each holder of any obligation and their respective successors, transferees and assigns; provided, however, that Guarantors may not assign any of Guarantors' obligations hereunder without the prior written consent of each of DDF and DDL.

8. Amendments, etc. No amendment to or waiver of any provision of this Guaranty, nor consent to any departure by Guarantors herefrom, shall in any event be effective unless the same shall be in writing and signed by DDF and DDL, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

9. Governing Law. This Guaranty shall be governed by, and construed in accordance with, the laws of the State of Oklahoma.

10. Fees and Expenses. Guarantors will pay the reasonable attorneys' fees, court costs, and other expenses of DDF and DDL incurred in enforcing this Guaranty, whether or not DDF or DDL commences any collection action.

[Signature page follows.]

EXECUTED the day and year first written above.

(Signature)

Address:

(Signature)

Address:

EXHIBIT "E"

FRANCHISEE INFORMATION SHEET

*Franchisee Name:

Note: The words "Dippin'" or "Dots" should not be used in your company name.

- * If the franchisee is an entity, you must provide us with a copy of the entity's organizational documents certified by the jurisdiction in which the entity is organized.

Contact Person:

Franchisee Address:

(Where all invoices and Dippin' Dots correspondence will be sent)

Franchisee Telephone Number:

(Also used for all customer referrals)

Business Fax:

(Where all Dippin' Dots correspondence can be faxed)

Business Email Address:

(Where all Dippin' Dots correspondence may be emailed)

Ownership of Entity, if applicable:

Owner/Shareholder Name	Percentage Ownership

For more names, please attach additional sheet.

EXHIBIT 4

FORM OF CUSTOMER AGREEMENT

**DIPPIN' DOTS, L.L.C.
5101 CHARTER OAK DRIVE
PADUCAH, KENTUCKY 42001
PHONE (270) 443-8994
FAX (270) 443-8997**

Customer Agreement

THIS AGREEMENT is entered into the ___ day of ___, 20___, by and between Dippin' Dots, L.L.C., hereinafter referred to as "Seller", and, _____, hereinafter referred to as "Customer".

WHEREAS, Seller is the manufacturer of ice cream, frozen yogurt, sherbet and ice products and supplies, hereinafter referred to as the "Product"; and

WHEREAS, Customer desires to purchase the Product from Seller pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Purchase of Product. Customer shall purchase the Product from Seller for use in Customer's operation of Dippin' Dots® stores and/or outlets and solicitation and sale of approved Dippin' Dots® products ("Franchised Business") in accordance with the Dippin' Dots® Franchise Agreement between Customer and Dippin' Dots Franchising, L.L.C. ("DDF"). Customer agrees that Seller shall be Customer's exclusive supplier of the Product and Customer shall not purchase the Product or any similar ice cream, frozen yogurt, sherbet and ice products and supplies from any other seller, supplier, distributor, or wholesaler.

2. Customer's Orders. Customer warrants with each order that it is a bona fide franchisee, in good standing with DDF. Customer shall submit orders to Seller for acceptance as defined by Seller in the current version of Seller's customer guidelines, which may be amended by Seller from time to time in its sole discretion (the "Customer Guidelines").

3. Customer Prices. Customer shall pay Seller for each shipment of the Product, at the then current prices, together with the applicable shipping and handling charge, which shall include reimbursement to Seller for any tax on the Product. Upon thirty (30) days notice to Customer, Seller shall have the right to change prices, discounts, terms and provisions affecting the Product and to issue new applicable price lists.

4. Payment. Customer shall make payment for the Product in accordance with this Agreement and the Customer Guidelines, unless previous arrangements have been made with the Financial Department of Seller. Receipt of any check or draft will not constitute payment until Seller has received cash in the full amount thereof. Customer shall pay all collection charges, including Seller's reasonable attorney's fees.

5. Security Interest. To secure Customer's payment of the Product and the faithful performance of all other obligations of Customer under this Agreement, Customer grants to Seller a security interest in all personal property, furnishings, equipment, signs, fixtures and inventory of Customer used by Customer in connection with its Franchised Business and any proceeds thereof. In addition to having all the rights of a secured creditor under the Uniform Commercial Code, upon the occurrence of an event of default under this Agreement, Seller may, but shall not be obligated, to remove any collateral and store it in any place selected by Seller (including, a public warehouse), at the expense and risk of the owner thereof. Seller acknowledges and agrees that the security interest provided by this Agreement shall be subordinate to any purchase money security interest of any lender or lessor providing financing for the purchase of equipment. Seller agrees to execute and deliver such instruments as are reasonably required to evidence such subordination; provided that such instruments contain terms and conditions reasonably acceptable to Seller.

6. Title. Title to the Product shall be and remain with Seller until receipt by Seller in cash of the full purchase price thereof. Seller shall have the right to retake possession of and resell the Product until title thereto shall have passed to Customer. Customer shall be responsible for the care of the Product in Customer's possession. Any damage or loss occurring to the Product while it is in Customer's possession shall be the sole responsibility of Customer.

7. Shipments. The Product pricing is F.O.B. Paducah, Kentucky, or such other shipping point requested by Customer. Seller will endeavor, whenever practicable, to follow Customer's requests with regard to route and method of shipment, but Seller reserves the right to ship the Product by whatever mode of transportation it may select in accordance with the Customer Guidelines.

8. Warranties. Seller warrants that the Product is produced in compliance with the Kentucky Milk and Milk Products Act of 1972 and the rules and regulations based thereon. The manufacturing plant permit no. is P21-240-2. There are no other warranties, expressed or implied, made by Seller to Customer on the Product furnished hereunder.

9. Conditions of Sale

- (a) Seller has the right to change the design or specifications of any of the Product at any time without notice.
- (b) Seller shall not be liable for failure or delay in filling orders of Customer, which have been accepted by Seller, whether or not such failure is due to any fault or negligence of Seller.

- (c) Customer shall not resell the Product unless Customer has received approval from Seller for resale to a designated purchaser for use at a designated location. Resale or transshipment of the Product to an unauthorized location or to another business or person is expressly prohibited. Unauthorized resale in violation of this Agreement may result in non-shipment and/or termination of Customer's business relationship with Seller. The following sales of the Product by Customer shall not violate this Agreement: sales to school for resale and sales to caterers if such sale is limited to a one-time bulk resale, and there is no direct charge to the ultimate consumer.

10. Indemnification by Customer. Customer hereby indemnifies and holds Seller and each of its officers, directors, servants, agents and employees harmless from and agrees to defend each of them from and against all and any manner of liabilities, suits, claims, damages and expenses arising out of or in connection with this Agreement or Customer's operations.

11. Confidentiality. Customer acknowledges that during the course of its business relationship with Seller it may be made aware of trade secret information that is proprietary to Seller. Customer shall keep confidential all, and shall not divulge to any other Person or use for a Customer's own benefit, direct or indirect, any of the private, secret or confidential information of the business of the Seller including, but not limited to, private, secret and confidential information relating to such matters as the finances, methods of operation and competition, pricing, trade secrets, know-how, trademarks, marketing plans and strategies, equipment and operational requirements and information concerning personnel, customers and suppliers, unless such information (a) is or becomes generally available to the public other than as a result of a disclosure by Seller, or (b) is required to be disclosed by law or by a judicial, administrative or regulatory authority.

12. Guaranty. If Customer is a corporation, limited liability company or other entity, all of its holders of a legal or beneficial interest of 5% or more must execute a Personal Guaranty upon becoming a franchisee that will also, among other matters, require them to jointly and severally guarantee Customer's payment and performance under this Agreement and any other agreements between Customer and either Seller or DDF. Any other persons providing substantial capital for Customer's operations must also execute a Personal Guaranty. Seller reserves the right to require any guarantor to provide personal financial statements at any time upon request.

13. Modifications. All modifications to this Agreement shall be in writing and signed by both parties.

14. Entire Agreement. This Agreement is the entire Agreement among the parties and, when executed by the parties, supersedes all prior agreements, understandings and communications, either verbal or in writing, among the parties with respect to the subject matter contained herein.

15. Severability. If any term, provision or condition of this Agreement is determined by a court or other judicial or administrative tribunal to be illegal, void or otherwise ineffective or not in accordance with public policy, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

16. No Waiver. Any failure by a party to comply with any obligation, agreement or condition herein may be expressly waived in writing by each of the other parties, but such waiver or failure to insist upon strict compliance with such obligation, agreement or conditions shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

17. Applicable Law. This Agreement is to be governed by and construed according to the laws of the State of Oklahoma.

18. Notices. All notices shall be sent Certified Mail, return receipt requested, to the following addresses:

If to Seller:

Dippin' Dots, L.L.C.
5101 Charter Oak Drive
Paducah, KY 42001

If to Customer:

19. Counterparts. This Agreement may be executed simultaneously or in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

20. Further Assurances. The parties shall from time to time execute and deliver such further instruments or take such further action as any party may reasonably request in order to effectuate the intent of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, Seller and Customer have executed this Agreement as of the day and year first written above.

Seller:

DIPPIN' DOTS, L.L.C.

Steve Heisner, Vice President of Administration

Customer:

By: _____

Name: _____

EXHIBIT 5

FORM OF PERSONAL GUARANTY

THIS GUARANTY is made as of _____, 20__, by _____ (“Guarantors”), in favor of Dippin’ Dots Franchising, L.L.C., an Oklahoma limited liability company (“DDF”).

PRELIMINARY STATEMENTS

A. _____, a[n] _____ (the “Franchisee”) and DDF entered into the Dippin’ Dots® Territory Development and Location Franchise Agreement, dated the date of this Guaranty, (the “Franchise Agreement”).

B. In connection with the Franchise Agreement, the Franchisee and Dippin’ Dots, L.L.C., an Oklahoma limited liability company (“DDL”) entered into the Customer Agreement, dated the date of this Guaranty (the “Customer Agreement”) for the supply of various products as part of its franchised business.

C. Guarantors directly or indirectly own the Franchisee or otherwise have a direct or indirect beneficial interest in the success of the Franchisee.

D. The execution and delivery to DDF and DDL of this Guaranty is a condition to and is intended to induce the execution of the Franchise Agreement and the Customer Agreement.

AGREEMENT

1. Assumption. Guarantors hereby jointly and severally agree to be bound by all provisions of the Franchise Agreement and the Customer Agreement, including all provisions that purport to be binding upon the Guarantors as shareholders, members or partners of the Franchisee. Each of the Guarantors specifically agrees to comply with and be bound by the provisions of the Franchise Agreement relating to confidentiality, restrictions on competition, non-solicitation of customers and employees, and dispute resolution procedures, and acknowledges that such provisions are acceptable and reasonable.

2. Guaranty. Guarantors hereby jointly and severally, absolutely and unconditionally, as primary obligors and not only as surety, guarantee to DDF and DDL the due and punctual payment and performance by Franchisee of all obligations of Franchisee under the Franchise Agreement, the Customer Agreement, and any other agreements.

3. Term. This Guaranty is an absolute and continuing guaranty of payment and performance. The obligations of Guarantors shall not terminate until the Franchisee has paid and performed all obligations now or hereafter owing to DDF or DDL under the Franchise Agreement, the Customer Agreement or any other agreements. To the extent any provisions of the Franchise Agreement or Customer Agreement survive its termination, this Guaranty shall likewise survive its termination.

4. Enforcement; Liability. This Guaranty is specifically intended to benefit both DDF and DDL, either of which may enforce this Guaranty jointly with or independent of the other. DDF or DDL may jointly or separately enforce this Guaranty directly against any of the Guarantors without the joinder of any other party or parties, without first having sought relief against the Franchisee or any other party,

and without resorting to any security for the obligations. If more than one person is Guarantor, the liability of each Guarantor shall be joint and several.

5. Actions with Respect to the Obligations. The liability under this Guaranty shall not be released, diminished, impaired, reduced or affected by: (i) the taking or accepting of any other security or guaranty for the performance of any or all obligations under the Franchise Agreement or the Customer Agreement; (ii) any release, surrender, exchange, subordination or loss of any security at any time existing in connection with the performance of any obligations under the Franchise Agreement and the Customer Agreement; (iii) any partial release of the liability of any other Guarantor under this Guaranty or under any other instrument executed in connection with or as security for the performance by Franchisee of its obligations under the Franchise Agreement and the Customer Agreement; (iv) the death, insolvency, bankruptcy, dissolution, liquidation or disability of any of the Guarantors or any other party at any time liable for the performance of any or all of the obligations under the Franchise Agreement and the Customer Agreement, whether now existing or hereafter occurring; (v) any renewal, extension and/or rearrangement of any or all of the indebtedness which may be or become due and owing under the Franchise Agreement and the Customer Agreement; (vi) any forbearance or compromise by DDF or DDL; (vii) any neglect, delay, omission, failure or refusal of DDF or DDL to take or prosecute any action against the Franchisee relating to its performance or nonperformance of its obligations under the Franchise Agreement and Customer Agreement; (viii) any transfer, permitted sale or other disposition by a Guarantor of any interest in the Franchisee; or (ix) any other act or circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, the Franchisee, any surety or any guarantor (other than the full payment and performance by Franchisee of all obligations guaranteed hereunder).

6. Waivers. Guarantors jointly and severally waive diligence, protest, notice, demand for payment, extensions of time, notice of acceptance of this Guaranty, and indulgences and notices of every kind and nature and consent to any and all forbearances and extensions of time for payment of any amounts owing under the Franchise Agreement and the Customer Agreement.

7. Binding on Successors, Transferees and Assigns; Assignment. This Guaranty shall be binding upon Guarantors and their heirs, estate, successors, beneficiaries, designees, transferees and assigns, and shall inure to the benefit of and be enforceable by DDF and DDL and each holder of any obligation and their respective successors, transferees and assigns; provided, however, that Guarantors may not assign any of Guarantors' obligations hereunder without the prior written consent of each of DDF and DDL.

8. Amendments, etc. No amendment to or waiver of any provision of this Guaranty, nor consent to any departure by Guarantors herefrom, shall in any event be effective unless the same shall be in writing and signed by DDF and DDL, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

9. Governing Law. This Guaranty shall be governed by, and construed in accordance with, the laws of the State of Oklahoma.

10. Fees and Expenses. Guarantors will pay the reasonable attorneys' fees, court costs, and other expenses of DDF and DDL incurred in enforcing this Guaranty, whether or not DDF or DDL commences any collection action.

[Signature page follows.]

EXECUTED the day and year first written above.

(Signature)

Address:

(Signature)

Address:

EXHIBIT 6

GENERAL RELEASE

[_____]],[_____] and [_____] (“Franchisee Parties”), each on behalf of himself/herself/itself, and as applicable, each of his/her/its present and past affiliates and his/her/its present and past owners, investors, guarantors, shareholders, members, directors, officers, employees, contractors, agents, and legal representatives, and the predecessors, successors, heirs, executors, administrators, and assigns of the foregoing in their corporate and individual capacities (collectively, “Releasors”), freely and without any influence, forever release and covenant not to sue Franchisor, and its past, present, and future direct or indirect parent organizations, subsidiaries, divisions, affiliated entities and its and their shareholders, contractors, agents, legal representatives, owners, members, partners, officers, directors, trustees, administrators, fiduciaries, employment benefit plans and/or pension plans or funds, executors, attorneys, employees, insurers, reinsurers, and/or agents and their successors and assigns, individually and in their official capacities (collectively, “Releasees”), from any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively “claims”), that any Releasor now owns, has or claims to have or holds, or may in the future own or hold, or at any prior time owned, held, had or claimed to have, based on, arising out of or relating to, in whole or in part any fact, event, conduct or omission occurring on or before the date of this release, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, claims for contribution, indemnity and/or subrogation and claims arising out of or relating to the Franchise Agreement and/or any or any other agreement between any Releasee and any Releasor (“Related Agreement”), the sale of franchises by any Releasee to any Releasor, the development and operation of a Franchised Business by any Releasor and/or Releasees’ performance of their obligations under the Franchise Agreement and/or any Related Agreement. Franchisee Parties (on behalf of Releasors) agree that fair consideration has been given by Franchisor for this release and fully understands that this is a negotiated, complete and final release of all of Releasors’ claims.

The following applies only if the Franchised Business is located in California or if any Releasor is domiciled in California: Franchisee Parties (on behalf of Releasors) also expressly agrees that, with respect to this release, any and all rights granted under Section 1542 of the California Civil Code are expressly waived. That Section reads as follows: “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

[Signature page follows.]

EXECUTED the ___ day of _____, 20__.

(Signature)

(Signature)

(Signature)

EXHIBIT 7

LIST OF FRANCHISEES

Location	Address	City	State	Zip	Franchisee	Phone Number
Alaska Territory	13957 Mulligan RD	Anchorage	AK	99516	Lovdahl, John & Trina	907-230-3687
Alaska Territory	4712 Kupreanof	Anchorage	AK	99507	Ray, Gary	907-244-3687
DD Store – Gulf Shores	632 Gulf Shores Pkwy	Gulf Shores	AL	36542	Sanford, David	205-910-4355
DD Store – Mobile AL	3964 Airport Blvd	Mobile	AL	36608	Pullen, Tom & Barbara	850-249-8800
DD Store - Orange Beach	25405 Perdido Beach Blvd.	Orange Beach	AL	36561	Gilbert, Monty	251-974-3687
Tuscaloosa Territory	912 Veterans Memorial Parkway East	Tuscaloosa	AL	35404	Carpenter, Carlos	606-682-0283
The Wharf	4651 Main Street	Orange Beach	AL	36561	Sanford, David	251-224-3687
Birmingham Territory			AL		Biggerstaff	618-614-3130
Montgomery Territory			AL		Biggerstaff	618-614-3130
AR Territory			AR	72653	Talley, Clay & Sara	870-421-2741
Central Mall	5111 Rogers Ave	Ft. Smith	AR	72903	Stults, Tim	479-466-8381
N. Little Rock Territory		N Little Rock	AR	72116	Liles, Kevin & Charlotte	501-753-6677
Northwest Arkansas Mall	4201 North Shiloh Drive	Fayetteville	AR	72703	Stults, Tim	479-521-6881
Park Plaza	6000 West Markham St	Little Rock	AR	72205	Liles, Kevin & Charlotte	501-558-3477
AZ Territory - Cook	2992 North Park Ave	Prescott Valley	AZ	86314	Cook, Chad & Brenda	928-899-7668
Tucson Territory - Cook	2992 North Park Ave	Prescott Valley	AZ	86314	Cook, Chad & Brenda	928-899-7668
AZ Territory – Simala	841 S 20 th Ave	Yuma	AZ	85364	Simala, Brett	928-210-1411
Arizona Territory	5000 Arizona Mills Circle	Tempe	AZ	85282	Tavlarides, Teddy	602-881-9990
N. CA Territory - Brock	1785 Durham Dayton Hwy.	Durham	CA	95938	Brock, Kurtis	530-864-4500
Santa Clara, CA Territory – Brock		Santa Clara	CA		Brock, Kurtis	530-864-4500
San Diego DMA	SWC HWY 163 & 7007 Friars RD	San Diego	CA	92108	Carswell, Gene & Lainie	619-708-5280
San Diego Territory – Kriv	4868 Lindley Ave.	Encino	CA	91316	Kriv, Yan	818-726-9700
Los Angeles DMA #2		Ventura	CA		Kriv, Yan	818-726-9700
DD Store – Cannery Row	711 Cannery Row	Monterey	CA	93940	Edwards, Marsha	831-655-5080
CA Territory	935 Poinsettia Ave. Suite 204	Vista	CA	92081	Gary, Jan	760-801-2301
Livermore Outlet	2774 Paragon Outlets Drive	Livermore	CA	94551	Goyal, Ash	408-431-8613
Sunvalley Mall	1 Sunvalley Mall	Concord	CA	94520	Goyal, Ash	408-431-8613
Great Mall & San Francisco Territory	447 Great Mall Drive	Milpitas	CA	95035	Goyal, Ash	408-431-8613
Los Angeles DMA-Kepenyan	1044 Dolorita Ave	Glendale	CA	91208	Kepenyan, Hovik	818-383-0856
Westfield Santa Anita	400 South Baldwin Ave	Arcadia	CA	91007	Isakhanian, Edgar	626-254-1955
Ontario Mills Mall	1 Mills Circle	Ontario	CA	91764	Zhu, Francis	626-278-6985
CA Territory – Kriv	3947 Carpenter Ave, Unit #301	Studio City	CA	91604	Kriv, Yan	818-726-9700
Los Angeles - DMA	18011 New Hope ST	Fountain Valley	CA	92708	Tesla, Daniel	714-430-1480
CA Territory	613 Beach St	Santa Cruz	CA	95060	Whiting, Ron	831-423-1890
CA Territory-Orzano	2104 Grant Ave. #2	Redondo Beach	CA	90278	Orzano, Jerry	314-566-2333
Los Angeles DMA	2104 Grant Ave. #2	Redondo Beach	CA	90278	Orzano, Jerry	314-566-2333
Plaza West Covina	112 Plaza Drive	West Covina	CA	91790	Girgis, Nagwa	323-863-6469
Colorado Territory	225 North 5th St Suite 611	Grand Junction	CO	81505	Moore, Christy	970-242-3150
Colorado Territory	5680 Logan Court	Denver	CO	80216	Tavlarides, Teddy	720-507-1589
Park Meadows Mall	10831 Glengate	Highlands Ranch	CO	80130	Ratanapratepporn, Chaiwat	
CT Territory-ICE			CT		Cook, Rudy	336-760-9970
Tanger Outlet Foxwoods Mall & CT Territory	455 Trolley Line Blvd	Mashantuckett	CT	06338	D'Amato, Steve	860-302-0672
PA Territory – Zariello	901 North Dupont St	Wilmington	DE	19805	Zariello, Lottie	610-876-4117
DD Store – Harbor Village	220 Harbor Blvd	Destin	FL	32541	Montague, Jacob	850-585-3663
Sawgrass Mills Shopping Center	12801 West Sunrise Blvd	Sunrise	FL	33323	Daniels, Ron	954-401-7604

Location	Address	City	State	Zip	Franchisee	Phone Number
DD Store – Kissimmee	5487 Irlo Bronson Memorial Hwy	Kissimmee	FL	34746	D'Onofrio, Mike	407-397-7600
Lakeland Square Mall	3800 North US 98	Lakeland	FL	33809	D'Onofrio, Mike	863-858-0455
FL Territory	167 Black Bear Circle	Niceville	FL	32578	Guy, Olga	910-551-4905
Westfield Brandon	459 Brandon Town Center Mall	Brandon	FL	33511	D'Onofrio, Mike	813-685-3256
Daytona FL Territory		Daytona	FL	27893	Pritchard, Randy	252-237-2555
Palm Beach Territory	239 Goolsby Blvd	Deerfield Beach	FL	33442	Jesus, Manuel	754-222-4193
Westland Mall & Broward Territory	1675 W 49 th ST	Hialeah	FL	33012	Lopez-Contreras, Eleazar	786-878-4696
DD Store - Sandestin	11275 Emerald Coast Parkway	Miramar Beach	FL	32550	Pullen, Tom	850-650-7778
The Florida Mall	8061 S. Orange Blossom Trail	Orlando	FL	32809	Sontitum, Oak	571-251-9955
Panama Beach #1	10025 Front Beach Road	Panama City Beach	FL	32407	Pullen, Tom	850-236-7006
Panama Beach #2	15402 Front Beach Road	Panama City Beach	FL	32407	Pullen, Tom	850-249-2046
DD Store-Pier Park	15801 LC Hilton Jr Dr	Panama City Beach	FL	32413	Sanford, David	205-910-4355
Altamonte Mall	451 E. Altamonte Dr.	Altamonte Springs	FL	32701	Donald, Doug	407-767-2676
Miami Dade Territory	9740 SW 72 nd Ave.	Pinecrest	FL	33156	Lopez-Contreras, Eleazar	786-878-4696
Florida Territory	3999 Stefani Dr	Cantonment	FL	32533	Wu, David & Mindy	850-393-9455
Cordova Mall	5100 N 9 th Ave	Pensacola	FL	32504	Wu, David & Mindy	850-393-9455
Georgia/Florida/S. Carolina Territory		Jacksonville	FL	32099	Innovative Concessions	704-455-7734
SW Florida Territory & Keys	PO Box 1167	Estero	FL	33929	Gianino, Sam	314-231-3113
Sarasota Territory – Gianino	PO Box 1167	Estero	FL	33929	Gianino, Sam	314-231-3113
Mall of Georgia	3333 Buford Dr	Buford	GA	30519	Deitsch, Brent	770-851-4031
Sugarloaf Mills	5900 Sugarloaf Parkway Space #79	Lawrenceville	GA	30043	Deitsch, Brent	770-851-4031
Mississippi Territory	105 East Main Street	Clinton	GA	39056	Mansell, Clay	769-572-7850
Waikale Premium Outlets	94-790 Lumiaina St	Waipahu	HI	96797	Chung, Jongun	808-383-0595
Hawaii Territory-Lee	94533 Makohilani St Apt 1017	Mililani	HI	96789	Lee, Larry	808-358-4447
ID Territory-Whiting			ID		Whiting, Ron	831-423-1890
Hawaii territory	Post Office Box 385701	Waikoloa	HI		Lee, Gary	832-287-4778
Yorktown Center	203 Yorktown Center	Lombard	IL	60148	Aleemuddin, Rahil	847-810-9588
Navy Pier	600 East Grand Ave	Chicago	IL	60611	Edwards, Marsha	312-595-5499
Illinois Territory	539 S Forest Ave	Batavia	IL	60510	Martin, Dale	630-674-8341
Chicago Ridge Mall	444 Chicago Ridge Mall	Chicago Ridge	IL	60415	Chen, Paul	847-867-6780
Gurnee Mills Mall	6170 Grand Ave	Gurnee	IL	60031	Chen, Paul	847-867-6780
Harlem Irving Plaza	4136 C North Harlem Ave	Norridge	IL	60706	Marfatia, Alokhai	224-772-5861
St. Claire Square	134 Saint Clair Square	Fairview Heights	IL	62208	Michael, Kim	618-247-3579
Northern Illinois Territory	516 Market St	Metropolis	IL	62960	Ulrich/Jones, Lisa & Curt	270-217-1578
Missouri/Illinois Territory	516 Market St	Metropolis	IL	62960	Ulrich/Jones, Lisa & Curt	270-217-1578
MO, IA, IL Territory	516 Market St	Metropolis	IL	62960	Ulrich/Jones, Lisa & Curt	270-217-1578
Illinois Territory	17313 S McKenna Drive	Plainfield	IL	60586	Wiet, Larry & Stacey	630-730-2182
Chicago Premium Outlets	1650 Premium Outlets Blvd	Aurora	IL	60502	Woods, Jackie	630-499-8771
Orland Square Mall	288 Orland Square	Orland Park	IL	60462	Mansour/Ballouta	708-620-0394
Indiana Territory	4901 Thimbleweed Lane	West Lafayette	IN	47906	Goodwin, Heather	765-726-8282
Indiana Territory	3815 Washington Avenue	Evansville	IN	47715	Speis, John	812-499-3687
Indianapolis Territory		Greenwood	IN	46142	Otterbacher, Jeff	330-416-9794
Indiana Territory		Greenwood	IN	46142	Otterbacher, Jeff	330-416-9794
Kansas Territory	20700 West 15 th Street	Olathe	KS	66061	Cook, Rudy	336-764-0238
Wichita Territory Hausher		Wichita	KS		Hausher, Ryan	918-853-8338
Mall at Johnson City & Ky territory		London	KY		Carlos Carpenter	606-682-0283
KY Territory-Super City Dots			KY		Ulrich/Jones, Lisa & Curt	618-217-1578
Lexington KY Territory – Stockwell	861 Corporate Dr Ste 200	Lexington	KY	40503	Stockwell, Todd	859-223-3400
Acadiana Mall	5725 Johnston St	Lafayette	LA	70503	Farris, Dwayne	337-993-1090
LA Territory-Farris	PO Box 14	Avery Island	LA	70513	Farris, Dwayne	337-278-9632
Slidell LA Territory	5474 Bayou Paul Road	St. Gabriel	LA	70776	Haynes, John	225-936-8606
Esplanade Mall	1401 West Esplanade	Kenner	LA	70065	Lopez, Ricky	504-467-6619
Baton Rouge Territory	5474 Bayou Paul Road	St. Gabriel	LA	70776	Haynes, John	225-936-8606

Location	Address	City	State	Zip	Franchisee	Phone Number
Kids World Indoor Play Arena	110 Production Drive, Suite 109	Lafayette	LA	70508	Jones, Ben and Patricia	337-552-4777
Boston DMA-Innovative Concessions			MA	27302	Cook, Rudy	336-764-0238
Ocean City Store #1		Gaithersburg	MD	20877	Mehdi, Syed	301-942-0167
Ocean City Store #2	205 Atlantic Ave.	Ocean City	MD	21842	Mehdi, Syed Ali	410-289-8877
Arundel Mills Mall	7000 Arundel Mills Circle	Hanover	MD	21076	Mehdi, Syed Ali	202-258-4082
Ocean City Store #3	701 Atlantic Ave Unit 2	Ocean City	MD	21842	Mehdi, Syed Ali	202-258-4082
Tanger Outlets	141 Am. Way	Oxon Hill	MD	20745	Icon Attractions	202-360-0717
Michigan Territory - Kuros			MI		Kuros, Keith	412-576-5956
Michigan Territory – White Caps	4500 West River Drive NE	Comstock Park	MI	49321	Chamberlain, Joe	616-784-1802
Mall of America			MN		Gauga, Namrata	612-406-1253
Minnesota Territory – Wagner	21920 Goodwin Ave	Hampton	MN	55031	Wagner, Mary	651-437-9634
Minnesota/Wisconsin/Iowa Territory			MN		Ulrich/Jones, Lisa Curt	618-522-3687
Minnesota Territory-Peters	22250 Goodwin Ave	Hampton	MN	55031	Peters, Brittany	978-501-0625
Dippin' Dots Store	1232 Commercial Blvd.	Herculaneum	MO	63048	Yeida, Marc	314-255-3830
Missouri Territory	2503 W 16 th St	Sedalia	MO	65301	Palmquist, Ed	573-673-1019
MO Territory	2825 S Glenstone Avenue	Springfield	MO	65804	Talley, Clay & Sarah	870-421-2741
Missouri/Illinois Territory 2	516 Market St	Metropolis	MO	62960	Ulrich/Jones, Lisa & Curt	618-771-2069
North Park Mall	1200 East County Line Rd	Ridgeland	MS	39157	Causey, Mike	601-206-1811
Gulfport Premium Outlets	10000 Factory Shop Blvd	Gulfport	MS	39503	Ellis, Gwen	228-697-1688
Turtle Creek Mall	1000 Turtle Creek Rd	Hattiesburg	MS	39402	Ellis, Gwen	601-268-5551
Outlets of Mississippi DP	704 Creston Drive	Bryam	MS	39212	Hunt, Debbie	601-956-1296
MT Territory-Whiting			MT		Whiting, Ron	831-423-1890
Florida Georgia Territory-Innovative Concessions	4388 Foxfield Court	Harrisburg	NC	28075	Cook, Rudy	980-722-3489
Carolina Place	11025 Carolina Place Pkwy	Pineville	NC	28134	Cook, Rudy	704-752-1010
Hanes Mall	3320 Silas Creek Pkwy	Winston-Salem	NC	27103	Cook, Rudy	336-760-9970
Tanger Outlet & N & S Carolina Territory	4000 Arrowhead Blvd.	Mebane	NC	27302	Cook, Rudy	704-455-7734
Concord Mills	8111 Concord Mills Blvd	Concord	NC	28027	Pritchard, Randy	252-266-4357
Crabtree Valley Mall	4325 Glenwood Ave	Raleigh	NC	27612	Pritchard, Randy	919-782-0993
NC & SC Territory			NC		Pritchard, Randy	252-266-3438
North Dakota Territory	PO Box 1536	Fargo	ND	58107	Kennedy, Tom	701-361-5920
Scheels All Sports	4550 15 th Ave., North	Fargo	ND	58103	Scheels All Sports	701-232-3665
Nebraska Territory	4253 N 1 st St, Apt 391	Lincoln	NE	68521	Clark, Geoff	402-720-8368
Westroads Mall	10000 California St	Omaha	NE	68114	Geiser, Shelly	402-393-0663
New York Territory DMA	170 Palisade Dr.	Freehold	NJ	07728	Cassandra, Chris	732-414-6171
NY/NJ Territory	40 Amot Street #3	Lodi	NJ	07644	Esteves, Joseph	201-575-9422
Jersey Shores Premium Outlet	1 Premium Way	Tinton Falls	NJ	07753	Besold	
Mills at Jersey Garden	1270 Jersey Garden Mall	Elizabeth	NJ	07201	Taiyab, Zaidi	201-776-5412
Coronado Center	6600 Menaul North East	Albuquerque	NM	87110	Whiting, Ron & Serena Murillo, Jeremiah	505-883-8570
Roswell NM Territory					Murillo, Jeremiah	806-632-0320
Meadowood Mall	5000 Meadowood Circle Mall	Reno	NV	89502	Reyes, Resty	775-354-9747
Reno Territory		Reno	NV		Brock, Kurtis	530-864-4500
New York Territory - Patton	369 Seneca Place	Lancaster	NY	14086	Patton, Eric	716-812-0520
Dippin' Dots		Brooklyn	NY		Hershman, Neil	
Dippin' Dots/Doc Popcorn	234 W. 42 nd Street	New York	NY	10036	Hershman, Neil	
New York Territory – Timon		Albany	NY		Timon, Matt	616-262-2012
Dippin Dots/Doc Popcorn & NY DMA	24 East 23 rd Street	New York	NY	10010	Hershman, Neil	914-656-4534
Dayton, OH Territory	9105 Stone Road	Litchfield	OH	44253	Otterbacher, Jeff	330-416-9794
Dayton Mall	2700 Miamisburg-Centerville Rd	Dayton	OH	45459	Kumar, Siddarth	937-433-0778
Cleveland Territory		Cleveland	OH		Otterbacher, Jeff	330-416-9794
Fairfield Commons	2727 Fairfield Commons Blvd.	Beaver Creek	OH	45431	Kumar, Siddharth	859-283-1798
Mall at Tuttle Crossing	5043 Tuttle Crossing	Dublin	OH	43016	Kumar, Siddarth	614-792-3687
Cincinnati Premium Outlets	986 Premium Outlets Drive	Monroe	OH	45050	Kumar, Siddharth	614-599-1922
Columbus Ohio Territory	9105 Stone Road	Litchfield	OH	44253	Otterbacher, Jeff	330-416-9794

Location	Address	City	State	Zip	Franchisee	Phone Number
Ohio & Indiana Territory			OH		Biggerstaff, Kristen	618-614-3130
Tulsa OK Territory-Clark	6519 E 89 th St.	Tulsa	OK	74133	Clark, Glenda	918-271-4843
NE Oklahoma Territory	7565 NW 220 th St.	Edmond	OK	73025	Hausher, Ryan	918-853-8338
Woodland Hills Mall	7021 South Memorial Drive	Tulsa	OK	74133	Hausher, Ryan	918-853-8338
Oregon WA Territory – Whiting			OR		Whiting, Ron	831-423-1890
PA Territory	22 West Broad ST	Bethlehem	PA	18018	Gojich, Edward & Lucy	717-938-8845
Pennsylvania Territory	2241 Chapparral Drive	Pittsburgh	PA	15239	Kuros, Keith	412-576-5956
PA Territory – ICE	7665 Cotton Street	Harrisburg	NC	28075	Downs, Jared	336-764-0238
King of Prussia Mall	16 N. Gulph Road	King of Prussia	PA	19406	Zaidi, Taiyab	201-776-5412
Rio Hondo Mall & Territory	1607 Expreso Rio Hondo	Bayamon	PR	00961	Diaz, Angel	787-607-1442
Outlet Mall 66	18400 Autopista Roberto Sanchez Vilella	Canovanas	PR	00729	Diaz, Angel	787-607-1442
Plaza Del Norte	Ave Miramer S/N Suite 110	Hatillo	PR	00659	Diaz, Angel	787-607-1442
RI & MA Territory- ICE			RI		Cook, Rudy	336-764-0238
South Carolina Territory-Long	368 Rolling Meadows Rd.	Gray Court	SC	29645	Long, Ricky & Judy	864-575-3222
South Dakota Territory	6541 Wellington Dr.	Rapid City	SD	57702	Luke Brickey	605-431-3620
South Dakota Territory	120 W Dakota ST	Spearfish	SD	57783	Ewing, Sherry	605-641-4862
Chattanooga Territory - Carpenter			TN		Carpenter, Carlos	606-682-0283
Opry Mills and TN Territory	433 Opry Mills Drive	Nashville	TN	37214	Carpenter, Carlos	606-682-0283
Memphis TN & MS Territory			TN		Brittany Peters	978-501-0625
Knoxville Territory	7600 Kingston Pike	Knoxville	TN	37919	Carpenter, Carlos	606-864-5551
Texas Territory	145 Lakeview Drive	Aledo	TX	76008	Aldrich, David	817-308-9399
Houston DMA			TX		Kool Snacks	
HEB Plus	2409 E Expressway	Mission	TX	78572	Barbin, Cesar	956-655-9178
HEB	3712 Neuhaus Dr.	McAllen	TX	78503	Barbin, Cesar	956-655-9178
Houston DMA-Alex Bui		Katy	TX		Bui, Alex	413-702-4230
Houston Territory – McCaskill	5910 Green Terrace Lane	Houston	TX	77088	McCaskill, Denise	713-907-0733
Memorial City Mall	303 Memorial City	Houston	TX	77024	Merchant, Ashish	312-404-5858
South Plains Mall	6002 Slide Rd	Lubbock	TX	79414	Carter, Sonja	806-797-9118
Stonebriar Mall – TX & OK Territory	2601 Preston Rd	Frisco	TX/ OK	75034	Coston, Elaine	214-618-1820
Houston Territory – Joseph	4676 Old Pond Dr.	Plano	TX	75024	Joseph, Cathy	214-632-9131
Town East Mall – Dallas DMA	5682 Town East Mall	Mesquite	TX	75181	Coston, Elaine	972-682-0593
Dallas Territory	610 West Oak Street	Celina	TX	75009	Adair, Steven	214-794-1317
La Palmera Mall	5488 South Padre Island Dr	Corpus Christi	TX	78411	Nguyen, Nancy	832-316-3732
La Plaza Mall	2200 S. 10 th St.	McAllen	TX	78503	Cesar Barbin	956-655-9178
Sunset Mall	4001 Southwest Blvd	San Angelo	TX	76904	Eichinger, Alice	325-949-8533
Parkdale Mall	6155 Eastex Freeway	Beaumont	TX	77706	Foreman, Monroe	409-896-5098
Richland Mall	6001 West Waco	Waco	TX	76710	Gaffar, Abdul	254-741-6880
TX Territory & Midland Park Mall		Midland	TX	79703	Valderaz, Norma	432-235-5737
Sikes Center Mall	3111 Midwestern Pkwy	Wichita Falls	TX	76308	Lott, Kevin	940-689-8454
Broadway Square	4601 South Broadway	Tyler	TX	75703	McBride, Shannon	903-570-4630
Longview Mall	3500 McCann Rd	Longview	TX	75605	McBride, Shannon	903-736-8224
Katy Mills Mall #C3	5000 Katy Mills Circle	Katy	TX	77494	Charalla, Mohammad	281-574-6999
Texas Territory – Neck	15 Calle Anacua	Brownsville	TX	78520	Ormie Concessions	956-605-9360
Texas Territory – Hausher	Buffalo Gap Road	Abilene	TX	79606	Hausher, Ryan	325-698-2928
Baybrook Mall	500 Baybrook Mall	Friendswood	TX	77546	Merchant, Ashish	312-404-5858
Deerbrook Mall	20131 Hwy 59	Humble	TX	77338	Merchant, Ashish	281-723-5984
First Colony Mall	16535 Southwest Freeway	Sugarland	TX	77479	Merchant, Ashish	312-404-5858
The Woodlands Mall	1201 Lake Woodlands Mall	The Woodlands	TX	77380	Merchant, Ashish	281-465-8065
San Marcos Premium Outlets	3939 IH-35 South #900	San Marcos	TX	78666	Migliaccio, Louis	512-392-2611
San Antonio Texas Territory- Moore	9510 CK 204	Breckenridge	TX	76424	Moore, Steffan	940-781-5820
Westgate Mall	I-40 & Coulter Dr	Amarillo	TX	79121	Moreland, Tim	806-678-3231
Grapevine Mills	3000 Grapevine Mills Pkwy	Grapevine	TX	76051	Potnis, Ujwal	972-539-6402
The Parks at Arlington	3811 S Cooper Suite 2206	Arlington	TX	76015	Potnis, Ujwal	817-465-5669
Texas Territory	4218 FM 66	Waxahachie	TX	75165	Raye, Scott	972-935-0012

Location	Address	City	State	Zip	Franchisee	Phone Number
Texas Territory	6401 EL Dorado PKWY Suite 311	McKinney	TX	75070	Sorrells, Jason	214-504-2250
Sunland Park Mall	750 Sunland Park Dr	El Paso	TX	79912	Vaswani, Danny	915-584-7159
Willowbrook Mall	2000 Willowbrook Mall	Houston	TX	77070	Merchant, Ashish	312-404-5858
Mall of Abilene	4310 Buffalo Gap Rd	Abilene	TX	77960	Moore, Steffan	940-781-5820
Round Rock Premium Outlets	4401 N. Interstate 35	Round Rock	TX	78664	Marques, Richard and Linda	512-633-8836
Texas Cowgirl LLC	314 Marble Spring Lane	LaMarque	TX	77568	Villarreal, Adrian	832-410-8560
Utah Territory	4972 S Voabab Circle	Salt Lake City	UT	84117	Colosimo, Paul	801-573-4044
Fabulous Freddy's – Bluff Street	806 N. Bluff Street	St. George	UT	84770	Fabulous Freddy's	702-933-5374
DC DMA-Pritchard			VA		Pritchard, Randy	252-266-4357
Valley View Mall	4802 Valley View Blvd NW	Roanoke	VA	24012	Pritchard, Randy	540-563-2002
DD Store - Virginia Beach	910 Atlantic Ave	Virginia Beach	VA	23451	Raval, Kalpesh	757-962-2929
VA Territory	2601 Torquay Loop	North Chesterfield	VA	23236	Two King Concessions	540-760-8955
New VA Territory	PO Box 8372	Tacewell	VA		Pritchard, Randy	
Fashion Centre at Pentagon City	1100 South Hayes St	Arlington	VA	22202	Verma, P.K.	703-415-1575
Manassas Mall	8300 Sudley Road	Manassas	VA	20109	Mehdi, Syed Ali	202-258-4082
Washington Territory		Seattle	WA		Whiting, Ron	831-423-1890
WA & OR Territory-Whiting			WA		Whiting, Ron	831-423-1890
Northwest WA Territory			WA		Whiting, Ron	831-423-1890
Northeast WA & ID Territory			WA		Whiting, Ron	831-423-1890
Wisconsin Territory	1610 Lakeshore Drive	Lacrosse	WI	54603	Kapanke, Dan	608-792-1897
WI Territory-Kozelou	920 Rock Ridge Rd.	Burlington	WI	53105	Kozelou, Bruce	262-492-4104
Fox River Mall	4301 W Wisconsin Ave	Appleton	WI	54913	Storch, Brandon	920-422-0876
Huntington Mall	I-64 & Mall Rd	Barboursville	WV	25504	McCoy, Susan	304-736-1058
WV Territory – Hamilton	315 Tygart St.	Fairmont	WV	26554	Hamilton, Paula	304-366-4746
West Virginia Territory	RT 1 Box 79	Alderson	WV	24910	Simms, Rick & Donna	304-445-2862
Wyoming Territory	1970 North Grass Creek	Casper	WY	82604	Coyle, Kimberly	307-259-4758

List of Franchisees With Signed Franchise Agreements, But Unopened Units, as of 9/24/22

Location	Address	City	State	Zip	Franchisee	Phone Number
Dulles	7801 Zeeland Place	Gainesville	VA	20155	Mehdi	202-258-4082
TBD	4802 Valley View Blvd NW	Roanoke	VA	24012	Pritchard	252-266-3438
TBD	16250 International Street	Doswell	VA	23047	Pritchard	252-266-3438
Seagone	801 Pier Park Drive	Panama City Beach	FL	32413	Sanford	205-910-4355
TBD	108 Royal Ridge Court	Rocky Mount	NC	27804	Pritchard	252-266-3438
TBD	4325 Glenwood Ave	Raleigh	NC	27612	Pritchard	252-266-3438
TBD	3320 Silas Creek Pkwy	Winston-Salem	NC	27103	ICE	980-722-3489
TBD	109 Meadow Pkwy, Ste E	League City	TX	77573	Villarreal	832-410-8560

EXHIBIT 8

LIST OF FORMER FRANCHISEES

<u>Former Franchisee Name</u>	<u>Former Franchisee Address</u>				<u>Phone Number</u>
Chris Curl	13609 Borolo Drive	Edinburg	TX	78541	956-342-4787
Brad Maslan	8 Wren Ct	Morristown	NJ	07960	201-650-2798
Mark Randall	1372 Waterston Drive	Evans	GA	30809	706-829-9699
Mike Causey	111 Handover Drive	Brandon	MS	39047	601-832-3528
Geoff Frischman	20 Avalon Way	Waretown	NJ	08758	908-216-1431

NON-RENEWAL/TRANSFER OF AN AGREEMENT BUT STILL A FRANCHISEE

<u>Franchisee Name</u>	<u>Former Franchisee Address</u>				<u>Phone Number</u>
Mehdi	DCDMA				202-258-4082
Larry Lee	561 Kainalu Place	Wailuku	HI	96793	808-358-4447

EXHIBIT 9
FINANCIAL STATEMENTS

DIPPIN' DOTS FRANCHISING, LLC

FINANCIAL STATEMENTS

**For the 38 Weeks Ended
September 24, 2022**

BLYTHE
CPAs ● ADVISORS

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Balance Sheet	3
Statement of Income	4
Statement of Cash Flows	5
NOTES TO FINANCIAL STATEMENTS	6

INDEPENDENT AUDITOR'S REPORT

To the Member
of Dippin' Dots Franchising, LLC
Paducah, Kentucky

Opinion

We have audited the accompanying financial statements of Dippin' Dots Franchising, LLC (an Oklahoma limited liability company), which comprise the balance sheet as of September 24, 2022, the related statements of income and cash flows for the 38 weeks then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Dippin' Dots Franchising, LLC as of September 24, 2022, and the results of its operations and its cash flows for the 38 weeks then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Misstatements are considered material if, individually or the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Blythe CPAs, PLLC

December 30, 2022

DIPPIN' DOTS FRANCHISING, LLC
BALANCE SHEET
September 24, 2022

ASSETS

CURRENT ASSETS

Cash	\$ 499,705
Accounts receivable	103,116
Inventory	242,305
Other receivables, related parties	4,501,997
Prepaid expenses	<u>90,554</u>

TOTAL CURRENT ASSETS 5,437,677

PROPERTY AND EQUIPMENT, NET

8,599

OTHER ASSETS

Long-term accounts receivable	19,453
Long-term prepaid expenses	591
Right-of-use asset - operating leases	<u>150,260</u>

TOTAL OTHER ASSETS 170,304

TOTAL ASSETS \$ 5,616,580

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 124,801
Accounts payable, related parties	39,911
Current portion of lease liabilities - operating leases	27,772
Unearned revenue	216,140
Liability to advertising fund	<u>454,334</u>

TOTAL CURRENT LIABILITIES 862,958

LONG-TERM UNEARNED REVENUE

325,492

LONG-TERM LEASE LIABILITIES - OPERATING LEASES, less current portion

122,487

MEMBER'S EQUITY

Beginning member's equity	3,031,672
Distribution (see Note E)	(354,956)
Net income	<u>1,628,927</u>

ENDING MEMBER'S EQUITY 4,305,643

TOTAL LIABILITIES AND MEMBER'S EQUITY \$ 5,616,580

See independent auditor's report and notes to financial statements.

DIPPIN' DOTS FRANCHISING, LLC
STATEMENT OF INCOME
For the 38 Weeks Ended September 24, 2022

REVENUES		
Royalties and advertising fees		\$ 2,454,145
Franchise, renewal and transfer fees		175,731
Freezer sales		<u>319,760</u>
	REVENUES	2,949,636
COST OF GOODS SOLD - FREEZERS		<u>174,503</u>
	GROSS PROFIT	2,775,133
OPERATING EXPENSES		
Administrative		10,919
Advertising		1,787
Bank charges		95
Commissions		659
Conferences and meetings		204,325
Depreciation		1,697
Dues and subscriptions		65,205
Insurance		6,452
Management fees		136,339
Miscellaneous		4,473
Office expense		24,446
Point of purchase		5,158
Professional fees		98,008
Promotional expense		114,650
Public relations		9,281
Rents and lease		31,415
Repairs and maintenance		5,846
Shipping		5,340
Taxes and licenses		4,279
Telephone		1,919
Training		1,058
Travel		38,615
Tradeshows		116,609
Wages		330,391
Website hosting		<u>55,074</u>
	OPERATING EXPENSES	<u>1,274,040</u>
	INCOME FROM OPERATIONS	1,501,093
OTHER INCOME (EXPENSE)		
Foreign currency transaction gain		2,489
Income from investment in subsidiary		70,197
Management fee income		52,536
Miscellaneous income		<u>2,612</u>
	OTHER INCOME	<u>127,834</u>
	NET INCOME	<u><u>\$ 1,628,927</u></u>

See independent auditor's report and notes to financial statements.

DIPPIN' DOTS FRANCHISING, LLC
STATEMENT OF CASH FLOWS
For the 38 Weeks Ended September 24, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 1,628,927
Adjustments to reconcile net income to net cash used in operating activities:	
Investment in subsidiary	(70,197)
Gain on foreign currency	(2,489)
Depreciation	1,697
(Increase) decrease in:	
Accounts receivable	(71,473)
Accounts receivable, related parties	(4,405,169)
Inventory	83,214
Prepaid expenses	(9,117)
Increase (decrease) in:	
Accounts payable	(59,415)
Accounts payable, related parties	(40,600)
Unearned revenue	(21,482)
Liability to advertising fund	125,471
Accrued liabilities	(174)

**NET CASH USED IN
OPERATING ACTIVITIES** (2,840,807)

CASH FLOWS FROM INVESTING ACTIVITIES

Long-term accounts receivable	16,152
Disposal of investment in subsidiary (see Note E)	354,956

**NET CASH PROVIDED BY
INVESTING ACTIVITIES** 371,108

CASH FLOWS FROM FINANCING ACTIVITIES

Distributions (see Note E)	(354,956)
----------------------------	-----------

**NET CASH USED IN
FINANCING ACTIVITIES** (354,956)

Net decrease in cash and cash equivalents (2,824,655)

Cash and cash equivalents at beginning of year 3,324,360

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 499,705

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Dippin' Dots Franchising, LLC (the Company) assists in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Operations and Organizational Structure

The Company was formed on May 18, 2012 in the state of Oklahoma. The Company is in the business of franchising a system for the sale of ice cream and other frozen novelties with trademarks licensed by the Company. The Company is a wholly owned subsidiary of Dippin' Dots Holding, LLC (DDH). On June 20, 2022, DDH and its subsidiaries were sold to J&J Snack Foods Corporation (J&J). As part of the transition, the Company changed from a December 31 fiscal year end to a 4-4-5 calendar method with a fiscal year end of September 24, 2022.

The Company established and administers the Advertising Fund (the Fund) under the terms of its franchise agreement. All contributions and any earnings thereon are used for the promotion of Dippin' Dots, LLC (DDL) ice cream and other frozen novelties within the United States of America through maintaining, administering, directing, conducting, and preparing advertising, marketing, and public relations.

On July 3, 2014, the Company purchased certain assets of Doc Popcorn Franchising, Inc. and Subsidiaries. These assets were allocated in part to Doc Popcorn Franchising, LLC (DPF). DPF was a subsidiary of the Company through June 20, 2022. On this date, the Company derecognized its investment in DPF as a subsidiary and DPF is now considered a sister company, wholly owned by DDH. These financial statements include the operating results of only Dippin' Dots Franchising, LLC and are not a valid substitute for consolidated financial statements. The Company's need of Franchise Disclosure Documents present a valid reason for issuing parent-only financial statements. These financial statements include the investment in DPF on the equity method through June 20, 2022 (see Note E).

Accounting Method

The Company maintains its books, and these financial statements are presented on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

For purposes of the statement of cash flows, cash includes amounts on hand and amounts on deposit at financial institutions.

Cash held related to the Fund is classified as unrestricted cash; however, the Company intends to use these funds solely to support the Fund rather than the Company's operations. Total cash balance related to the Fund as of September 24, 2022 was \$415,504.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at face value and include royalties and other franchise related receivables. The Company estimates an allowance for doubtful accounts based on a review of existing receivables. Accounts receivable are written off on a specific basis. Bad debt recoveries are realized as income in the period of receipt. There is no allowance for doubtful accounts as of September 24, 2022.

Revenue Recognition

The Company recognizes revenue when control of the promised goods or services is transferred to the customer in an amount that reflects the expected consideration to be entitled to in the exchange for the goods or services.

Royalties and Advertising Fees

The Company recognizes royalty revenues based on franchisee purchases of ice cream and other frozen novelties from DDL. The income is earned at the end of each week in which the purchases were shipped. The Fund receives weekly franchisee contributions. The income is earned at the end of each week in which ice cream and other frozen novelties were shipped. DDL makes voluntary contributions to the Fund each month. The contributions are a set amount per converted bulk bag on half of all DDL ice cream sales to customers other than franchisees and service providers.

Franchise, Renewal and Transfer Fees

The Company recognizes franchise, renewal, and transfer fees over the life of the contract with the franchisee.

Freezer Sales

The Company generates income from selling stand freezers to franchisees. Revenue is recognized when freezers are shipped, at which time control of the freezer is transferred. The Company books a receivable from DDL for payment, as DDL manages the invoicing and receipt of payment on their behalf.

Judgments

The Company considered several factors in determining that control transfers to the franchisee or customer based upon the specifics relating to each revenue activity. These factors include, with regard to freezer sales, that when the legal title transfers to the customer, the Company has a present right to payment and the customer has assumed the risks and rewards of ownership at the time of shipment. For royalties and advertising fees, the Company has a right to earn contributions at the end of each week as specified by the FDD agreement. For franchise, renewal and transfer fees, the Company has a right to earn the revenue over the life of the contract.

Deferred Commissions

The Company capitalizes costs of sales commissions paid to employees related to franchise fees as these costs are incremental and recoverable costs of obtaining a contract with the customer. These costs are amortized on a straight-line basis over the contract period, which is typically five years. Amortization is included in commissions expense in the statements of income.

Sales Taxes

Sales (and similar) taxes that are imposed on sales and collected from customers are excluded from revenues.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory consists of freezers on hand that are available for sale to franchisees. Inventory is stated at the lower of average cost and net realizable value (generally, estimated selling price).

Depreciation

The Company's equipment and leasehold improvements are depreciated using the straight-line method, with estimated useful lives of 15 years for leasehold improvements, and 5 to 7 years for equipment.

Limited Liability Company/Income Taxes

The Company is treated for income tax purposes as a disregarded entity. In lieu of entity level income taxes, the member is taxed on its proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. Certain states, however, require assessment at the entity level. As a limited liability company, the member liability is limited to amounts reflected in its capital account. There is a single class of membership.

Advertising

The Company expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place.

Fair Value of Financial Instruments

The fair values of the Company's cash, accounts receivable and accounts payable approximate their carrying amounts due to their short-term nature.

Recent Accounting Pronouncements Adopted

In February 2016, the FASB issued ASC 2016-02, Leases (Topic 842). This guidance established a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Topic 842 requires lessors to classify leases as sales-type, direct financing, or operating leases. A lease is a sales-type lease if any one of five criteria are met, each of which indicate that the lease, in effect, transfers control of the underlying asset to the lessee. If none of those five criteria are met, indicating that the lessor has transferred substantially all the risks and benefits of the underlying asset to the lessee and a third party, the lease is a direct financing lease. All leases that are not sales-type or direct financing leases are operating leases. The new standard was effective for fiscal years beginning after December 15, 2021.

The new standard was effective and adopted by the Company on January 1, 2022. A modified retrospective transition approach was required, applying the new standard to all leases existing at the date of initial application.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The new standard provides a number of practical expedients in transition. The Company has elected specific practical expedients, and passed on others. The practical expedients elected by the Company include not applying Topic 842 to short-term leases and combining lease and nonlease components. The Company has also elected expedients which permit the Company not to reassess under the new standard prior conclusions about lease identification, lease classification and initial direct costs. The Company has not elected the practical expedient allowing them to use the risk-free rate as the discount rate; instead, they have elected to use their incremental borrowing rate. The Company has not elected the use-of-hindsight or the practical expedient pertaining to land easements; the latter not being applicable to the Company.

This standard has had a material effect on the financial statement. All the Company's leases continue to be classified as operating leases under the new standard. While all effects of adoption have been assessed, the most significant effects relate to (1) the recognition of new ROU assets and lease liabilities on the balance sheet for warehouse and office space operating leases; and (2) providing significant new disclosures about leasing activities.

On adoption, the Company has recognized additional operating liabilities ranging from \$20,686 to \$129,574 with corresponding ROU assets of the same amount based on the present value of the remaining minimum rental payments under current leasing standards for existing operating leases, adjusted for any lease payments and lease incentives made or received at or before the commencement date and any initial direct costs incurred.

Date of Management's Review

Subsequent events have been evaluated through December 30, 2022, the date the financial statements were available to be issued.

NOTE B – CONCENTRATIONS

The Company has concentrated its credit risk for cash by maintaining deposits in a bank which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

DDL is the only supplier of ice cream and other frozen novelties to the Company's franchisees. Royalty revenue is solely based upon DDL sales of ice cream to franchisees.

DIPPIN' DOTS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
September 24, 2022

NOTE C – REVENUE, CONTRACT ASSETS AND CONTRACT LIABILITIES

Revenues by revenue type are listed below for the 38 weeks ended September 24, 2022:

Point-in-Time	
Royalties	\$ 2,075,954
Advertising Fees	378,191
Freezer Sales	319,760
Total Point-in-Time Revenues	<u>2,773,905</u>
Over-Time	
Franchise, Renewal and Transfer Fees	175,731
Total Over-Time Revenues	<u>175,731</u>
Total Revenues	<u><u>\$ 2,949,636</u></u>

Contract assets consist of prepaid commissions paid to the sales force for securing and executing franchise agreements and are amortized on a straight-line basis over the term of the franchise agreement. The following table reflects the change in contract assets for the 38 weeks ended September 24, 2022:

<u>Contract Assets</u>	
Balance at January 1, 2022	\$ 2,150
Additions to contract asset	-
Amounts recognized as expense	(659)
Balance at September 24, 2022	<u><u>\$ 1,491</u></u>

Of the amounts recognized as expense during the 38 weeks ended September 24, 2022, the entire amount was included in the beginning of year contract asset balance.

Contract liabilities consist of unearned revenue resulting from initial franchise fees paid by franchisees as well as renewal and transfer fees paid by franchisees which are generally recognized on a straight-line basis over the term of the underlying agreement. These contract liabilities are classified as unearned revenue in the balance sheet. The following table reflects the change in contract liabilities for the 38 weeks ended September 24, 2022:

<u>Contract Liabilities</u>	
	2022
Balance at January 1	\$ 563,114
Additions to contract liability	154,250
Amounts recognized as revenue	(175,732)
Balance at September 24, 2022	<u><u>\$ 541,632</u></u>

Of the amounts recognized as revenue during the 38 weeks ended September 24, 2022, \$161,030 was included in the beginning of year contract asset balance.

DIPPIN' DOTS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
September 24, 2022

NOTE D – RELATED PARTY TRANSACTIONS

The Company provides management services to Doc Popcorn, LLC (DPL), a subsidiary of DDL, a sister Company. Management fee income as well as business expenses paid by DPL on behalf of the Company are recorded as non-cash transactions to the intercompany receivable from DPL. At September 24, 2022, the Company owed DPL \$3,420.

Transactions with DPL for the 38 weeks ended September 24, 2022 are summarized as follows:

Management fee income to DDF from DPL (non-cash)	\$	12,813
Business expenses paid by DDF on behalf of DPL		19,482
Business expenses paid by DPL on behalf of DDF (non-cash)		2,580

The Company provides management services to DPF. Management fee income as well as business expenses paid by DPF on behalf of the Company are recorded as non-cash transactions to the intercompany receivable from DPF. At September 24, 2022, DPF owed the Company \$16,419.

Transactions with DPF for the 38 weeks ended September 24, 2022 are summarized as follows:

Management fee income to DDF from DPF (non-cash)	\$	39,723
Business expenses paid by DDF on behalf of DPF		4,101
Business expenses paid by DPF on behalf of DDF (non-cash)		80,560

DDL has granted to the Company an exclusive license, with the right to sublicense, to use trademarks, trade names, service marks, logos, designs and other intellectual property. The Company advances funds to DDL as needed for operations.

DDL provides management services and employees to the Company and also maintains the software in which freezer sales are made to franchisees on behalf of DDF. Management fees, payroll expenses, freezer sales and other business expenses paid by DDL on behalf of the Company are recorded as non-cash transactions to the same account where intercompany advances, previously discussed, are recorded. As of September 24, 2022, DDL owed the Company \$4,469,199 for advances received net of these expenses.

Transactions with DDL for the 38 weeks ended September 24, 2022 are summarized as follows:

Management fee expense incurred by DDF to DDL (non-cash)	\$	69,552
Payroll expense allocated to DDF on DDL employees (non-cash)		330,391
Freezer sales to franchisees via DDL (non-cash)		391,760
Freezers transferred to DDL from DDF (non-cash)		9,817
Franchise fees and renewals collected by DDL on behalf of DDF (non-cash)		13,848
Fuzziwig royalty income to DDF from DDL (non-cash)		5,138
Business expenses paid by DDF on behalf of DDL (non-cash)		31,048
Business expenses paid by DDL on behalf of DDF (non-cash)		127,867

DIPPIN' DOTS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
September 24, 2022

NOTE D – RELATED PARTY TRANSACTIONS (Continued)

DDL provides management services to the Fund. In 2022, the Fund incurred \$66,787 in management fees to DDL. As of September 24, 2022, DDL owed the Fund \$16,379 for contributions netted against management fees and other expenses.

The Company provides accounting services for franchisees for two related purposes:

1. The Company maintains a separate checking account to provide funding of gift card redemptions on closed franchised locations. The amount held at September 24, 2022 was \$3,575.
2. The Company also provides accounting services for Dippin' Dots Franchising Council, a separate entity managed by the Company's franchisees. In 2022, the Company disbursed \$276 of Council funds for the Council expenses. At September 24, 2022, the Company held \$32,916 in Council dues to be used for future Council expenses.

NOTE E – SIGNIFICANT NON-CASH TRANSACTION FOR CASH FLOW INFORMATION

The Company was involved in significant non-cash transactions with related parties as identified in Note D.

As detailed in Note A, on June 20, 2022, the Company derecognized its investment in DPF. This resulted in a non-cash distribution of the investment in subsidiary presented using the equity method of accounting. The income from investment in subsidiary presented on the statement of income is for income earned from January 1, 2022 through June 20, 2022.

NOTE F – PROPERTY AND EQUIPMENT

The following amounts comprise the balance of property and equipment at September 24, 2022:

	2022
Office equipment	\$ 22,408
Leasehold improvements	8,591
	<u>30,999</u>
Less accumulated depreciation	(22,400)
	<u>\$ 8,599</u>

NOTE G – COMMITMENT

The Company has three agreements on behalf of the Fund. The expenses related to the contract will be paid from the Fund. If the Fund cash is insufficient, the Company will pay the expenses out of operating cash.

DIPPIN' DOTS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
September 24, 2022

NOTE H - LEASES

As of September 24, 2022, the Company has two operating leases, one for office space and one for warehouse space.

The Company's office lease includes multiple optional renewal periods. The Company determined that they will not renew the lease, and thus the renewal period is not included in the lease term and not reflected in the ROU asset and lease liability. The Company's warehouse lease includes two optional renewal periods. The Company determined that it is reasonably certain they will exercise these two options. Thus, the renewal period is included in the lease term and reflected in the ROU asset and lease liability.

The Company's leases include fixed rental payments, but the warehouse lease also includes nonlease payments. These nonlease payments are related to common area maintenance associated with the property. The Company has elected the practical expedient not to separate lease and nonlease components for the warehouse lease (see Note A).

During 2022, the Company recognized rent expense of \$30,594 associated with leases.

Amounts recognized as lease liabilities related to operating leases are included in the current portion of lease liabilities and long-term lease liabilities. As of September 24, 2022, lease liabilities related to operating leases were as follows:

<u>Operating lease liabilities:</u>	
Current portion lease liabilities	\$ 27,772
Long-term lease liabilities	122,487

The future payments due under operating leases as of September 24, 2022 are as follows:

2023	\$ 30,576
2024	11,256
2025	11,256
2026	11,256
2027 and thereafter	<u>117,250</u>
Total minimum payments	181,594
Less amount representing interest	<u>(31,335)</u>
Present value of lease obligations	<u>\$ 150,259</u>

As of September 24, 2022, the weighted-average remaining lease term for all operating leases is 12.5 years. Because the Company generally does not have access to the rate implicit in the lease, the incremental borrowing rate is utilized as the discount rate. The weighted-average discount rate associated with operating leases is 3.09%.

NOTE I – LONG-TERM ACCOUNTS RECEIVABLE

On June 30, 2019, the Company sold their California territory to a franchisee for \$100,000. Of this, \$15,000 was a franchise fee, \$1 was a transfer fee, and the balance assigned to the assets held for sale. The remaining value of goodwill was written off and presented net of any gains on disposal of assets. At September 24, 2022, the Company was owed \$31,584 for the remaining portion of the outstanding balance.

NOTE J – SUBSEQUENT EVENTS

On September 25, 2022, the Company made the strategic decision to discontinue selling freezers and transfer all remaining freezer inventory to DDL. As a result, the warehouse space lease, relating to freezer storage, was transferred from DDF to DDL. The Company derecognized the lease liability and ROU balances for the warehouse lease from DDF's financials. There was no gain or loss recognized in result of this transaction.

DIPPIN' DOTS FRANCHISING, LLC

FINANCIAL STATEMENTS

**For the Years Ended
December 31, 2021 and 2020**

BLYTHE
CPAs ● ADVISORS

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Balance Sheets	3
Statements of Income	4
Statements of Cash Flows	5
NOTES TO FINANCIAL STATEMENTS	6

INDEPENDENT AUDITOR'S REPORT

To the Member
of Dippin' Dots Franchising, LLC
Paducah, Kentucky

Opinion

We have audited the accompanying financial statements of Dippin' Dots Franchising, LLC (an Oklahoma limited liability company) which comprise the balance sheets as of December 31, 2021 and 2020, the related statements of income and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion the financial statements referred to above present fairly, in all material aspects, the financial position of Dippin' Dots Franchising, LLC as of December 31, 2021 and 2020, and the results of operations and cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Misstatements are considered material if, individually or the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Blythe CPAs, PLLC

April 5, 2022

DIPPIN' DOTS FRANCHISING, LLC
BALANCE SHEETS
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,324,360	\$ 265,837
Accounts receivable, net	31,643	17,021
Inventory	323,030	298,857
Other receivable, related party	96,828	1,472,217
Prepaid expenses	<u>80,778</u>	<u>50,398</u>
TOTAL CURRENT ASSETS	3,856,639	2,104,330
PROPERTY AND EQUIPMENT, NET	10,295	14,327
OTHER ASSETS		
Long-term accounts receivable	35,605	48,858
Long-term prepaid expenses	1,250	2,150
Investment in subsidiary (2020 restated - see Note J)	<u>284,759</u>	<u>89,420</u>
	<u>321,614</u>	<u>140,428</u>
	<u>\$ 4,188,548</u>	<u>\$ 2,259,085</u>
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 184,216	\$ 8,248
Accounts payable, related parties	80,511	59,359
Unearned revenue	207,606	194,650
Liability to advertising fund (2020 restated - see Note J)	328,863	242,537
Accrued liabilities	<u>172</u>	<u>13,653</u>
TOTAL CURRENT LIABILITIES	801,368	518,447
LONG-TERM UNEARNED REVENUE	355,508	332,218
MEMBER'S EQUITY		
Beginning member's equity	1,408,420	1,417,880
Net income (loss) for the year (2020 restated - see Note J)	<u>1,623,252</u>	<u>(9,460)</u>
ENDING MEMBER'S EQUITY	<u>3,031,672</u>	<u>1,408,420</u>
	<u>\$ 4,188,548</u>	<u>\$ 2,259,085</u>

See independent auditor's report and notes to financial statements.

DIPPIN' DOTS FRANCHISING, LLC
STATEMENTS OF INCOME
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
REVENUES		
Royalties and advertising fees (2020 restated - see Note J)	\$ 2,469,055	\$ 1,531,959
Franchise, renewal and transfer fees	238,129	240,716
Freezer sales	<u>269,290</u>	<u>55,435</u>
REVENUES	2,976,474	1,828,110
COST OF GOODS SOLD		
Cost of freezers	<u>147,572</u>	<u>33,637</u>
	147,572	33,637
GROSS PROFIT	2,828,902	1,794,473
OPERATING EXPENSES		
Administrative	8,296	3,520
Advertising	220,543	248,859
Bad debt expense, trade	-	396
Bank charges	1,718	3,885
Commissions	900	900
Conferences and meetings	4,042	200,186
Depreciation	2,320	4,555
Dues and subscriptions	89,165	75,014
Insurance	13,496	22,228
Management fees	450,551	508,041
Miscellaneous	1,178	9,681
Office expense	24,726	19,127
Professional fees	78,897	134,301
Public relations	13,375	12,375
Rents and lease	42,301	41,885
Repairs and maintenance	1,293	1,205
Taxes and licenses	7,359	12,199
Training	-	254
Travel	46,230	35,019
Tradeshows	74,137	23,224
Wages	<u>395,495</u>	<u>408,677</u>
	1,476,022	1,765,531
INCOME FROM OPERATIONS	1,352,880	28,942
OTHER INCOME (EXPENSE)		
Bad debt expense, related party	-	(170,583)
Foreign currency transaction gain (loss)	1,151	(2,588)
Other income	-	1,966
Loss on sale of property and equipment	(937)	(19,593)
Gain on business interruption insurance	-	64,402
Interest expense	-	(18,462)
Income from investment in subsidiary (2020 restated - Note J)	195,339	18,885
Management fee income	66,823	83,918
Miscellaneous income	<u>7,996</u>	<u>3,653</u>
	270,372	(38,402)
NET INCOME (LOSS)	<u>\$ 1,623,252</u>	<u>\$ (9,460)</u>

See independent auditor's report and notes to financial statements.

DIPPIN' DOTS FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) (2020 restated - Note J)	\$ 1,623,252	\$ (9,460)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Investment in subsidiary (2020 restated - Note J)	(195,339)	(18,885)
Provision for doubtful accounts	-	396
Provision for doubtful accounts, related parties	-	170,583
Loss on disposal of fixed assets	937	19,593
(Gain) loss on foreign currency	(1,151)	2,588
Depreciation	2,320	4,555
(Increase) decrease in:		
Accounts receivable	(14,226)	58,399
Accounts receivable, related parties	1,375,389	(81,218)
Inventory	(23,022)	(55,641)
Prepaid expenses	(29,480)	61,026
Increase (decrease) in:		
Accounts payable	175,968	(31,044)
Accounts payable, related parties	21,152	33,904
Unearned revenue	36,246	(124,748)
Liability to advertising fund	86,326	-
Accrued liabilities (2020 restated - see Note J)	(13,481)	(111,957)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>3,044,891</u>	<u>(81,909)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Long-term accounts receivable	13,253	(1,914)
Proceeds from sale of equipment	379	402
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>13,632</u>	<u>(1,512)</u>
Net increase (decrease) in cash and cash equivalents	3,058,523	(83,421)
Cash and cash equivalents at beginning of year	<u>265,837</u>	<u>349,258</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,324,360</u>	<u>\$ 265,837</u>

See independent auditor's report and notes to financial statements.

DIPPIN' DOTS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Dippin' Dots Franchising, LLC (the Company) assists in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Operations and Organizational Structure

The Company was formed on May 18, 2012 in the state of Oklahoma. The Company is in the business of franchising a system for the sale of ice cream and other frozen novelties with trademarks licensed by the Company. The Company is a wholly owned subsidiary of Dippin' Dots Holding, LLC (DDH).

The Company established and administers the Advertising Fund (the Fund) under the terms of its franchise agreement. All contributions and any earnings thereon are used for the promotion of Dippin' Dots, LLC (DDL) ice cream and other frozen novelties within the United States of America through maintaining, administering, directing, conducting, and preparing advertising, marketing, and public relations.

On July 3, 2014, the Company purchased certain assets of Doc Popcorn Franchising, Inc. and Subsidiaries. These assets were allocated in part to Doc Popcorn Franchising, LLC (DPF), a subsidiary of the Company. These financial statements include the operating results of only Dippin' Dots Franchising, LLC and are not a valid substitute for consolidated financial statements. The Company's need of Franchise Disclosure Documents present a valid reason for issuing parent-only financial statements. These financial statements include the investment in DPF on the equity method.

Accounting Method

The Company maintains its books, and these financial statements are presented on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

For purposes of the statement of cash flows, cash includes amounts on hand and amounts on deposit at financial institutions.

Cash held related to the Fund is classified as unrestricted cash; however, the Company intends to use these funds solely to support the Fund rather than the Company's operations. Total cash balances related to the Fund as of December 31, 2021 and 2020 is \$350,630 and \$259,490, respectively.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at face value and include royalties and other franchise related receivables. The Company estimates an allowance for doubtful accounts based on a review of existing receivables. Accounts receivable are written off on a specific basis. Bad debt recoveries are realized as income in the period of receipt. There is no allowance for doubtful accounts as of December 31, 2021. The allowance for doubtful accounts at December 31, 2020 is \$396.

Revenue Recognition

The Company recognizes revenue when control of the promised goods or services is transferred to the customer in an amount that reflects the expected consideration to be entitled to in the exchange for the goods or services.

Royalties and Advertising Fees

The Company recognizes royalty revenues based on franchisee purchases of ice cream and other frozen novelties from DDL. The income is earned at the end of each week in which the purchases were shipped. The Fund receives weekly franchisee contributions. The income is earned at the end of each week in which ice cream and other frozen novelties were shipped. DDL makes voluntary contributions to the Fund each month. The contributions are a set amount per converted bulk bag on half of all DDL ice cream sales to customers other than franchisees and service providers.

Franchise, Renewal and Transfer Fees

The Company recognizes franchise, renewal, and transfer fees over the life of the contract with the franchisee.

Freezer Sales

The Company generates income from selling stand freezers to franchisees. Revenue is recognized when freezers are shipped, at which time control of the freezer is transferred. The Company books a receivable from DDL for payment, as DDL manages the invoicing and receipt of payment on their behalf.

Judgments

The Company considered several factors in determining that control transfers to the franchisee or customer based upon the specifics relating to each revenue activity. These factors include, with regard to freezer sales, that when the legal title transfers to the customer, the Company has a present right to payment and the customer has assumed the risks and rewards of ownership at the time of shipment. For royalties and advertising fees, the Company has a right to earn contributions at the end of each week as specified by the FDD agreement. For franchise, renewal and transfer fees, the Company has a right to earn the revenue over the life of the contract.

Deferred Commissions

The Company capitalizes costs of sales commissions paid to employees related to franchise fees as these costs are incremental and recoverable costs of obtaining a contract with a customer. These costs are amortized on a straight-line basis over the contract period, which is typically five years. Amortization is included in commissions expense in the statements of income.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Sales Taxes

Sales (and similar) taxes that are imposed on sales and collected from customers are excluded from revenues.

Inventory

Inventory consists of freezers on hand that are available for sale to franchisees. Inventory is stated at the lower of average cost and net realizable value (generally, estimated selling price).

Depreciation

The Company's equipment and leasehold improvements are depreciated using the straight-line method, with estimated useful lives of 15 years for leasehold improvements, and 5 to 7 years for equipment.

Limited Liability Company/Income Taxes

The Company is treated for income tax purposes as a disregarded entity. In lieu of entity level income taxes, the member is taxed on its proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. Certain states, however, require assessment at the entity level. As a limited liability company, the member liability is limited to amounts reflected in its capital account. There is a single class of membership.

Advertising

The Company expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place.

Fair Value of Financial Instruments

The fair values of the Company's cash, accounts receivable and accounts payable approximate their carrying amounts due to their short-term nature.

Recent Accounting Pronouncements

Recent Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. This guidance established a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the impact this new guidance is expected to have on its financial position or results of operations and related disclosures.

DIPPIN' DOTS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Date of Management's Review

Subsequent events have been evaluated through April 5, 2022, the date the financial statements were available to be issued.

NOTE B – CONCENTRATIONS

The Company has concentrated its credit risk for cash by maintaining deposits in a bank which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

DDL is the only supplier of ice cream and other frozen novelties to the Company's franchisees. Royalty revenue is solely based upon DDL sales of ice cream to franchisees.

NOTE C – REVENUE, CONTRACT ASSETS AND CONTRACT LIABILITIES

Revenues by revenue type are listed below:

	<u>12/31/2021</u>	<u>12/31/2020</u>
Point-in-Time		
Royalties (2020 restated)	\$ 2,097,956	\$ 1,342,875
Advertising Fees	371,099	189,084
Freezer Sales	269,290	55,435
Total Point-in-Time Revenues	<u>2,738,345</u>	<u>1,587,394</u>
Over-Time		
Franchise, Renewal and Transfer Fees	<u>238,129</u>	<u>240,716</u>
Total Over-Time Revenues	<u>238,129</u>	<u>240,716</u>
Total Revenues	<u><u>\$ 2,976,474</u></u>	<u><u>\$ 1,828,110</u></u>

Contract assets consist of prepaid commissions paid to the sales force for securing an executed franchise agreement and are amortized on a straight-line basis over the term of the franchise agreement. The following table reflects the change in contract assets between December 31, 2021 and 2020.

<u>Contract Assets</u>	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 3,050	\$ 3,950
Expense incurred that was included in the contract asset balance at the beginning of the year	<u>(900)</u>	<u>(900)</u>
Balance at December 31	<u><u>\$ 2,150</u></u>	<u><u>\$ 3,050</u></u>

DIPPIN' DOTS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE C – REVENUE, CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Contract liabilities consist of unearned revenue resulting from initial franchise fees paid by franchisees as well as renewal and transfer fees paid by franchisees which are generally recognized on a straight-line basis over the term of the underlying agreement. These contract liabilities are classified as Unearned Revenue in the balance sheet. The following table reflects the change in contract liabilities between December 31, 2021 and 2020.

<u>Contract Liabilities</u>	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 526,868	\$ 649,124
Revenue recognized that was included in the contract liability balance at the beginning of the year	(198,089)	(226,151)
Increase, excluding amounts recognized as revenue during the year	234,335	103,895
Balance at December 31	<u>\$ 563,114</u>	<u>\$ 526,868</u>

NOTE D – RELATED PARTY TRANSACTIONS

The Company provides management services to Doc Popcorn, LLC (DPL), a sister Company. Management fee income as well as business expenses paid by DPL on behalf of the Company are recorded as non-cash transactions to the intercompany receivable from DPL.

Transactions with DPL for the years ended December 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Management fee income to DDF from DPL (non-cash)	\$ 16,547	\$ 15,270
Business expenses paid by DDF on behalf of DPL	30,741	33,500
Business expenses paid by DPL on behalf of DDF (non-cash)	704	10,181

The Company provides management services to DPF. Management fee income as well as business expenses paid by DPF on behalf of the Company are recorded as non-cash transactions to the intercompany receivable from DPF.

Transactions with DPF for the years ended December 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Management fee income to DDF from DPF (non-cash)	\$ 50,276	\$ 68,648
Business expenses paid by DDF on behalf of DPF	1,843	72,582
Business expenses paid by DPF on behalf of DDF (non-cash)	-	4,236
Franchisee fees received by DDF on behalf of DPF	875	5,000
Deposits received by DDF on behalf of DPF	1,000	-

DIPPIN' DOTS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE D – RELATED PARTY TRANSACTIONS (Continued)

At December 31, 2021 and 2020, a derecognition of related party debt occurred. As a result, certain related party receivables were written off as bad debt by lending entities, with the related debtor recognizing income from debt forgiveness. There is no bad debt expense in 2021. In 2020, the Company recognized related party bad debt expense of \$170,583. Of the 2020 expense, \$38,359 is related to DPL and \$131,994 related to DPF.

DDL has granted to the Company an exclusive license, with the right to sublicense, to use trademarks, trade names, service marks, logos, designs and other intellectual property. The Company advances funds to DDL as needed for operations.

DDL provides management services and employees to the Company and also maintains the software in which freezer sales are made to franchisees on behalf of DDF. Management fees, payroll expenses, freezer sales and other business expenses paid by DDL on behalf of the Company are recorded as non-cash transactions to the same account where intercompany advances, previously discussed, are recorded. As of December 31, 2021, the Company owed DDL \$17,097. As of December 31, 2020, DDL owed the Company \$1,472,210.

On November 2, 2020, the Company paid off the passthrough line of credit with Simmons Bank. The Company incurred interest at a variable annual rate equal day to day to the Applicable Base Rate plus one percent. Interest associated with the line is recorded by the Company as a non-cash transaction to the intercompany payable to DDL. The line was collateralized by business assets.

Transactions with DDL for the years ended December 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Management fee expense incurred by DDF to DDL (non-cash)	\$ 383,008	\$ 424,910
Payroll expense allocated to DDF on DDL employees (non-cash)	395,495	408,677
Freezer sales to franchisees via DDL (non-cash)	264,715	78,707
Freezers transferred to DDL from DDF (non-cash)	23,230	-
Franchise fees and renewals collected by DDL on behalf of DDF (non-cash)	45,433	21,227
Fuzziwig royalty income to DDF from DDL (non-cash)	16,780	14,713
Business expenses paid by DDF on behalf of DDL	59,380	13,748
Funds advancement from DDF to DDL	1,850,000	682,000
Interest expense allocated to DDF on DDL passthrough LOC (non-cash)	-	18,462
Draws on LOC (non-cash)	-	500,000
Payments on the LOC (non-cash)	-	500,000
Funds advancement from DDL to DDF	2,867,967	25,000
Business expenses paid by DDL on behalf of DDF (non-cash)	1,402,376	71,832
DDF portion of business interruption gain	-	57,977

DIPPIN' DOTS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE D – RELATED PARTY TRANSACTIONS (Continued)

DDL provides management services to the Fund. In 2021 and 2020 the Fund incurred \$67,543 and \$83,131, respectively, in management fees to DDL. As of December 31, 2021, the Fund owed DDL \$26,576, in management fees and other expenses. As of December 31, 2020, the Fund owed DDL \$35,575 in management fees and other expenses.

The Company provides accounting services for franchisees for two related purposes:

1. The Company maintains a separate checking account to provide funding of gift card redemptions on closed franchised locations. The amount held at December 31, 2021 and 2020 was \$3,646 and \$3,803, respectively.
2. The Company also provides accounting services for Dippin' Dots Franchising Council, a separate entity managed by the Company's franchisees. In 2021 and 2020, the Company disbursed \$13,188 and \$1,144 of Council funds for the Council expenses, respectively. At December 31, 2021 and 2020, the Company held \$33,192 and \$19,981, respectively, in Council dues to be used for future Council expenses.

NOTE E – SIGNIFICANT NON-CASH TRANSACTION FOR CASH FLOW INFORMATION

The Company was involved in significant non-cash transactions with related parties as identified in Note D.

NOTE F – PROPERTY AND EQUIPMENT

The following amounts comprise the balance of property and equipment at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Office equipment	\$ 22,408	\$ 109,380
Store equipment and furnishings	-	18,863
Leasehold improvements	8,591	9,985
	<u>30,999</u>	<u>138,228</u>
Less accumulated depreciation	<u>(20,704)</u>	<u>(123,901)</u>
	<u>\$ 10,295</u>	<u>\$ 14,327</u>

NOTE G – COMMITMENTS

The Company leases office space and equipment. The office space is leased under DPL, but the cost is split with the Company and DDL. In the current year, the Company incurred \$29,512 related to this lease. The Company's portion of the future commitment is as follows:

2022	28,980
2023	12,075

The Company has three agreements on behalf of the Fund. The expenses related to the contract will be paid from the Fund. If the Fund cash is insufficient, the Company will pay the expenses out of operating cash.

DIPPIN' DOTS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE H – BUSINESS INTERRUPTION INSURANCE

After a manufacturing incident that occurred at the DDL production facility on November 22, 2019, DDF experienced a reduction in income due to reduced sales of ice cream from DDL to franchisees. As of December 31, 2020, the Company had received \$64,402 in business interruption insurance as a result of decreased royalty and ad fund contributions.

NOTE I – DISCONTINUED OPERATIONS

On June 30, 2019, the Company sold their California territory to a franchisee for \$100,000. Of this, \$15,000 was a franchise fee, \$1 was a transfer fee, and the balance assigned to the assets held for sale. The remaining value of goodwill was written off and presented net of any gains on disposal of assets. At December 31, 2021 and 2020, the Company was owed \$45,432 and \$57,315, respectively, for the remaining portion of the outstanding balance.

NOTE J – PRIOR PERIOD ADJUSTMENTS

During its preparation for the 2021 audit, the Company became aware of certain accounting errors in the 2020 financial statements that were determined to be material. The Company has restated the 2020 financial statements to reflect the correction of those errors. The impact of these corrections on the 2020 financial statements is summarized below:

	As Previously Stated	Correction	As Restated
Balance Sheet			
Investment in subsidiary	\$ 79,831	\$ 9,589	\$ 89,420
Total other assets	130,839	9,589	140,428
Liability to advertising fund	368,147	(125,610)	242,537
Total current liabilities	644,057	(125,610)	518,447
Net income	(144,659)	135,199	(9,460)
Ending member's equity	1,273,221	135,199	1,408,420
Statement of Income			
Royalties and advertising fees	1,406,349	125,610	1,531,959
Revenues	1,702,500	125,610	1,828,110
Income (loss) from operations	(96,668)	125,610	28,942
Income from investment in subsidiary	9,296	9,589	18,885
Total income (expense)	(47,991)	9,589	(38,402)
Net income	(144,659)	135,199	(9,460)
Statement of Cash Flow			
Net income	(144,659)	135,199	(9,460)
Investment in subsidiary	(9,296)	(9,589)	(18,885)
Accrued liabilities	13,653	(125,610)	(111,957)

DIPPIN' DOTS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE K – SUBSEQUENT EVENTS

COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreaks and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the fiscal year 2022.

Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company’s results of future operations, financial position, and liquidity.

Cash

On January 4, 2022, a transfer of \$2,867,967 was made to DDL. The transfer was a decision based on cash management. The funds are available on demand if a need arises by the Company.

Annual Conference

In February 2022, the Company held their annual conference for their franchisees. On March 29, 2022, the Company paid \$140,142 in association with conference expenses.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Dippin' Dots Franchising, LLC and Subsidiary
Consolidating Balance Sheet
March 25, 2023
US \$

Dippin' Dots
Franchising, LLC

ASSETS

CURRENT ASSETS

Cash	248,029
Accounts receivable, trade, net	59,918
Accounts receivable, related parties	5,185,994
Inventories	-
Deposits	
Assets held for sale	
Prepaid Expense	30,035

TOTAL CURRENT ASSETS 5,523,976

PROPERTY AND EQUIPMENT, NET 7,445

Other Assets

Long Term Accounts Receivable	8,409
Long Term Prepaid Expense	-
Intangibles, net	
Right-of-Use Asset-Operating Lease, net	29,740
Investment in Subsidiary	-

\$ 5,569,570

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Accounts payable	14,336
Accounts payable-related parties	78,296
Accrued liabilities	292,093
Current portion of note payable	
Current Portion of Lease Liabilities-Operating Leases	15,901
Current portion of note payable, related party	
Liability to advertising fund	
Unearned Revenue	214,840

TOTAL CURRENT LIABILITIES 615,466

LONG TERM UNEARNED REVENUE	318,179
LONG TERM LEASE LIABILITY-OPERATING LEASES, less current portion	13,838
MEMBER'S EQUITY	
Beginning member's equity	4,305,640
Net Income	316,446
ENDING MEMBER'S EQUITY	<u>4,622,086</u>
	<u>\$ 5,569,570</u>
	<u>\$ (0)</u>

Dippin' Dots Franchising, LLC and Subsidiary
Consolidating Income Statement
For the Five Weeks Ending March 25, 2023
US \$

	<u>Dippin' Dots Franchising, LLC</u>
REVENUES	
Royalties and advertising fees	\$ 228,178
Franchise and transfer fees	23,541
Retail sales	
Freezer sales	-
	<hr/>
NET REVENUE	251,719
COST OF GOODS SOLD	
	<hr/>
GROSS PROFIT	251,719
OPERATING EXPENSE	
Administrative	702
Advertising (selling for monthly purposes)	-
Bad debt expense	
Bank Charges	5
Commissions	1,131
Conferences and meetings	275,093
Depreciation & amortization	249
Dues and subscriptions	837
Impairment of goodwill	
(Gain) loss on asset disposal	-
Insurance	-
Management fees	3,782
Miscellaneous	430
Office expense	1,193
Point of Purchase	
Professional fees	1,736
Promotional Expense	
Public relations	-
Rents and leases	6,296
Repairs and maintenance	100
Research and development	
Retail sales expenses	
Shipping	
Taxes and licenses	317
Telephone	426
Training	-

Travel	3,930
Tradeshows	20,717
Wages	44,117
Website Hosting	
	361,060

INCOME (LOSS) FROM OPERATIONS (109,341)

OTHER INCOME (EXPENSE)

Bad debt expense related party	
Gain on related party debt forgiveness	
Corporate state tax	
Foreign currency transaction gain (loss)	-
Other gain (loss)	
Gain(loss) on sale of asset	
Gain on business interruption insurance	
Guarantor fee	
Interest expense	
Interest income	
Management fee income	-
Miscellaneous income	152
	152

INCOME (LOSS) FROM CONTINUING OPERATION \$ (109,189)

DISCONTINUED OPERATIONS

LOSS FROM DISCONTINUED OPERATIONS

NET INCOME (LOSS) \$ (109,189)
\$ 0

EBITDA Calculation:

Net Income/OCI	\$ (109,189)
Depreciation and Amortization	249
Other Income	(152)
Gain/(Loss)-Hedge Fund-Adjust to FMV	
Interest Expense	
Gain (Loss) on Sale of Assets	
Translation Gain/(Loss)	
Transaction Gain/(Loss)	
Other Gain/(Loss)	
Bad Debt Expense - Related Party	
Foreign Tax Expense	
State Income Tax	
EBITDA	\$ (109,092)

EXHIBIT 10

STATE ADDENDUM TO DISCLOSURE DOCUMENT

ADDITIONAL DISCLOSURES FOR THE MULTISTATE FRANCHISE DISCLOSURE DOCUMENT OF DIPPIN' DOTS, FRANCHISING, L.L.C.

The following are additional disclosures for the Multistate Franchise Disclosure Document of DIPPIN' DOTS FRANCHISING, L.L.C. required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

California Disclosure

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

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION.

Neither the Franchisor nor any person identified in Item 2 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 such persons from membership in such association or exchange.

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. § 101 et seq.).

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

YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE § 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§ 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE § 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§ 20000 THROUGH 20043).

The Franchise Agreement requires binding arbitration. The arbitration will occur in Oklahoma City, Oklahoma with the costs being allocated and assessed by the arbitrator(s). Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of Oklahoma. This provision may not be enforceable under California law.

The Franchisor maintains a website at www.dippindots.com.

THE FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dpfi.ca.gov.

Illinois Addendum to the Franchise Disclosure Document

The following information applies to franchises and franchisees subject to the Illinois Disclosure Act of 1987. Item numbers correspond to those in the main body:

- a. Item 17 - Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois. Illinois law governs the Franchise Agreement.
- b. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise disclosure Act or any other law of Illinois is void.
- c. Item 17 - Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise disclosure act.

Maryland Disclosure

Item 17 of the Franchise Disclosure Document is amended to state: A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the Franchise Disclosure Document is amended to state: Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Item 17 of the Franchise Disclosure Document is amended to state: The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Item 17 of the Franchise Disclosure Document is amended to state: Any 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.

Minnesota Disclosure

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Disclosure Document for Dippin' Dots Franchising, L.L.C. for use in the State of Minnesota shall be amended to include the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.3.

Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the Disclosure Document.

New York Disclosure

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. Item 3 of the FDD is modified to read as follows:

Other than as described in Item 3 of the FDD, neither franchisor, its predecessor, a person identified in Item 2, or an affiliate offering Franchises under Franchisor's principal trademark:

A. Has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations, pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the Franchise System or its business operations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or within the ten (10) year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: a violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the Franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

3. Item 4 of the FDD is modified to read as follows:

Other than as described in Item 4 of the FDD, neither the franchisor, its affiliate, its predecessor, officers or general partner during the ten (10) year period immediately before the date of the FDD: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one (1) year after the officer or general partner of the Franchisor held this position in the company or partnership.

4. The following sentence is added to the end of the first paragraph of Item 5 of the FDD:

We may use the proceeds from your payment of the Initial Franchise Fee to defray our costs and expenses for providing training and assistance to you; for commission payments to brokers involved in the sale of a Franchise to you; for general working capital purposes; and for other expenses.

5. The first paragraph of Item 17 of the FDD and Item 17.d. of the FDD are revised to read as follows:

The franchisee may terminate the agreement on any grounds available by law.

6. Item 17.j. of the FDD is revised to read as follows:

However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

7. Item 17.w. of the FDD is revised to read as follows:

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

FRANCHISOR REPRESENTS THAT IT HAS NOT KNOWINGLY OMITTED FROM THE FRANCHISE DISCLOSURE DOCUMENT ANY MATERIAL FACT, NOR DOES THE FRANCHISE DISCLOSURE DOCUMENT CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

North Dakota Disclosure

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document is amended by the addition of the following language:

The North Dakota Securities Commission has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09.N.D.C.C.):

- A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
- C. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchises to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damage.
- H. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
- I. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- J. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorneys' fees.

Rhode Island Disclosure

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34 the Franchise Disclosure Document for Dippin' Dots Franchising, L.L.C. for use in the State of Rhode Island shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. This addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this addendum to the Disclosure Document.

Virginia Disclosure

The following paragraph is to be added to the Risk Factors on the state cover page:

YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS. YOUR INABILITY TO MAINTAIN THESE LEVELS MAY RESULT IN THE LOSS OF ANY TERRITORIAL RIGHTS YOU ARE GRANTED.

Washington Disclosure

THESE PROVISIONS ALSO ACT AS AN ADDENDUM TO THE FRANCHISE AGREEMENT.

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

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

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

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

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

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

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

EXHIBIT 11
STATE SPECIFIC AGREEMENT AMENDMENTS

DIPPIN’ DOTS FRANCHISING, L.L.C.
ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

The Franchise Agreement between Dippin’ Dots Franchising, L.L.C. (“Franchisor”) and _____ (“Franchisee”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Corporations 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 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.

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

c. The Agreement requires application of the laws of Oklahoma. This provision may not be enforceable under California law.

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

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of the California Business and Professions Code, with respect to each such provision, are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

<Signatures on Following Page>

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

Dippin' Dots Franchising, L.L.C.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

DIPPIN' DOTS FRANCHISING, L.L.C.
ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS

This Addendum is made and entered into this _____ day of _____, 20____, by and between Dippin' Dots Franchising, L.L.C., an Oklahoma limited liability company ("DDF"), and _____ ("Franchisee"), as a modification to that certain Franchise Agreement of even date between DDF and Franchisee (the "Franchise Agreement") for Dippin' Dots® Franchised Businesses in Illinois. Capitalized terms shall have the meanings ascribed to them in the Franchise Agreement. The Franchise Agreement is modified as follows:

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 515 ILCS 705/1 et. seq. To the extent that this Agreement contains provisions that are inconsistent with the following, such provision are hereby amended:

a. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois. Illinois law governs the Franchise Agreement.

b. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise disclosure Act or any other law of Illinois is void.

c. Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise disclosure act.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

Dippin' Dots Franchising, L.L.C.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

DIPPIN' DOTS FRANCHISING, L.L.C.
ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND

The Franchise Agreement between Dippin' Dots Franchising, L.L.C. ("Franchisor") and _____ ("Franchisee") dated _____ (the "Franchise Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

MARYLAND LAW MODIFICATION

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD CODE ANN., BUS. REG. Sections 14-201 to 14-233 (2010 Repl. Vol. and Supp. 2010) (the "Law"). To the extent that this Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

b. 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.

c. Franchisee may bring a lawsuit in Maryland for claims arising under the Law.

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

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

<Signatures on Following Page>

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

Dippin' Dots Franchising, L.L.C.

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

DIPPIN' DOTS FRANCHISING, L.L.C.
ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA

The Franchise Agreement between Dippin' Dots Franchising, L.L.C. ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

MINNESOTA LAW MODIFICATION

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act. Minn. Stat. Section 80C.01 et. seq., and the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement and/or Franchise Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's proprietary marks infringes trademark rights of the third party.

b. Minn. Stat. Sec. 80C.14. Subds. 3, 4, and 5 requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no force or effect.

c. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.

d. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

e. Any provision that requires the Franchisee to consent to a claims period that differs from the applicable statute of limitations period under Minn. Stat. 80C.1, Subd. 5, may not be enforceable under Minnesota law.

2. Minn. Stat. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes Ch. 80C, including your rights to any procedure, forum, or remedies provided for in that law.

3. The Agreement and/or Franchise Disclosure Document is hereby amended to delete all references to liquidated damages in violation of Minnesota law; provided, that no such deletion shall excuse Franchisee from liability for actual or other damages and the formula for liquidated damages in the Agreement and/or Franchise Disclosure Document shall be admissible as evidence of actual damages.

4. To the extent required by Minnesota Law, the Agreement and/or Franchise Disclosure Document is amended to delete all references to a waiver of jury trial.

5. All sections of the Agreement and/or Franchise Disclosure Document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain such relief.

6. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Minnesota Law applicable to the provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

Dippin' Dots Franchising, L.L.C.

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

DIPPIN' DOTS FRANCHISING, L.L.C.
ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

The Franchise Agreement between Dippin' Dots Franchising, L.L.C. ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

NEW YORK LAW MODIFICATION

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 to 695 (1989). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Release. If Franchisee is required to execute a release of claims, as provided in Sections 2 and 14 of the Franchise Agreement, or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Sections 680 to 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

b. Governing Law. Section 24 of the Agreement is amended by adding the following sentence at the end of such Section: "The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York."

c. Termination by Franchisee. Section 15 of the Agreement is hereby amended to add the following sentence at the end of the Section: "Notwithstanding anything contained in this Section 15 to the contrary, Franchisee may terminate this Agreement on any grounds available by law."

d. Renewal, Extension, Approval of Transfer. Section 2 and Section 14 are amended by adding the following: "However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the general Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of the General business Law sections 687.4 and 687.5 be satisfied."

e. Assignment. Section 14 is amended by adding the following sentence at the end of the Section: "However, no assignment will be made except to an assignee who in good faith

and judgment of the Franchisor, is willing and financially able to assume the Franchisor's obligations under the Franchise Agreement.”

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of New York General Business Law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

Dippin' Dots Franchising, L.L.C.

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

DIPPIN' DOTS FRANCHISING, L.L.C.
ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA

The Franchise Agreement between Dippin' Dots Franchising, L.L.C. ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

NORTH DAKOTA LAW MODIFICATION

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 to 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by the law of a state other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

g. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.

h. Any provision that provides that Franchisee consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota law.

i. Any provision that requires Franchisee to consent to a claims period that differs from the applicable statute of limitations period under North Dakota law may not be enforceable under North Dakota law.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of North Dakota Franchise Investment Law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

Dippin' Dots Franchising, L.L.C.

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

DIPPIN' DOTS FRANCHISING, L.L.C.
ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND

The Franchise Agreement between Dippin' Dots Franchising, L.L.C. ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

RHODE ISLAND LAW MODIFICATIONS

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law Tit. 19 Ch. 28.1 Sections 19-28.1-1 to 19-28.1-34. To the extent that this Agreement contains provisions that re inconsistent with the following, such provisions are hereby amended:

a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void with respect to any claims brought under Rhode Island Franchise Investment Act Sec. 19-21.1-14.

b. If this Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Section 19-28.1-14.

c. If Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Rhode Island Franchise Investment Act, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

<Signatures on Following Page>

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

Dippin' Dots Franchising, L.L.C.

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

DIPPIN' DOTS FRANCHISING, L.L.C.
ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON

The Franchise Agreement between Dippin' Dots Franchising, L.L.C. ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

WASHINGTON LAW MODIFICATIONS

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

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

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

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

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

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

in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

Dippin' Dots Franchising, L.L.C.

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**DIPPIN’ DOTS FRANCHISING, L.L.C.
ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF WISCONSIN**

The Franchise Agreement between Dippin’ Dots Franchising, L.L.C. (“Franchisor”) and _____ (“Franchisee”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

WISCONSIN LAW MODIFICATIONS

1. Notwithstanding anything that may be contained in the body of the Agreement to the contrary, the Agreement is hereby amended to add the following provision:

For all franchises sold in the State of Wisconsin, the Company will provide Franchisee at least 90 days’ prior written notice of termination, cancellation, nonrenewal or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, nonrenewal or substantial change in competitive circumstances and will provide that Franchisee have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice will be void. These notice requirements shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the franchise, Franchisee will be entitled to written notice of such default, and will have not less than 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between the Company and Franchisee inconsistent with the Law.

3. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Wisconsin law, with respect to each such provision, are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

Dippin' Dots Franchising, L.L.C.

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

(39 pages)

D	<u>Duties of the Franchisee</u>
D-1-1	Management
D-2-1,2,3,4,5,6	Duties of the Franchisee
D-3-1	Franchisee Training Program
D-4-1	Franchise Advisory Council
D-5-1	Fair Employment Practices
D-6-1	Wage & Hour Laws
D-7-1	Employee Records
D-8-1	Record Keeping & Accounting
D-9-1	Accrual Basis Accounting
D-10-1	Original Records and Supporting Documents
D-11-1	Monthly & Annual Closing Procedures
D-12-1	Depreciation & Amortization
D-13-1	Multi Unit Accounting
D-14-1	Financial Statements Example Balance Sheet Example Liabilities and Equity Sheet Income Statement
D-15-1	Royalties, Ad Fund, and Sales Reporting
D-16-1	Reporting Monthly Sales Instructions
D-17-1	ACH Summary Report
D-18-1	Inventory Controls
D-19-1	Internal Controls Inventory Form

(30 pages)

E	<u>Staffing Information</u>
E-1-1,2	Staffing For Sales
E-2-1,2	Employment Process
E-3-1	Job Descriptions
E-3-2	Manager
E-3-3	EEO, ADA & Affirmative Action Policies
E-4-1	Sales Staff
E-5-1	Grounds for Termination
E-6-1	Sample Ad
E-7-1	Employment Applications Application For Employment
E-8-1	Interviewing Example of Interview Questions
E-9-1	Pre-Employment Inquiries
E-10-1	Employee Orientation
E-11-1	Employee Training
E-11-2	Training Outline Training Quiz
E-12-1	Introduction Period for employees
E-13-1	Scheduling Sample Schedule
E-14-1	Employee Evaluations

E-15-1 Sample Performance Evaluations
Sample Performance Report
Dismissing employees
Sample Employee Separation Form
(34 pages)

F **Operations**

F-1-1,2,3,4,5,6,7,8,9,10 Operations and Standards
F-2-1,2,3,4,5 Inventory and Ordering
Dippin' Dots Sample Order Form
Sample Online Order Tips
Product Capacity and Shipping
Freezer Capacity
F-3-1,2 Product Shipping and Receiving
F-4-1,2 Transport Boxes, Pallet Reefers, and One-Way Containers
F-5-1 Product Storage
Product Evaluation Sheet
F-6-1,2,3 Freezer Care, Maintenance and Warranty
Freezer Pictures
F-7-1 Handling & Transporting Equipment and Products
F-8-1 Dry Ice Instructions
Dry Ice Flyer
F-9-1 Kiosk and Store Presentation
F-10-1 Store Hours
Example Daily Opening and Closing Checklist
Example Weekly Cleaning Schedule
F-11-1,2 Food Safety, Sanitation and Cleanliness
F-12-1,2,3,4 Customer Service
F-13-1 Region Managers
Example Site Evaluation Form
F-14-1,2,3,4 Site Evaluation Expectations
F-15-1 Cash Register/Money Handling Procedures
F-16-1 Gift Cards
F-17-1 Sales and Use Tax
F-18-1 Merchandise Returns, Refunds and Exchanges
F-19-1 Emergency and Security Procedures
F-20-1,2,3 Approved Menu Items
Menu Items
F-21-1 Pricing
F-22-1,2,3,4,5,6,7,8,9 Uniforms
Corporate Extranet
(89 pages)

G **Prospecting Venues/Schools**

G-1-1,2 Exhibit A-1
Prospecting
Infringement Fees
Power Point Sales Packet
G-2-1 Pre-Event Checklist
Fair Estimated Cost

G-3-1,2,3	Distribution Routes
G-4-1	Cost of Goods and Margins Sheet
G-5-1,2,3,4,5,6	Delivery Route Sample Packet Information
G-6-1	Vending Machines
	VM Sign Off Form
	Picture of Vending Machine
G-7-1	Schools

(22 pages)

<u>H</u>	<u>Approved Venues</u>
H-1-1	Approved Methods and Venues
H-2-1	Sales to Caterers
H-3-1	Wholesale Sales

(4 pages)

<u>I</u>	<u>Business Expansion</u>
	Strategic Business Plan
	Business Plan Worksheet
	Business Plan Worksheet Example

(6 pages)

<u>J</u>	<u>Marketing</u>
J-1-1	Sales and Marketing
J-2-1	Staffed for Sales
J-3-1,2	Grand Openings
J-4-1	My Dot Space
J-5-1	Local Marketing
J-6-1	Free Advertising and Promotions
J-7-1	Paid Advertising and Promotions
J-8-1	Point of Purchase Advertising
J-9-1	The Advertising Fund
J-10-1	Donations and Community Involvement
	Product Donation Log
J-11-1	Handling The Media and Their Questions
	Public Information
	POP and Flyer Request Forms

(19 pages)

<u>K</u>	<u>Default and Termination</u>
K-1-1	Default and Termination

(2 pages)

<u>L</u>	<u>Renewals</u>
L-1-1	Franchise Agreement Renewal

(2 pages)

<u>M</u>	<u>Transfers</u>
M-1-1	Transfer of Interest

(3 pages)

N **Relocations**
N-1-1 Franchise Relocations
(2 pages)

Appendix
Material Safety Data Sheet
(12 pages)

(292 total pages)

EXHIBIT 13

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	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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 14

RECEIPT

(To be signed, dated, and kept by you)

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 Dippin' Dots Franchising, L.L.C. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. However, some state franchise laws, including New York and Rhode Island require Dippin' Dots Franchising, L.L.C. to provide this Disclosure Document to you at the first personal meeting held to discuss the franchise sale or at least 10 business 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.

If Dippin' Dots Franchising, L.L.C. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency.

The name, principal business address, and telephone number of each franchise seller is as follows:

Steve Rothenstein and Tammy Isom
155 Main Street, Paducah, Kentucky 42003
(270) 575-6990

Issuance Date: April 21, 2023. (The effective dates for the franchise registration states are noted on page iv of this Disclosure Document.)

We authorize the agents listed in Exhibit 2 to receive service of process for us.

I have received a Disclosure Document dated April 21, 2023, that included the following Exhibits and other Attachments:

- | | | | |
|---|---------------------------------------|----|--|
| 1 | List of State Administrators | 8 | List of Former Franchisees |
| 2 | List of Agents for Service of Process | 9 | Financial Statements |
| 3 | Franchise Agreement | 10 | State-Specific Disclosures |
| 4 | Customer Agreement | 11 | State-Specific Amendments |
| 5 | Personal Guaranty | 12 | Table of Contents for Operating Manual |
| 6 | General Release | 13 | State Effective Dates |
| 7 | List of Franchisees | 14 | Receipt (2 copies) |

Date Received

Prospective Franchisee

Name (please print)

Address: _____

Receipt

(To be signed, dated, and sent to Franchisor)

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 Dippin' Dots Franchising, L.L.C. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. However, some state franchise laws, including New York and Rhode Island require Dippin' Dots Franchising, L.L.C. to provide this Disclosure Document to you at the first personal meeting held to discuss the franchise sale or at least 10 business 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.

If Dippin' Dots Franchising, L.L.C. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency.

The name, principal business address, and telephone number of each franchise seller is as follows:

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Date Received

Prospective Franchisee

Name (please print)

Address: _____
