FRANCHISE DISCLOSURE DOCUMENT

THREE DOG BAKERY, LLC
a Delaware Limited Liability Company
6131 Deramus Avenue
Kansas City, MO 64120
(844) 505-6194
jdent@threedogstores.com
www.threedogstores.com

We offer qualified individuals and entities a franchise for the right to independently own and operate a store that will sell personalized cakes, muffins, pastries, and novelty baked items that are baked in the store, dog food, dog cookies, dog biscuits, and dog training treats produced by the franchisor, its affiliates, or designated suppliers as well as ancillary items (such as dog bowls, leashes, and collars) (each, a "Bakery") under the "Three Dog Bakery" mark.

The total investment necessary to begin operation of a single Bakery ranges from $181,087 to $313,563. This includes $45,000 to $47,500 that must be paid to Franchisor or an affiliate.

We also offer qualified parties the right to enter into a Multiple Franchise Purchase Addendum for the right to execute multiple franchise agreements and to open and operate two or more Bakeries. The total investment necessary to begin operation of the first single Bakery under a Multiple Franchise Purchase Addendum ranges from $196,087 to $341,063. This includes $60,000 to $70,000 that must be paid to Franchisor or an affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact Joe Dent at; 6131 Deramus Avenue, Kansas City, MO 64120 telephone number; (844) 505-6194; e-mail jdent@threedogstores.com.

The terms of your contract will govern your franchise relationship. Don't rely on this disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like an attorney 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 this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: June 30, 2023, as amended November 6, 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 C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Three Dog Bakery business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchise have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Three Dog Bakery franchisee?	Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 Missouri. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Missouri than in your own states.

2. **Supplier Control**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

3. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

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EXHIBITS

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

To simplify the language of this Disclosure Document, the Franchisor is referred to in this Disclosure Document as "we," "us" or "our." We refer to the person interested in buying the franchise as "franchisee," "you" or "your." If you are a corporation, partnership, limited liability company or other entity, the terms "franchisee," "you" and "your" also refer to your owners.

The Franchisor

We are a Delaware Limited Liability Company formed on February 21, 2014. Our principal place of business is 6131 Deramus Avenue, Kansas City, MO 64120. Our agents for service of process are disclosed in Exhibit E. We do business under our corporate name and our proprietary marks, including the mark "Three Dog Bakery."

We offer qualified individuals and entities a franchise for the right to independently own and operate a store that will sell personalized cakes, muffins, pastries, and novelty baked items that are baked in the store, dog food, dog cookies, dog biscuits, and dog training treats produced or sourced by the franchisor or its affiliates, as well as ancillary items (such as dog bowls, dog toys, raw-hide, leashes, and collars) (each, a "Bakery"). Each Bakery operates utilizing our (a) primary mark THREE DOG BAKERY® and any other proprietary marks and names we use now or may designate in the future (collectively, the "Proprietary Marks"), and (b) proprietary business system that is described more fully below in this Item (the "System"). We do not and have not offered franchises for any other types of business.

Our Parent, Predecessors and Affiliates

In March 2014, we acquired substantially all of our assets from Three Dog Bakery, Inc., a Delaware corporation (the "Predecessor"). The Predecessor changed its name to Seller Inc. just before the acquisition transaction. The Predecessor's principal place of business is 435 Nichols Road, Suite 200, Kansas City, MO 64112-2006.

The Predecessor offered "Three Dog Bakery" licenses from 1997 to 2007 and offered franchises from December 2007 until our acquisition of the franchise system in March 2014. Our parent is Three Dog Bakery Holdings, LLC, a Delaware limited liability company, formed on September 26, 2016, with its principal place of business at 6131 Deramus Avenue, Kansas City, MO 64120. On October 27, 2023, MV3D, LLC, a Delaware limited liability company, formed on September 28, 2023, with an address at One Kalisa Way, Suite 201, Paramus, NJ 07652, acquired the membership interests in Three Dog Bakery Holdings, LLC.

We began selling franchises as the new franchisor in May 2014. To our knowledge, the Predecessor has not offered franchises for any other types of business. The "Three Dog Bakery" licenses offered by the Predecessor were with third parties that operated stores that were similar to Franchised Business, except that there were no fees associated with these licensed stores. As of the Issue Date of this Disclosure Document, there are no licensees currently operating, with the last 2 ceasing operations in early 2017.

We or the Predecessor (or its predecessor) has operated a retail bakery for dogs since August 1990 in Kansas City, Missouri, selling natural-ingredient dog biscuits, cakes, muffins, and pastries. Originally, all of the products sold by us were baked and decorated on the premises of the bakery; later we established a central facility that produces some of the natural-ingredient dog cookies, dog biscuits, and dog training treats for sale both in the store operated by us and in other locations, including franchised bakeries (see Item 8 for further details). In May 2023, we sold our manufacturing and wholesale division to Three Dog Brands, LLC ("Three Dog Brands"), an unrelated entity, that distributes packaged products that are offered through the Three Dog Bakery franchise to other retailers throughout the United States, including grocery stores and pet stores, who may compete with your franchised Bakery.

Our affiliate, Gracie's Brands LLC ("Gracie's), is a Delaware limited liability company formed on October 23, 2023, with its principal place of business located at 6131 Deramus Avenue, Kansas City, MO 64120. Gracie's will manufacture and distribute packaged products that are offered at the Bakeries, and it may sell such products under the Gracie's brand to other retailers throughout the United States, including grocery stores and pet stores, who may compete with your franchised Bakery.

We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

The Franchised Business

Your Bakery will sell, at retail, to the general public personalized cakes, muffins, pastries, and novelty baked items that are baked in your Bakery (the "Bakery Items"), dog food, dog cookies, dog biscuits, and dog training treats, produced by the franchisor, its affiliates, or designated suppliers, as well as ancillary items (such as dog bowls, leashes, and collars) (the "Company Products") that are approved by us. Collectively, the Bakery Items, Company Products and other products and services designated or recommended by us to be sold at the Bakery are referred to as the "Preferred Products and Services."

If you become a franchisee, you will be granted the right to operate a single Bakery at a location approved by us (the "Approved Location"), offering the Preferred Products and Services and utilizing the System and Proprietary Marks in a protected area (the "Protected Territory").

Sales at wholesale are not part of the System, and you are prohibited from engaging in wholesale transactions.

In limited instances, in which you are willing to undertake the investment of time, money, and effort to establish and operate more than one Bakery within a defined geographic area, and we consider that you are qualified to undertake that development, we may grant the right to open and operate multiple Bakeries within that geographic area in exchange for your undertaking to develop an agreed number of Bakeries within an agreed time. If granted, that right will be contained in a Multiple Franchise Purchase Addendum that will be attached to each separate Franchise Agreement that you sign simultaneously (a "Multiple Franchise Purchase Addendum") in the form attached as to the Franchise Agreement.

Market and Competition

We are a pioneer in the development of "dog bakeries"—retail stores that sell dog biscuits, pastries, cakes and muffins and novelty items, particularly unique or all-natural products produced in small quantities (as opposed to mass-produced dog food and dog treats). There have since been other companies that have entered the same market, which is now a rapidly developing market niche. The primary customer base for dog bakeries such as the Bakeries offered under this Disclosure Document is a broad spectrum of pet owners, including those that are willing to pay more for high-quality pet treats or that are worried about the risks from artificial ingredients used in many mass-produced pet food products. In addition to competing with these other dog bakeries, you will also be competing with other retailers offering pet foods and supplies, including grocery stores and super pet stores.

Industry-Specific Regulations

Your Bakery will be subject to laws and regulations in your state, county, or municipality regarding the operation of a bakery generally, including but not limited to laws and regulations relating to the preparation and dispensation of food products such as the Preferred Products, as well as occupational hazards and health laws, sanitation laws, and consumer protection laws. You will also be subject to laws or regulations that are not specific to the dog bakery industry, but applicable to businesses in general, including zoning laws, labor laws and the Fair Labor Standards Act, workers' compensation laws, business licensing laws, tax regulations, and the Americans with Disabilities Act.

We have not investigated the laws or regulations applicable to your Bakery. You are solely responsible for investigating and adhering to all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, and you should do so before purchasing a franchise from us. We strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding such regulations prior to purchasing a franchise from us. Applicable laws and regulations are subject to change.

Please be advised that you must investigate and comply with all of these applicable laws and regulations. You alone are responsible for complying with all applicable laws and regulations, despite any advice or information that we may give you. We have not researched any of these laws to determine their applicability to your Bakery.

ITEM 2
BUSINESS EXPERIENCE

Chairman: Colin Halpern Mr. Halpern has served as our Chairman, and Chairman of our parent, Three Dog Bakery Holdings, LLC and our affiliate Gracie's since October 2023. Mr. Halpern served as Chairman (1993-2011) and as the Vice Chairman (2011-2022) of Domino's Pizza Group plc, a Domino's Pizza master franchisee for several European countries, located in Milton Keynes, England. Mr. Halpern also is the Chairman of our parent, MV3D, LLC since its formation in September 2023. Mr. Halpern is also the CEO of Maverick Ventures LLC, located in Schenectady, New York. Mr. Halpern is the founder and Chairman of Medtrx Capital, LLC and Medtrx Healthcare Solutions, LLC, both founded in 2005 and located in Paramus, New Jersey. Since July 8, 1998, Mr. Halpern has served as Managing Director of HS Real Company LLC, located in Palm Beach Gardens, Florida. Since 2011, Mr. Halpern serves as Chairman of Calumet Holdings Inc., located in Wilmington, Delaware.

President: Joe Dent

Mr. Dent has been our President since October 2019. He previously served as Chief Store Operations Officer at Pet Valu in Philadelphia, Pennsylvania and Toronto, Canada from August 2017 until March

2019 and Vice President, US General Manager at Pet value in Philadelphia, Pennsylvania and Toronto, Canada from April 2011 until August 2017.

Director of Franchise Operations and Development: Laura Crews

Ms. Crews has served as our Director of Franchise Operations and Development since October 2020. Previously, Ms. Crews held the following positions at Blaze Pizza, LLC, located in Pasadena California: Senior Franchise Development Manager, from September 2017 to March 2020; and Senior Franchise Business Manager and Operations Specialist, from September 2013 to September 2017

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Initial Franchise Fee – Franchise Agreement

The "Initial Franchise Fee" for your first franchised Bakery is $40,000, payable in full upon execution of the Franchise Agreement. Currently, we offer reduced Initial Franchise Fees for the purchase of additional franchises. The initial franchisee fee is reduced to $30,000 for your second franchise and $25,000 for your third or any additional franchise. The Initial Franchise Fee is fully earned at the time of execution of the Franchise Agreement and is not refundable under any circumstances. Except as described above, the Initial Franchise Fee is uniformly imposed.

Initial Franchise Fees – Multiple Franchise Purchase Addendum

If you purchase multiple franchises *simultaneously* with the purchase of your first franchise, you must execute our Multiple Franchise Purchase Addendum and pay in full the Initial Franchise Fee for the first Bakery plus 50% of the Initial Franchise Fees for the second and subsequent franchise agreements, with the remaining 50% of the unpaid balance of the initial franchise fees under each additional franchise agreement due once the lease is signed/or the original scheduled date for signing a lease for each relevant Bakery, whichever occurs first. The Initial Franchise Fee is fully earned at the time of execution of the Franchise Agreement and is not refundable under any circumstances. Except as described above, the Initial Franchise Fee is uniformly imposed.

Initial Bakery Inventory

You must purchase certain items of your initial Bakery inventory of Three Dog Bakery ingredients for personalized cakes, muffins, pastries, and novelty baked items that are to be baked in the store; dog cookies, dog biscuits, dog training treats and mixes produced by us at a typical price of approximately $5,000-$7,500 ("Initial Inventory Fee"). The Initial Inventory Fee may be less if you acquire an existing franchisee's business. The Initial Inventory Fee will cover approximately 20% to 25% of your initial bakery inventory of dog food, dog cookies, dog biscuits, dog training treats and pastry ingredients. The other 75% to 80% must be purchased from other approved suppliers. The Initial Inventory Fee estimates the cost a franchisee opening a new Bakery must pay us for initial inventory.

Except as described above, the Initial Inventory Fee is uniformly imposed and is deemed fully earned and non-refundable under any circumstances.

ITEM 6
OTHER FEES

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty[1, 2, 3]	5.5% of Gross Sales of the Bakery	Payable weekly for sales during the immediately prior week.	See Note 2, below.
Marketing Fund Contribution[2, 3]	1% of total Gross Sales which we may increase up to 3%	Payable in the same manner and at the same time as Royalty.	Currently, we charge a 1% fee but we reserve the right to require you to pay up to 3% for the Marketing Fund Contribution. Deposited in the Marketing Fund, which we will use to maintain, administer, direct, and prepare advertising and marketing programs, public relations, and market research.
Local Advertising Requirement	1% of total Gross Sales, which we may increase up to 3%	Paid monthly as incurred	You must expend this amount to conduct marketing and promotions within your Territory.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Point of Sale Software Fees[1]	Then-current fee. Current monthly cost ranges between $199.00 to $521.00 plus a onetime Setup Fee and Hardware costs ranging between $2,973.00 to $5,747.00	Upon billing by Vendor.	You are currently required to purchase our current point of sale (“POS”) system from our Approved Supplier.
Legal Fees/ Indemnification[2]	Actual costs of suit, attorneys' and accountants' fees incurred by us.	Upon billing by us.	You agree to hold harmless and indemnify us for damages from the operation of your franchise Bakery.
Audit Costs[2]	If audit reveals underpayment of 2% or more, you must reimburse us for its audit costs	10 days after billing.	If an audit reveals any underpayment, you must pay amounts due, plus interest as provided above. Costs of audit are payable only if an audit shows an underpayment of at least 2% for period audited.
Supplemental and Refresher Training	Up to $500 per day for up to 2 people. Additionally, we may require you to reimburse our out-of-pocket expenses.	Upon billing by us	We reserve the right to charge up to $500 per day for training we provide to more than 2 people. We also reserve the right to increase this fee depending on the type of training provided to cover our costs to provide such training. There are no limitations on our ability to require you to obtain supplemental or refresher training.
Management Services[3]	Up to 8% of Gross Sales	Upon billing by us	Payable only if your Bakery is not being managed by you or a manager designated by you who has completed our training program, and we appoint an interim manager to operate your Bakery on your behalf.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Site Selection Fee	$1,000 per visit	Upon billing by us	Payable only if we conduct more than one site selection visit during your site selection process.
Relocation Fee	$1,000	Upon billing by us	Payable only if you relocate your site.
Renewal Fee	$5,000	Upon signing our then-current form franchise agreement	The Renewal Fee is paid to us, over and above any Royalties, Marketing Fund Contributions or any other fees to which we are entitled. There are other conditions you will be required to meet in order to renew your Franchise Agreement with us.
Transfer Fee	50% of the then current Initial Franchise Fee	The transfer fee is paid upon the execution of the new franchise agreement by the transferee.	There are other conditions you will be required to meet in order to transfer your Franchise Agreement.
Late Payment, Insufficient Fund or Dishonored Check Fees	$100 per occurrence	Upon demand.	Payable in addition to other payments owed to us in the event that you (a) are late in making a payment owed to us, (b) have an insufficient amount in your bank account for us to debit amounts owed to us, or (c) if a check you provide to us is returned or dishonored by the bank.
Insurance	Will vary according to circumstance.	Upon demand.	If you fail to obtain required insurance, we may obtain such insurance at your expense (but are not required to do so) and charge you a service fee to do so. Otherwise, these payments are made directly to your third-party insurance provider.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Additional Training Fee	Our then-current training tuition fee, which is currently $500 per additional person per day	As incurred.	In addition to our then-current Additional Training Fee, you must reimburse us for any expenses we incur in providing training to additional personnel. This fee will not be charged in connection with minor, day-to-day assistance that we provide over the phone or via email, subject to our availability. Please see Item 11 of this Disclosure Document for additional information.
Late Report Fee	$100 per occurrence and $100 per week	Upon demand.	Payable in addition to other payments to us.
Late Payment Fee[2]	1.5% of the payment due	Upon Demand	To reimburse the Company for its costs of collection.
Interest on Late Payments[2]	1.5%	Until past-due amounts (plus interest and late fees) paid in full.	Not to exceed highest amount allowed by law in the state where your Bakery is located.
Insufficient Funds Fee[1]	1.5% of the amount of the insufficient funds check, draft/wire transfer, paid weekly for so long as the insufficient payment remains outstanding	Upon redemption of the insufficient funds instrument.	In addition, if 2 or more checks are returned by the Franchisee’s bank (for insufficient funds or any other reason) or your ACH Account has insufficient funds during any 24 consecutive months, the Company may require that the Franchisee make all future payments by certified or cashier’s check or by money order.
Commission if We Find Transferee	10% commission on the gross transfer price (excluding the price of real property)	Before or upon transfer	You will pay us a 10% commission on the gross transfer price (excluding the price of real property), if we obtain the transferee for you.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Maintenance and Renovation[4]	Actual cost of ongoing maintenance and renovation	Upon billing and payment terms established with vendor.	If you fail to maintain the good repair and first-class appearance of the Approved Location, we may do so at your expense after 30 days' notice Renovation is required as needed, but not more than once during any 2 year period.
Technology Fee	If required, our then-current fee	Payable in the same manner and at the same time as Royalty.	We reserve the right to charge you a technology fee that will cover various items related to the technology and computer system you will be required to use at your Bakery, such as point-of-sale system software, software licenses and support costs.

Note 1: In addition to the Initial Franchise Fee and Initial Inventory Fee described in Item 5, the Royalty Fee and Point of Sale Software Fee are currently the only fees in the Item 6 chart that are payable by all franchisees regardless of the conduct of their business or external factors. All other fees described in the table above are conditioned upon the occurrence of a particular event or a specific determination made by us or are not payable unless and until we exercise our right to collect such a fee.

Note 2: All fees are uniform and payable to us and are nonrefundable. Your Royalty, as well as any other fees payable to us or our affiliates under the Franchise Agreement, must be paid to by us via automated clearing house ("ACH") transfer from the bank account you are required to designate solely for use in connection with your Bakery (your "ACH Account"). You must provide us with the details of your ACH Account prior to opening. You must provide us with advance written notice of any change to the information related to your ACH Account.

Note 3: "*Gross Sales*" means all receipts generated by the Bakery from any source, including sales, exchanges, services, any other type of remuneration, gift, barter of products or services, charity, payment in kind, or any other benefit or value that is received or deferred to be received, and excludes: (i) discounts; (ii) refunds; and (iii) sales taxes. Credit transactions will be included in Gross Sales as of the date of the transaction without deduction for uncollected credit accounts. In addition, the proceeds from any business interruption insurance or eminent domain recovery you receive will be included in "Gross Sales."

Note 4: "Maintenance" includes replacement of worn out or obsolete equipment, fixtures, and signs; repair of the exterior and interior of your Bakery; and any redecoration or renovation we reasonably require.

ITEM 7
ESTIMATED INITIAL INVESTMENT

A. YOUR ESTIMATED INITIAL INVESTMENT UNDER THE FRANCHISE AGREEMENT

TYPE OF EXPENDITURE	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[1]	$40,000	$40,000	Lump sum	Upon execution of Franchise Agreement	Us
Real Estate / Rent Deposit[2]	$0	$7,000	Lump sum	Typically, on signing lease	Landlord
Architect Permits, Leasehold Improvements[3]	$20,000	$70,000	As agreed	Before opening	Various contractors and suppliers
Utility and Miscellaneous Security Deposits[4]	$2,000	$4,000	Lump sum	Before utilities activated	Utility companies, suppliers, and vendors
Furniture, Fixtures, Lighting Fixtures, and Supplies[5]	$45,000	$60,000	As agreed	Before opening	Approved suppliers and vendors
POS and CRM System[6]	$3,587	$7,563	As agreed	Before opening	Approved suppliers and vendors
Opening Inventory[7]	$35,000	$45,000	As agreed	Typically no later than 30 days after delivery	Approved suppliers and vendors, including us and our affiliates.
Insurance[8]	$1,000	$5,000	Lump sum	Before opening	Insurance company(ies)
Signage (interior and one exterior)	$3,000	$7,000	As agreed	As incurred	Approved suppliers and vendors
Travel and Living Expenses While in Training[9]	$1,000	$3,000	As incurred	Before and during training	Airlines, hotels, restaurants, car rental companies.
Grand Opening Marketing Requirement[10]	$2,500	$4,000	As incurred	As incurred	Approved suppliers and vendors

TYPE OF EXPENDITURE	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Miscellaneous[11]	$3,000	$6,000	As incurred	As incurred	Approved suppliers, governmental agencies, and professional advisors
Additional Funds—Three Months[12]	$25,000	$50,000	As incurred	As incurred	Employees and suppliers
Total Estimated Initial Investment[13]	**$181,087**	**$313,563**			

Except as noted below, none of the fees described in this Item 7 are refundable. We do not finance any fee.

Note 1: The Initial Franchise Fee for your first franchised Bakery is $40,000. However, currently, we offer reduced Initial Franchise Fees for the purchase of additional franchises.

Note 2: For each Bakery, you should lease 1,000 to 2,500 square feet of usable retail sales floor space, usually located in an outdoor regional mall, strip shopping center, or retail center. This range does not include the square footage of any office, storage, or other ancillary space not accessed by customers. The cost of real estate per square foot varies widely from market-to-market and even within markets, based upon location, condition of the Approved Location, market conditions, and other factors. Typically, commercial landlords require pre-payment of the first month's rent plus a security deposit (often equal to one (1) month's rent). The initial security deposit is typically refundable, while the rent payment is not. This deposit estimate includes potential concessions and credits you may be able to negotiate with the landlord, with the low range of $0 representing a Tenant Improvement Allowance from the landlord net of credit and allowances. Larger Bakeries will require larger investments.

Note 3: The cost of construction and leasehold improvements (made to our specifications) vary depending upon the size and condition of the Approved Location and the amount of work done by the landlord. The estimate set forth above includes permits you may be required to obtain for your architect as well as paint and floor coverings ***and is net of any tenant improvement*** allowances from the landlord, and assumes that the Approved Location are delivered by the landlord in "vanilla box" condition (that is, including slab floor, ~~un~~finished drywall, plumbing, accessible restrooms and electricity available in the space, and standard HVAC). Your costs will vary depending upon local economic conditions, the contribution of the landlord (generally in the form of a tenant improvement allowance), the prevailing wage rates in the area, and the extent of renovation required. When calculating the low and high end of this range, we did not account for the average tenant improvement allowance of $30 to $40 per square foot afforded to the owners of currently operational Bakeries by their respective landlords. If the leased space needs to be demolished or additional construction work is required, and the landlord does not contribute to those actions, the maximum cost could be $130,000 or even higher.

Note 4: Includes initial deposits that utility companies may require (telephone, water, gas, electricity, trash removal, and related utility and service expenses) to establish service.

Note 5: Costs include the cost of kitchen equipment, ovens, counters, shelving, display cubes, wall and floor coverings, decorative items, and the computer hardware and software identified in Item 11, below. Costs vary depending on your space, layout, and market conditions.

Note 6: The range of costs listed above includes the one-time POS System setup fee and hardware, which ranges from $3,000 to $6,000, as well as three months of monthly POS fees, which range from $199 to $521 per month.

Note 7: Covers the costs we estimate for initial inventory of dog food, dog cookies, dog biscuits, dog training treats, produced by the franchisor, its affiliates, or approved suppliers; ingredients for personalized cakes, muffins, pastries, and novelty baked items that are to be baked in the store; non-food supplies, including leashes, dog bowls, and other non-consumable items as well as a change fund of approximately $1,000. Of this total, approximately $5,000-$7,500 will be paid to us for Three Dog Bakery ingredients for personalized cakes, muffins, pastries, and novelty baked items that are to be baked in the store; dog cookies, dog biscuits, dog training treats and mixes produced by us.

Note 8: Covers the expense for the first year's premium for all insurance required by Section 11.16 of the Franchise Agreement. In our experience, you will likely pay the first year's premium in full before opening. Minimum required insurance includes the following: (i) comprehensive general liability insurance, property damage, and personal injury coverage with minimum coverage of $1 Million combined single limit (including broad form contractual liability) or the higher amount required by your lease; (ii) workers compensation, employer's liability, and other insurance as required by applicable law; and (iii) general casualty insurance based on the cost of replacing damaged or destroyed property with property meeting current specifications. As we state in the Franchise Agreement Section 11.18, we may require additional insurance and may modify the minimum insurance requirements during the franchise term. *See:* Franchise Agreement Sections 11.16-11.22 for additional conditions regarding mandatory insurance.

Note 9: Travel costs cover two (2) people—your chef for bakery training *only*, and you (or your owner) for the entire training class.

Note 10: Within thirty (30) to sixty (60) days after you open your Bakery, you are required to expend at least $2,500 (the "Grand Opening Marketing Requirement") on a grand opening marketing campaign (the "Grand Opening Marketing Campaign") for the grand opening of the store including but not limited to public relations, direct mail and email, radio advertising, store events, cause marketing, and social media outreach and paid advertising. We must approve the campaign before you are permitted to use it and you are also required to submit an expense verification showing the funds that you plan on spending for the campaign.

Note 11: We suggest that you retain the services of an attorney, accountant, or other professional(s) to review this disclosure document and the franchise agreement and to assist you to establish your franchise business and your books and records. This estimate includes costs for your professional fees, including accounting or legal, incorporation expenses, and other miscellaneous expenses you may incur, including special use permits and credit card machine costs.

Note 12: Additional funds include miscellaneous and incidental operating costs, including on-site employee training expenses, local business licensing fees, payroll expenses, bank charges, debt servicing, initial cost for employee uniforms, miscellaneous out-of-pocket, postage, office supplies, and other initial expenses. These figures *exclude* payments of Royalty Fees and any Marketing Fund Contributions since these amounts depend upon your actual Gross Sales.

Payroll expenses cover all opening employees, but do not include any allowance for a draw or salary to you (or your owners, if you are not an individual).

Note 13: We relied primarily on the experience of our Predecessor as well as information we have obtained from franchisee bakeries opened during the last 6 years and updated costs from design and fabrication suppliers in estimating the costs and expenses to open and operate the Bakery during the first three (3) months.

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B. YOUR ESTIMATED INITIAL INVESTMENT UNDER THE MULTIPLE FRANCHISE PURCHASE ADDENDUM

TYPE OF EXPENDITURE	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fees[1]	$55,000	$67,500	Lump sum	The entire amount of the Initial Franchise Fee for the first Bakery, plus 50% of the Initial Franchise Fees upfront for the second and subsequent franchise agreements and the remaining 50% of each Initial Franchise Fee before opening each franchise	Us
Initial Investment for the First Bakery[2]	**$141,087**	**$273,563**	See Chart in Item 7(A) above.		
Total	**$196,087**	**$341,063**			

1. In limited instances, in which you are willing to undertake the investment of time, money, and effort to establish and operate more than one Bakery within a defined geographic area, and we consider that you are qualified to undertake that development, we may grant the right to open and operate multiple Bakeries within that geographic area in exchange for your undertaking to develop an agreed number of Bakeries within an agreed time. If granted, that right will be contained in a Multiple Franchise Purchase Addendum that will be attached to each separate Franchise Agreement that you sign simultaneously (a "Multiple Franchise Purchase Addendum") in the form attached as to the Franchise Agreement. The initial franchisee fee is reduced to $30,000 for your second franchise and $25,000 for your third or any additional franchise. The low range listed above represent the costs to open a total of two Bakeries and the high range represents the costs to open a total of three Bakeries. We do not finance any fee.

2. This figure represents the total estimated initial investment required to open the first Bakery under your first Franchise Agreement, which includes leases and security deposits, buildout costs, signage costs, training expenses, miscellaneous opening costs, opening inventory, and additional operational funds for a single Bakery (see the Single Unit in Item 7A chart above for additional details).

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SUPPLIES

You must operate all aspects of your Bakery in strict conformance with the methods, standards and specifications of our System. Our methods, standards, and specifications will be communicated to you in writing through our confidential Manuals and other proprietary guidelines and writings that we prepare for your use in connection with the Bakery and System. All supplies, equipment, furnishing, fixtures, materials, décor, signs, and materials of your Bakery and service provider to your Bakery must be purchased or provided by us, our affiliates, Approved Suppliers or other approved vendors as we may direct from time-to-time. We may periodically change our System standards and specifications from time to time, as we deem appropriate or necessary in our sole discretion, and you will be solely responsible for costs associated with complying with any modifications to the System.

Preferred Products and Services

You must market, offer, sell and provide the Preferred Products and Services at your Bakery in a manner that meets our System standards and specifications. We will provide you with a list of our then-current Preferred Products and Services, along with their standards and specifications, as part of the Manuals or otherwise in writing prior to the opening of your Bakery. We may update or modify this list in writing at any time. To: (i) better assure the quality of the Preferred Products and Services; (ii) assure the supply of the Preferred Products and Services; and/or (iii) enable us, in our sole discretion to take advantage of marketplace efficiencies, we have the right to require you to purchase only ingredients, pre-made items and/or supplies from us or other suppliers or distributors approved or designated by us. We may also develop certain proprietary products which you must purchase from us and offer for sale at your Bakery.

If you wish to offer any product or service in your Bakery other than our Preferred Products and Services or use any item in connection with your Bakery that does not meet our System standards and specifications, then you must obtain our prior written approval as described more fully in this Item.

You acknowledge that not all bakeries will have the same set of merchandise or suppliers, although they will offer similar goods and services. You may be required to honor and accept those bank cards and credit cards that we specifically approve in the Manuals or otherwise in writing.

Advertising

All advertising and promotional materials and other items we designate must bear the Proprietary Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements we prescribe in the Manuals, in the approved brand style guide, or otherwise in writing. You must obtain our approval before you use any advertising and promotional materials or plans in connection with your Bakery if we have not prepared or approved them during the twelve (12) months prior to the date of your proposed use.

We may enter into licensing agreements with third party suppliers to produce advertising and promotional items that bear the Proprietary Marks, and we may permit you to purchase these items for resale.

Approved Suppliers

Except for the Company Products (which are purchased solely from us, our affiliates, or other designated suppliers) and any other items that we may require to be purchased from Approved Suppliers, you will purchase or lease all products, supplies, services, and equipment (including ancillary items) required for the operation of the Bakery from suppliers that we have approved in writing.

We have the right to require you to purchase certain items necessary to operate your Bakery from suppliers or designated sources that we approve, designate or recommend including manufacturers, distributors, and other providers of goods and services (each, an "Approved Supplier"), which may include us or our affiliate(s). We have the right to negotiate with Approved Suppliers on behalf of all franchisees. We will provide you with a list of our Approved Suppliers in writing as part of the Manuals or otherwise in writing, and we may update or modify this list as we deem appropriate. You acknowledge that you may use Approved Suppliers who meet our requirements but are not supplying to the entire System or may supply other system Bakeries but not your Bakery.

Currently, we are the only Approved Supplier for our Company Products, which you must purchase directly from us or through a designated distributor. Additionally, we currently have Approved Suppliers for cabinetry, the point-of-sale system software, furnishings, layout and design, décor materials, fixtures, equipment, furniture and signage.

We may develop proprietary products and/or proprietary software for use in your Bakery, including, but not limited to, private-label products that bear our Proprietary Marks and/or point-of-sale system software, and require you to purchase these items/services from us, our affiliate(s) and/or our Approved Supplier(s). We may provide our standards and specifications for our Preferred Products and Services directly to our Approved Suppliers.

Aside from our affiliate Gracie's. None of our officers own an interest in any of our Approved Suppliers. We also reserve the right to designate us or any of our affiliates as an Approved Supplier with respect to any item you must purchase in connection with your Bakery in the future.

Required Purchases

The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your "Required Purchases." We estimate that your Required Purchases will account for approximately substantially all of your total costs incurred in establishing your Bakery, and approximately substantially all of your ongoing costs to operate the Bakery after the initial start-up phase. You will not receive any material benefit from purchasing from approved or designated suppliers.

You must always maintain adequate levels of inventory of dog treats, dog food, and related products sufficient in quantity and variety to realize the full potential of the Bakery. We reserve the right to require that certain percentages of your total inventory of dog food, dog cookies, dog biscuits, dog training treats, and pastry ingredients must be (a) products manufactured, distributed and branded by Three Dog Bakery or (b) be purchased from other n Suppliers.

Right to Derive Revenue

We and our affiliate(s) reserve the right to derive revenue from any of the purchases our System franchisees are required to make in connection with the Bakery. In our last fiscal year ending December 31, 2022, we received $2,860,257 in revenue from purchases by franchisees from us, representing 7.5% of our total revenue of $38,136,762.

We and/or our affiliates may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Bakeries in the System, such as rebates, commissions or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees. During the 2022 fiscal year, we did not have any revenues from Approved Suppliers.

Non-Approved Product/Service and Alternate Supplier Approval

We may, but are not obligated to, grant your request to: (i) offer any products or services in connection with your Bakery that are not Preferred Products and Services; or (ii) purchase any item or service we require you to purchase from an Approved Supplier from an alternative supplier.

If you wish to undertake either of these actions, you must request and obtain our approval in writing before: (i) using or offering the non-approved product or service in connection with your Bakery; or (ii) purchasing from a supplier that is not an Approved Supplier. We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the appearance and/or taste profiles of the particular item (as it pertains to our recipes) and the supplier's production and delivery capability, overall business reputation and financial condition. We may provide any alternate supplier you propose with a copy of our then-current specifications for any product(s) you wish the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form we specify. We may also inspect a proposed supplier's facilities and test its products, and request that you reimburse our actual costs associated with the testing/inspection.

We will notify you in writing within sixty (60) days after we receive all necessary information and/or complete our inspection or testing to advise you if we approve or disapprove the proposed item and/or supplier. The specific criteria we use in approving or rejecting new suppliers is proprietary, but we may (but are not required to) make it available to you upon request. Each supplier that we approve of must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure. If we approve any supplier, we will not guarantee your performance of any supply contract with that supplier under any circumstances. We may re-inspect and/or revoke our approval of a supplier or item at any time and for any reason to protect the best interests and goodwill of our System and Proprietary Marks. The revocation of a previously approved product or alternative supplier is effective immediately when you receive written notice from us of revocation and, following receipt of our notice, you may not place any new orders for the revoked product, or with the revoked supplier.

Franchisee Compliance

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You do not receive any further benefit as a result of your compliance with these requirements.

Computer Hardware and Software

You must purchase any and all computer hardware, software and peripherals, including point-of-sale systems and loyalty/reward service providers, in accordance with our System standards and specifications. We may require you to purchase any of these items from one of our Approved Suppliers. Please see Items 6, 7 and 11 for more information regarding computer hardware and software purchases.

Approved Location and Lease

You must obtain our approval of the location for your Bakery, the Approved Location, before you secure it. You must also obtain our approval of any contract of sale or lease for the Premises before you execute the contract or lease, and we may condition our approval of any such lease on you and your landlord's execution of our prescribed form of Collateral Assignment of Lease and lease addendum. You must also ensure that you comply with all of our System standards and specifications related to the build-out, remodeling and/or construction of your Bakery at the Premises, including, but not limited to, the kitchen space required to fully prepare all of the Preferred Products at the Premises.

We do not currently have Approved Suppliers for site selection assistance and construction management (relating to the build-out and/or construction of your Premises), but we reserve the right to designate such Approved Suppliers in the future. We may require, rather than suggest, you to use these Approved Suppliers if we deem appropriate.

Purchasing Cooperatives

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of Bakeries in our System. If we do establish those types of alliances or programs, we may: (i) limit the number of approved suppliers with whom you may deal with; (ii) designate sources that you must use for some or all products, equipment and services; and (iii) refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System.

Insurance

You must purchase and maintain the types and amounts of insurance that we designate in our Manuals or otherwise in writing, including a comprehensive general liability policy with a combined single limit of at least $1,000,000 and auto insurance for any delivery vehicles, all of which we may modify from time to time as we deem appropriate in our reasonable discretion. We do not have an Approved Supplier for insurance, but you must furnish us with certificates of insurance (or, at our request, copies of all insurance policies), evidencing the existence and continuation of the insurance coverage required by the Franchise Agreement. All policies must contain a waiver of subrogation in our favor, must name us and any additional parties we designate as additional insureds (except with regards to workers' compensation insurance), and provide that we will receive thirty (30) days' prior written notice of termination, expiration, or cancellation of the policy. All policies must be underwritten by companies having an A.M. Best rating of A or higher. You must maintain these insurance levels, as described more fully in this paragraph, throughout the term of your Franchise Agreement.

You will submit to us annually a copy of the certificate of or other evidence of the renewal or extension of each insurance policy. If you at any time do not maintain in effect any insurance coverage required by us, or do not furnish satisfactory evidence of the insurance policies, then we (at our option and in addition to our other rights and remedies) may obtain insurance coverage on your behalf, and you must promptly execute any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums incurred by us.

Your obligations to obtain and maintain the insurance described are not limited in any way by reason of any insurance maintained by us, nor does your performance of obligations relieve you of any indemnification obligations under the Franchise Agreement. Nothing contained in the Franchise Agreement, or this Disclosure Document will be construed as a representation or warranty by us that the insurance coverage specified by us will insure you against all insurable risks or amounts of loss which may or can arise out of or in connection with your operation of the Bakery. It is your sole responsibility to ensure that adequate insurance coverage is obtained for the Bakery.

You must submit to us within ninety (90) days after execution of the Franchise Agreement, and at least two (2) weeks before you take possession and commence development of the premises from which you will operate the Bakery, whichever first occurs, a copy of the Certificate of Insurance in compliance with the requirements.

Maintenance and Remodeling

You must maintain, repair, refinish, repaint, and replace Bakery furniture, fixtures, equipment, displays, signs, decor, and any other tangible part or property of the Bakery to ensure that the Bakery in an efficient manner pursuant to our current standards and specifications. We may require you to remodel once every five (5) years, pursuant to our then current standards and specifications for a Bakery.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
a. Site selection and acquisition/lease	§§ 1, 2; Site Selection Addendum	Items 11, 12
b. Pre-opening purchases/leases	§§ 2, 3, 8	Item 8
c. Site development and other pre-opening requirements	§§ 2, 3	Items 7, 8, and 11
d. Initial and ongoing training	§ 3; Conversion Addendum	Item 11
e. Opening	§§ 2, 10	Item 11
f. Fees	§§ 5, 9; Conversion Addendum	Items 5 and 6
g. Compliance with standards and policies/Manuals	§§ 3, 6, 11, 12	Item 11
h. Trademarks and proprietary information	§§ 4, 6	Item 13 and 14
i. Restrictions on products/services offered	§§ 8, 11	Item 8 and 16
j. Warranty and customer service requirements	§ 8	Item 11
k. Territorial development and sales quotas	§ 1; Site Selection Addendum	Item 12
l. Ongoing product/service purchases	§ 8	Item 8
m. Maintenance, appearance, and remodeling requirements	§ 11	Item 11
n. Insurance	§ 11	Items 6 and 7
o. Advertising	§ 10	Items 6 and 11
p. Indemnification	§ 7	Item 6
q. Owner's participation/management/staffing	§ 11	Items 11 and 15

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
r. Records and reports	§ 12	Items 6 and 11
s. Inspections and audits	§§ 11, 12	Items 6 and 11
t. Transfer	§ 13	Item 17
u. Renewal	§ 14	Item 17
v. Post-termination obligations	§ 16	Item 17
w. Non-competition covenants	§ 16	Item 17
x. Dispute resolution	§§ 17, 18	Item 17
y. Personal Guaranty	§6.2, Exhibit D	Item 15

ITEM 10
FINANCING

Neither we nor any of our affiliates offer direct or indirect financing of any of your obligations. 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.

A. Pre-Opening Obligations

Before you open your Bakery, we will do the following:

1. We will provide you access to our operations manual and pastry manual (collectively, the "Manuals"). The Table of Contents for the Manuals is included as Exhibit I to this document. The Manuals are approximately 130 pages long. The Manuals contain mandatory and suggested specifications, standards and operations procedures including required hours of operation. We have the right to add to, and otherwise modify, the Manuals to reflect changes in products, services, specifications, standards, and operating procedures, including sales and marketing techniques, of the System. (Section 3.6 of the Franchise Agreement).

2. We will approve the proposed location for your Bakery.

3. We will define your Protected Territory, as described in more detail in Item 12 of this document (Section 1 of the Franchise Agreement).

4. We will, to the extent we deem necessary, provide specifications for, and designate suppliers from whom you must purchase equipment, inventory, goods and supplies necessary for the start-up of your Bakery. (Sections 2 and 3.6 of the Franchise Agreement). We will sell you certain items of your initial inventory of dog food, dog cookies, dog biscuits, dog training treats, cat treats and/or the raw materials needed to produce the treats in accordance with our standards. You must purchase

proprietary products and services we designate directly from us or our approved and designated vendors. We may, at our sole discretion, provide you with assistance in establishing prices.

5. We will approve your Grand Opening Marketing Campaign prior to its launch; (Sections 10.1 through 10.4 of the Franchise Agreement).

6. We will provide our tuition-free Initial Training Program for up to two (2) people, including you. (Sections 3.1 through 3.4 of the Franchise Agreement). The Initial Training Program is described in more detail in this Item 11.

7. In addition to providing you with our Initial Training Program, once you have obtained all required occupancy permits, we will send up to two (2) of our representatives to your Premises to assist you with the opening and initial operations of your Bakery ("On-Site Assistance"). Our representative(s) will spend approximately two (2) days with you before your opening and up to 2 days after the opening of your Bakery unless you and we agree to a different schedule in connection with your opening. (Section 3.3 of Franchise Agreement).

B. Site Selection

You must find a suitable site (the "Premises") for your Bakery that we approve in writing within four (4) months of executing the Franchise Agreement. We do not own the Premises or lease it to you. You must submit a site report to us for each proposed site, in the form we specify (the "Site Report"). Within approximately thirty (30) days of receipt of a complete Site Report and other materials we reasonably request, we will provide you with notice of our approval, which we will not unreasonably withhold, or disapproval of the proposed site. In determining whether to approve your proposed site, we may visit the site. If we need to make more than one site visit during this process, we reserve the right to charge you our then current Site Selection Fee, which is currently $1,000 per visit. If we do not approve a site that you have proposed within the 4-month period, we reserve the right to terminate the Franchise Agreement.

When considering your proposed site, we may consider any factors we deem material including but not limited to demographic characteristics of the proposed location, traffic patterns, parking, the predominant character of the neighborhood, the proximity to other businesses (including other Bakeries), ability to operate 7 days a week and other commercial characteristics, and the proposed location, size of premises, appearance and other physical characteristics. (Franchise Agreement Section 2 and Exhibit A to the Franchise Agreement).

If this will be your first Bakery, you will typically sign the Franchise Agreement before you have located the Premises for your Bakery. In that case, you will sign also Exhibit A to the Franchise Agreement that allows you to select the Premises of your Bakery within a Site Selection Area (as defined in Item 12), subject to our approval, within ninety (90) days after the date of the Franchise Agreement. (Franchise Agreement Section 2 and Exhibit A to the Franchise Agreement). If you have located the Premises before the Franchise Agreement is signed, the Premises of your Bakery will be specified in Exhibit A to the Franchise Agreement.

C. Construction and Build-Out

We will furnish you with prototype plans and specifications for your Bakery, including requirements for dimensions, interior design and layout, image, building materials, fixtures, equipment, furniture, signs, and decor (Franchise Agreement Section 2). We may, in our sole discretion, provide reasonable consultation services to you in the development of the Bakery (Section 3 of Franchise Agreement).

D. Time to Open

We estimate that it will take you between approximately four (4) and six (6) months from signing the Franchise Agreement to open your Bakery. This interval may vary depending upon your ability to secure financing, whether or not the location of your Bakery has been specified at the time the Franchise Agreement is signed, the location and condition of the premises, city permitting, and the completion of the improvements to the premises. If you choose not to obtain your fixtures from our Approved Suppliers it may take you longer to open than this estimate. Under the Franchise Agreement, you are required to commence operations within twelve (12) months of executing the Franchise Agreement.

E. Obligations After Opening

During the operation your Bakery, we will do the following

1. We will furnish you with assistance in the operation of your Bakery, as we deem necessary, in our sole discretion. Operating assistance may consist of guidance related to, but not limited to the following (Franchise Agreement Section 3.8):

    (a) Methods and operating procedures utilized within the System;

    (b) Additional products and services authorized for sale by Bakeries;

    (c) Selection, purchasing, and marketing of products, materials, and services;

    (d) Marketing assistance and sales promotion programs;

    (e) Formulating and implementing advertising and promotional programs; and

2. The establishment and operation of administrative, bookkeeping, accounting, marketing, inventory control, sales, and general operating procedures for the proper operation of a Bakeries.We may, in our discretion, inspect your Bakery periodically. We will advise you of operating problems of your Bakery discovered by those inspections or through reports that you submit to us. (Franchise Agreement, Section 11.23)

3. In addition to providing you the Manuals, we may issue, modify and supplement System standards as we deem necessary in our sole discretion. We may suggest minimum or maximum prices to the extent permitted by law. We may periodically modify System standards, which may accommodate regional or local variations as we determine or to comply with applicable laws, rules and regulations, and these modifications may obligate you to invest additional capital in the Store and/or incur higher operating costs. However, these modifications will not alter your fundamental status and rights under the Agreement. We may furnish you this guidance through various channels including but not limited to bulletins or other written materials, telephone consultations, consultations at our offices or at your Bakery, a System web portal (Section 4 of the Franchise Agreement).

F. Advertising

Generally

You may not use any advertising and promotion materials not prepared or previously approved by us until those advertising and promotion materials have been approved by us. We will not unreasonably withhold our approval of advertising and promotion materials submitted by you. To obtain our approval, you must submit to us, no later than thirty (30) days before use, samples of all advertising and promotional materials (including but not limited to marketing plans, PR campaigns, digital initiatives, and in-store initiatives) that are not prepared or previously approved by us. If written disapproval is not received by us within the thirty (30) day period, we will be deemed to have disapproved. You must not use any advertising or promotional materials that we have not approved, or that we have explicitly disapproved. (Franchise Agreement Section 10.3)

Brand Fund

We maintain and administer a marketing fund (the "Marketing Fund") for advertising and public relations programs that we, in our sole discretion, consider necessary or appropriate to advertise and promote the System. The Marketing Fund was created as of our fiscal year beginning January 1, 2023. We will prepare a report of the operations of the Marketing Fund annually and make it available to you upon request. (Franchise Agreement Sections 10.4 and 10.5). There were no Marketing Fund contributions or expenditures in 2022.

We direct all programs paid for by the Marketing Fund, with sole discretion over the creative concepts, materials, endorsements, and media used, and the placement and allocation. We have the right to determine, in our sole discretion, the composition of all geographic territories and market areas for the development and implementation of programs (Section 10.4 of Franchise Agreement).

Throughout the term of the Franchise Agreement, you must contribute to the Marketing Fund an amount set by us, that is not more than three percent (3%) of Gross Sales of your Bakery (currently, 1%), payable weekly together with the Royalty Fee due under the Franchise Agreement. We contemplate that all Bakeries owned by us or our affiliates and located in the United States will contribute to the Marketing Fund on the same basis. (Franchise Agreement Section 5.4)

The Marketing Fund may be used to meet any and all costs of maintaining, administrating, directing, and preparing national, regional, or local advertising materials, programs, and public relations activities, including the cost of preparing and conducting television, radio, magazine, billboard, newspaper, and other media programs and activities, the cost of employing advertising agencies to assist those processes, and the cost of providing promotional brochures and advertising materials to Bakeries and to regional and local advertising cooperatives. We do not intend to utilize any percentage of the Marketing Fund for use in advertising or marketing that is principally a solicitation of the sale of franchises. We may, however, append to other advertising a short statement to the effect that franchises are available. (Franchise Agreement Section 10.4)

The Marketing Fund is accounted for separately. We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Marketing Fund in that year and we may make loans to the

Marketing Fund bearing interest at a rate not higher than 200 basis points (2%) over the "Prime Rate" set forth in the *Wall Street Journal* to cover any deficits of the Marketing Fund and cause the Marketing Fund to invest any surplus for further use by the Marketing Fund. If all Marketing Fund fees are not spent in the fiscal year in which they accrue, the carryover will be utilized in subsequent years. (Franchise Agreement Section 10.5)

The Marketing Fund is intended to maximize general recognition and patronage of Three Dog Bakeries for the benefit of all Bakeries and we will not undertake any obligation in developing, implementing, or administering advertising or public relations programs to insure that expenditures are made which are proportionate or equivalent to your contributions for your market area or that any Bakery benefits directly or *pro rata* from the placement of advertising. (Franchise Agreement Section 10.4)

We are not required to spend any amount on advertising in your Protected Territory.

Grand Opening Marketing Campaign

Within thirty (30) to sixty (60) days after you open the Bakery, you are required to expend a Grand Opening Marketing Requirement of at least $2,500 on a Grand Opening Marketing Campaign that may include, but is not limited to public relations, direct mail, radio advertising, store events and cause marketing. You must submit to us a plan detailing how you will expend the Grand Opening Marketing Requirement, and we must approve your Grand Opening Marketing Campaign before you launch it. We reserve the right to require that you pay the Grand Opening Marketing Requirement directly to us, and in such instance, we shall spend the Grand Opening Marketing Requirement to implement the Grand Opening Marketing Campaign on your behalf.

Subject to our availability, upon your request, we may provide one (1) or more officers to participate in events related to your Grand Opening Marketing Campaign. There is no charge for our participation in such events except that you will pay the reasonable travel expenses (including air and ground transportation, meals, and lodging) of our representatives attending.

Local Advertising

You must spend a minimum of one percent (1%) of Gross Revenue each month on local advertising and promotions as we prescribe in the Manuals or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements ("Local Advertising Requirement"). We reserve the right to increase the Local Advertising Requirement to three percent (3%) upon thirty (30) days' notice to you. You acknowledge and agree that your Local Advertising Requirement must be expended regardless of the amount(s) spent by other System franchisees on local advertising and promotions. All such plans and materials must be submitted to us in accordance with the procedure set forth in the Franchise Agreement.

Advertising Cooperatives

We have the right to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative (a "Cooperative"), and to determine whether a Cooperative is applicable to your Bakery. There are currently no Cooperatives. We also have the power to form, change, dissolve and/or merge Cooperatives. If a Cooperative is established applicable to your Bakery, then you must participate in and contribute to the Cooperative. Such contributions may exceed the Local Advertising

Requirement; provided, however, that you will receive credit for Cooperative contributions against the Local Advertising and Promotions Requirement.

If a Cooperative is established, it need not operate from written governing documents and, as such, these documents will not be available for franchisees to review. Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by us. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior written approval. All such plans and materials must be submitted to us in accordance with the procedure set forth in the Franchise Agreement. We contemplate that all Bakeries owned by us or our affiliates and located with the geographic scope of a Cooperative, will participate in the Cooperative on the same basis as franchised Bakeries.

Franchisee Advisory Council

We have established a franchisee advisory council composed of franchisees that advise us on advertising as well as other policies. We currently appoint franchisees to serve on this council. We reserve the right to modify our process for appointing franchisees. Such franchisees serve in an advisory capacity only, providing suggestions and advice to us, and do not have operational or decision-making power. We retain the right to form additional councils and change or dissolve any council(s).

G. Computer Systems

You must purchase computer hardware and software that meets our specifications. We require that you use the specific point of sale and retail management system provided by our Approved Supplier. The computer hardware for the point of sale and retail management system may include, among other items, the following: touchscreen monitors, bar code scanner, credit card processing hardware, receipt printer, and cash drawer. We estimate that the initial cost for the point of sale and retail management system ranges from $2,275-$5,045.

We require you to use a point-of-sale system software services provided by our Approved Supplier and pay the supplier's then-current fee. We may develop proprietary software for use in your Bakery, including, but not limited, point-of-sale system software, and require you to purchase these items/services from us, our affiliate(s) and/or our Approved Supplier(s). We may provide our standards and specifications for our Preferred Products and Services directly to our Approved Suppliers. We reserve the right to charge you a technology fee that will cover various items related to the technology and computer system you will be required to use at your Bakery, such as point-of-sale system software, software licenses and support costs.

The hardware and software will perform point-of-sale (cash register) functions, remote sales entry, sales reporting, inventory control, customer tracking, accounts payable and receivable, a wide array of performance reports, and related functions. We may require you to purchase additional computer hardware and software that meets our specifications.

The Franchise Agreement provides that we own and have the unlimited right to independently access and review, all information on your computer systems and software, at any time, by remote access. There are no contractual limits or restrictions imposed upon us in accessing all information on your computer systems. Neither we nor any affiliate or third party have an obligation to provide ongoing maintenance, repairs, upgrades or updates.

The Franchise Agreement places no limits on our ability to require that you upgrade or replace your computer system. In addition, you will be responsible for all ongoing computer maintenance and repairs and upgrades (which we estimate will not exceed $2,500 in any 12-month period).

H. Internet

You must have and maintain adequate hardware and software in order to access the Internet at the bit speed we require from time to time. We have established an Internet website that provides information about the System and the products and services offered by the System. We have sole discretion and control over the website (including timing, design, contents and continuation). We may, but are not obligated to, create interior pages on our website(s) that contain information about your Bakery and other Bakeries. If we do create these pages, we may require you to prepare all or a portion of the page for your Bakery, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting. (Section 4.10 of the Franchise Agreement).

You are currently permitted to establish directory webpages (including Yelp and Google Places) and social media websites designated by us (which may include Facebook and Instagram) in connection with your Bakery (the "Permitted Webpages"). Any posts that you make to the Permitted Webpages must comply with Three Dog Bakery brand guidelines that we communicate to you in the Manuals or otherwise in writing and that we may modify from time to time. You are required to grant us administrative access to all Permitted Webpages, and we reserve the right to post content on the Permitted Webpages, as our discretion.

Your Permitted Webpages should only contain content relevant to our mission and must meet our standards and otherwise support our brand, image and methodologies. We reserve the right to demand that you remove any Permitted Webpages or posts on Permitted Webpages, to delete links on your Permitted Webpage(s) from our website, and/or to revoke your right to continue using such Permitted Webpage(s), if we determine in our sole discretion that the content of your blog is detrimental to our brand and image. (Section 4.11 of the Franchise Agreement).

Except for your Permitted Webpages, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Three Dog Bakery brand, System, or your Bakery. All additional websites for Bakeries will be centrally managed from the corporate website to maintain consistency, consolidate views/likes/etc. and reduce the expense and time required by you to create and manage individual websites. (Section 4.12 of the Franchise Agreement).

We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. (Franchise Agreement, Section 4.14). You acknowledge that we and/or our affiliates are the lawful, rightful and sole owner of the Internet domain name www.threedogstores.com as well as any other Internet domain names registered by us, and you unconditionally disclaim any ownership interest in such domain names and any colorably similar Internet domain names. You agree not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words. (Franchise Agreement, Section 4.12).

I. Initial Training Program

TRAINING PROGRAM

Subject	Hours Of Classroom Training	Hours On The Job Training	Location
Initial Training – Part 1 (Kansas City, Missouri):			
Segment One- Classroom Training			
Introduction to Three Dog Bakery, Merchandising, POS System, E-Commerce and Instacart, Local Marketing and Sales Training, Communication, People Processes, TDB Systems and Tools, Best Practices, Inventory Control, AMP Purchasing and Distributor Relationship Management, maximizing your business with POS reporting, AMP product budget planning. Performa planning managing your P&L,staff scheduling.	16	0	Kansas City, Missouri (corporate headquarters)
Segment Two- Baking Training			
Introduction to Equipment, Case Treats, Pastry Manuals and Ingredient Purchasing, Pastry Chef Training, Preparation of Baked goods, Production Management and scheduling, Decorating fundamentals, Kitchen Organization, Inventory Control, and Production Planning Best Practices	0	32	Kansas City, Missouri or Leawood, Kansas Corporate Locations
Segment Three- Retail Training			
Point of Sale Training, Loyalty programs, E-Commerce Workflow, Customer Service Expectations and Training, Product Knowledge, Store Opening and Closing, Store Operations, Cleanliness, Daily, weekly, Monthly routines and Best Practices, Inventory Purchasing, Receiving, Cost Control, Pricing, and Merchandising Strategy	4	44	Kansas City, Missouri (corporate headquarters) Kansas City, Missouri or Leawood, Kansas (Corporate Locations)
Initial Training – Part 2 (Your Bakery):			

Day One			
Store Set up, Organization and Merchandising, Orientation- Introduction to Three Dog Bakery, Core Values, PURPOSE, Customer Service Expectations	2	8	Your Bakery
Day Two- Team Training			
Merchandising, Pastry Training, PURPOSE, Customer Service,Product Knowledge, POS Training, , Opening and Closing Procedures	0	10	Your Bakery
Day Three- Team Training			
Merchandising, Pastry Training, PURPOSE, Customer Service,Product Knowledge, POS Training, Opening and Closing Procedures	0	10	Your Bakery
Day Four- Opening Day			
Certification of Team members proficiency in POS, PURPOSE, Guest Service, Baking, Decorating, Personalization, Opening and Closing Procedures	0	12	Your Bakery
Day Five			
Certification of Team members proficiency in POS, PURPOSE, Guest Service, Baking, Decorating, Personalization, Opening and Closing Procedures	0	12	Your Bakery
Day Six			
Certification of Team members proficiency in POS, PURPOSE, Guest Service, Baking, Decorating, Personalization, Opening and Closing Procedures	0	12	Your Bakery
Total	22	140	
Combined Total	**162**		

Notes regarding the Initial Training Program:

1. Initial Training – Part 1 (Kansas City, Missouri): We conduct training for each franchise in the Kansas City area. This training is approximately 96 hours (over a period of approximately 12 days). The training program is conducted in various sites in and around Kansas City, Missouri, including our offices, at the central production facility at which we produce products for sale in the franchised Bakeries, and at one of our “company-owned” Bakeries. Training classes are held on an as-needed basis and may be conducted with your organization as well as other franchisees.

2. Initial Training – Part 2 (Your Bakery): Before and in conjunction with the opening of your Bakery you must attend and satisfactorily complete an initial training program on the operation of your

Bakery. In addition, any Designated Manager of the Bakery is required to attend, and the head chef employed by you may be required to attend in our discretion. This training is approximately sixty-four (64) hours (over a period of approximately 5 to 6 days). This portion of the training program takes place at your Bakery.

3. The training program is supervised by a combination of one or more of the following individuals: Amanda Harris (Bakery Merchandising Manager), Christina Tuck (Director of Retail Franchise Operations), Laura Crews (Director of Franchise Operations and Development) and our executive chef, Sarah Deters. Our executive chef has been with Three Dog Bakery since November 2008. She is culinary trained and has broad experience in the restaurant industry including Head Pastry Chef of Pierponts in Kansas City, Missouri. Ms. Harris held the role of Franchise Field Support Specialist from 2016-2020. She currently serves as Bakery Merchandising Manager. She served as Assistant Manager of our corporate store in Kansas City, Missouri from 2011 to 2016. Ms. Tuck joined the Three Dog Bakery team in September of 2017. She has over 16 years of retail operations experience. Ms. Crews joined the team in 2020 with over 25 years of franchise operations and training experience. All of our other trainers will have a level of experience we deem sufficient for the subject matter that they teach. You must schedule to attend training at least thirty (30) days before the scheduled opening of your Bakery. (Franchise Agreement Sections 3.1 and 3.2). We utilize various training materials, including the Manuals and videos, in providing the training program.

4. No additional fee is charged for the initial training program for up to two (2) people, however, you must pay our then-current Additional Training Fee for any additional personnel to receive the initial training program and you are responsible for your and your employee's compensation, travel, lodging, and living expenses incurred in connection with the attendance at the initial training program. The training program includes instruction relating to the operation of your Bakery, understanding the equipment and product preparation, costs and cash control, customer service, comprehensive marketing and sales programs, accountability for sales and marketing, methods of controlling operating costs, and related matters.

5. All replacement Designated Managers are required to attend our initial training program in our discretion. In addition, we may provide supplemental and refresher training programs during the term of the Franchise Agreement, to be furnished at a time and place that we designate. You must pay our then-current training fees for replacement managers and for supplemental and refresher training programs (Franchise Agreement Section 3.4).

6. The training program is subject to change in our discretion. You must complete the training program to our satisfaction.

7. After the opening of the Bakery, we may provide training (subject to reasonable limitations prescribed by us as to frequency and time) supplemental training and refresher training programs during the term of the Franchise Agreement, to be furnished at a time and place we designate. If we require any such person to attend the initial training program, supplemental training or refresher training, Franchisee will pay Company's then-current training fee promptly on demand (Franchise Agreement Section 3.4).

8. You are solely responsible for all employment decisions and in complying with all state, federal, and local hiring laws and functions of the Bakery. This includes, without limitation, decisions and laws related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, scheduling, supervision, and discipline of employees, paid or unpaid, full or part-time, and independent

consultants. You must implement a training program for employees of the Bakery in compliance with our requirements (Franchise Agreement Section 3.4).

ITEM 12
TERRITORY

Franchise Agreement

You will operate the Bakery from the Premises we approve. Once we agree on the Premises, we will designate it in Exhibit A to your Franchise Agreement.

Once your Premises and Approved Location is agreed upon, we will grant you a protected area within which we will not open another Bakery under the Proprietary Marks and System (the "Protected Territory"). We will not locate another Bakery operating under the Proprietary Marks and System within your Protected Territory, whether company-owned, affiliate-owned, or otherwise, provided you are in compliance with the requirements of the Franchise Agreement.

The size and shape of this Protected Territory are determined at the time of the execution of the Franchise Agreement. The size and shape of the Protected Territory are separately negotiated for each Franchise Agreement, and vary depending upon demographics, population, and commercial development in the area of your Bakery, but would not generally exceed a 5-mile radius. Your Protected Territory cannot be modified except by mutual written agreement signed by both parties.

You are only allowed to make retail sales from your Bakery unless otherwise approved in advance in writing by us. Retail sales consist of orders of products for consumption on or off the Premises by the purchaser and not for purposes of resale. We will not unreasonably withhold our consent to retail sales at events within the Protected Territory that meet our reasonable minimum standards and policies. You may also accept retail on-line or telephone orders for pickup at, or local delivery from, your Bakery from both within and outside your Protected Territory. You are prohibited from engaging in wholesale sales (sales for purposes of resale).

You will typically sign the Franchise Agreement before you have located the Premises for your Bakery. In that case, you will execute Exhibit A to the Franchise Agreement, in which we will agree to a geographic area in which the location of the Bakery will be established (the "Site Selection Area"), subject to our approval, within ninety (90) days after the date of the Franchise Agreement. The designation of the Site Selection Area in the Exhibit A to the Franchise Agreement does not confer any territorial rights upon you, and we and our affiliates have the right to operate and franchise other Bakeries within the Site Selection Area. The granting of additional franchises for Bakeries in the Site Selection Area is at our sole discretion. However, once a location for your Bakery is approved by us within the Site Selection Area established in Exhibit A to the Franchise Agreement, you will then execute the Site Addendum and establish the size of the Protected Territory.

You may not relocate your Bakery without our written consent, which we will not unreasonably withhold provided the new location is located within your Protected Territory and meets our then-current criteria for a Premises. Any relocation will be at your sole expense, and we may charge our then-current relocation fee (if any) for services that we render in connection with the relocation. When considering a request for relocation, we may take into account the desirability of the proposed new location, its distance from other and future-planned franchised locations, the traffic patterns, security, cost, and the demographics of the area, as well as any other related factors we deem appropriate.

There are no territorial restrictions from accepting business from individuals or entities that reside/work or are otherwise based outside of your Protected Territory if these persons or entities contact you, and we do not typically restrict our other franchisees or affiliate-owned Bakeries in this manner. You will not be required to pay us any additional consideration for accepting business from those that reside outside of your Protected Territory. With that said, you may not use alternative channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing, to make any sales outside of your Protected Territory. You are also prohibited from actively soliciting customers outside of your Protected Territory without our prior written consent. You may not provide delivery service outside your Protected Territory without our prior written consent (which we may grant or withhold in our discretion).

Multiple Franchise Purchase

If you sign a Multiple Franchise Purchase Addendum, we will grant to you a "Development Area" (which will be described in Exhibit B to the Franchise Agreement) in which you will have the exclusive right to apply for individual franchise agreements to develop Bakeries (subject to our approval of the proposed location of each Bakery). The Development Area may be all or part of a city, a county, or a state, depending on the agreement reached between you and us. Factors that may affect the size of the Development Area include the size of the area under consideration, the population of the area, and your experience and financial resources. Notwithstanding the above, upon the opening of your last Bakery, or upon the deadline for opening your last Bakery, under your Development Schedule (described in the Multiple Franchise Purchase Addendum), your rights with respect to the Development Area will automatically terminate. Thereafter, we and our affiliates will have the right to operate or grant to others the right to operate Bakeries within the Development Area. However, your Protected Territory (defined below) for each operating Bakery of yours will remain in force.

Before signing any Multiple Franchise Purchase Addendum, we will determine the number of Bakeries that you are granted the right to develop in the Development Area, and on the pace at which you commit to develop those stores (which will be set forth in a development schedule included in the Multiple Franchise Purchase Addendum attached as Exhibit B to the Franchise Agreement). As long as you are in compliance with the agreed Development Schedule, we may not establish any other franchised or franchisor-owned or affiliate-operated Bakeries within the Development Area. Even while you are in compliance with your development obligations, we may: (i) develop and operate (and allow others to develop and operate) Bakeries anywhere outside your reserved Development Area, (ii) establish alternative methods of distribution (such as wholesale distribution and kiosks within retail stores) both inside and outside your Development Area, (iii) sell both inside and outside your Development Area products and services that are not identified by the Proprietary Marks, even if the products or services are the same or similar to those you are permitted to sell; and (iv) allow the continued operation of Bakeries that existed in your Development Area before you signed the Multiple Franchise Purchase Addendum.

The continuation of your exclusive right to own and operate units in the Development Area depends on your compliance with the agreed Development Schedule but does not otherwise depend on achievement of a certain sales volume, market penetration, or other conditions. Except as described above, your Development Area may not be modified except by written agreement signed by both you and us.

Reserved Rights

Under the Franchise Agreement, we and our affiliates reserve the exclusive right to: (i) establish and operate, and license any third party the right to establish and operate, other Bakeries using the Proprietary Marks and System at any location outside of your Protected Territory; (ii) market, offer and sell products and services that are similar or identical to the products and services offered by the Bakery at any location, within or outside the Protected Territory; (iii) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to those offered by you through your Bakery, within or outside your Protected Territory; (iv) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement; and (v) own and operate Bakeries in "Non-Traditional Sites" including, but not limited to, mall, amusement parks, military bases, college campuses, hospitals, airports, sports arenas and stadia, train stations, travel plazas, toll roads and casinos, both within or outside your Protected Territory.

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

We have the right to establish a Bakery at a Non-Traditional Site within your Protected 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 or from third-parties, such as Three Dog Brands, which manufactures and distributes packaged products, including under the Mark, that are offered through the Three Dog Bakery franchise to other retailers throughout the United States, including grocery stores and pet stores, that may compete with your franchised Bakery.

Alternative Channels of Distribution

At this time, Three Dog Brands sells through certain alternative channels of distribution products and services that are the same or similar to the products and services offered at Bakeries either under the Proprietary Marks or under different trademarks, including through wholesale channels within and outside your Protected Territory/Development Area. We also reserve the right to distribute certain products or services ourselves or through our affiliates, whether currently existing, in research and development, or developed in the future, within or outside your Protected Territory/Development Area by us or our affiliates, or our franchisees, licensees or designees, in the manner and through such channels of distribution as we determine at our sole discretion. Alternate channels of distribution include, but are not limited to, the sale of products via the Internet, through wholesale distribution, through grocery stores and other retail outlets, and via direct marketing and mail order catalog. The Franchise Agreement does not grant you the right to: (i) distribute the products as described in this paragraph; or (ii) share in any of the proceeds from activities through alternate channels of distribution.

Additional Disclosures

Neither the Franchise Agreement nor the Multiple Franchise Purchase Addendum provides you with any right or option to open and operate additional Bakeries (other than as specifically provided for in your Multiple Franchise Purchase Addendum if you are granted multi-unit development rights). Regardless, each Bakery you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement.

The Franchise Agreement does not contain any provisions under which you might receive any options, rights of first refusal or similar rights, to acquire additional franchises within the Protected Territory or any contiguous area.

We have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. Neither we nor our affiliate have established, or presently intend to establish, other franchised or company-owned businesses that sell our Preferred Products and Services under a different trade name or trademark, but we reserve the right to do so in the future without your consent.

ITEM 13
TRADEMARKS

We grant you a limited, non-exclusive license to use our primary mark THREE DOG BAKERY® and certain other Proprietary Marks in connection with the operation of your Bakery only at your Premises and within your Protected Territory, provided you use these Proprietary Marks as outlined in your Franchise Agreement, our Manuals or otherwise in writing.

The following trademarks are registered on the Principal Register of the USPTO.

Mark	Registration No.	Registration Date
	1,971,349	April 30, 1996
THREE DOG BAKERY THE BAKERY FOR DOGS	2,021,727	December 10, 1996

Mark	Registration No.	Registration Date
THREE DOG BAKERY	2,081,409	July 22, 1997
Three Dog Bakery	4,042,605	October 18, 2011
Three Dog Bakery	4,852,517	November 10, 2015

In connection with the sale of our manufacturing and wholesale division to Three Dog Brands, in May 2023, we assigned the Proprietary Trademarks to Three Dog Brands. In turn Three Dog Brands has licensed us the right to use the System, Marks and other intellectual property and to sublicense them to our franchisees in an Intellectual Property License Agreement dated May 2023 (the “License Agreement”). The License Agreement grants us the exclusive license to use and sublicense the Proprietary Marks and other intellectual property associated with the Bakery. The License Agreement is perpetual but can be terminated if we (or you and our franchisees) do not follow the rules about the use of the Proprietary Marks. The License Agreement does not limit our rights to use or sublicense the Proprietary Marks or intellectual property in a manner material to the franchisee.

All renewals, affidavits and other documents with the USPTO to maintain the federal registrations described above have been filed. Presently, there are not any effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, province, territory, or region, or any court adverse to our rights in the Proprietary Marks.

There is no litigation pending arising out of the Proprietary Marks, and we are not aware of any superior rights in, or infringing uses of, the Proprietary Marks that could materially affect your right to use these marks. We are not aware of any pending infringement, opposition or cancellation proceedings, or any material litigation, involving the Proprietary Marks.

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

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We or Three Dog Brands have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including the right to settle the proceedings or litigation. We or Three Dog Brands have the exclusive right, but not the obligation, to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Proprietary Marks.

We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you will be required to pay for the defense or to reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you are required to sign all documents and assist us or Three Dog Brands, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in connection with the operation of franchise in any state.

We are the lawful and sole owner of the domain name www.threedogstores.com. You cannot register any of the Proprietary Marks now or hereafter owned by us or any abbreviation, acronym or variation of the Proprietary Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue using a website using the Proprietary Marks. Except as we may authorize in writing in advance, however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; or (iii) create or register any Internet domain name in connection with your franchise.

You may use only the Proprietary Marks, which we designate, and may use them only in the manner we authorize and permit. All of your advertising must prominently display the Proprietary Marks. Any goodwill associated with the Proprietary Marks or our System, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Proprietary Marks only at the Approved Location or in advertising for the Bakery You must use all Proprietary Marks without prefix or suffix and in conjunction with the symbols “SM,” “TM,” “S” or “R,” as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any services or products, which we have not authorized for use in connection with the System. You may not use the Proprietary Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials “D/B/A” and the business name “Three Dog Bakery.” You must promptly register at the office of the county in which your Bakery is located, or such other public office as provided for by the laws of the state in which your Bakery is located, as doing business under such assumed business name.

You must identify yourself as the owner of the Bakery (in the manner we prescribe) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing at the Bakery premises.

We reserve the right to substitute different Proprietary Marks for use in identifying the System and Bakeries operating under the System. You must discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within ten (10) days of receiving written notice and must promptly begin using such additional, modified or substituted Proprietary Marks at your expense.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or pending patent applications that are material to the franchise, but we reserve the right to register patents related to the System in the future. We do, however, claim common law copyright and trade secret protection for several aspects of the franchise System including our Manuals, training materials, advertising, and business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

During the term of the Franchise Agreement, you will receive information which we consider trade secrets and confidential information, including, but not limited to: trade secrets; copyrighted materials; information regarding the setup of a Bakery; information about proprietary recipes and merchandise; any proprietary software we may now or in the future create; our Manuals; general operations; methods and other techniques and know-how concerning the operation of the Bakery; current customer and prospective customer names and addresses; customer service purchasing histories; and sources of suppliers and purchasing arrangements with suppliers (the "Confidential Information). You may not, during the term of the Franchise Agreement or any time after that, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any of the Confidential Information. You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations.

Any new concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to such new concepts. You and your principals will assign to us any rights you may have or acquire in new concepts you or your employees develop, including the right to modify such concept, process or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees develop. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that these provisions in the Franchise Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.

We may revise any of our copyrighted materials at our discretion and may require that you cease using any outdated item or portion of the Manuals.

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

You must dedicate your personal, full-time attention and best efforts to the management and operation of the Bakery, or you may designate a Designated Manager to manage daily operations with our approval. Both you and your Designated Manager will be required to complete the Initial Training Program to our satisfaction (prior to undertaking any management responsibilities). We will not unreasonably withhold our approval of any Designated Manager you propose, provided the Designated Manager has demonstrated that he or she has a good handle on our System standards and specifications for daily operations of a Bakery and meets criminal background check qualifications amongst other factors. We do not require your Designated Manager to own an equity interest in the Bakery. The Designated Manager must sign our prescribed form of Confidentiality Agreement.

Your Bakery must, at all times, be managed by at least one (1) individual who has successfully completed our Initial Training Program. If you operate more than one (1) Bakery you must have a properly trained Designated Manager at each Bakery you own and operate. If and when a Designated Manager leaves or is otherwise terminated, you must recruit a new Designated Manager within thirty (30) days and submit the replacement's qualifications to us for our review and approval before substituting a new Designated Manager at any of your locations.

You (or if you are a corporation, each of your shareholders; or if you are a partnership, each of your general partners; or, if you are a limited liability company, each of your members) must sign a personal guaranty that will be attached to the Franchise Agreement, as applicable. In addition, to the extent your financials alone do not qualify you for a franchise, we may require your spouse to execute a personal guaranty to the extent your spouse's financials are necessary to qualify you for a franchise.

If, in our reasonable discretion, we deem that the Bakery is not being properly managed by you or your Designated Manager, then we may (but are not required to) immediately appoint a manager to maintain the operations of the Bakery on your behalf. Our appointment of a manager of the Bakery does not relieve you of your obligations under the Franchise Agreement or constitute a waiver of our right to terminate the Franchise Agreement. We are not liable for any debts, losses, costs, or expenses incurred in the operation of the Bakery or to any of your creditors for any products, materials, supplies, or services purchased by the Bakery while it is managed by our appointed manager. We have the right to charge a reasonable fee for management services and to stop providing management services at any time.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer the Preferred Products and Services that we expressly approve through your Bakery in the manner that we approve and may only offer these products and services at the Premises and in the manner prescribed in your Franchise Agreement, our Manuals or otherwise in writing. Sales at wholesale are not part of the System, and you are prohibited from engaging in wholesale transactions. You may not use nor sell any products, materials, ingredients, supplies, paper goods, uniforms, fixtures, furnishings, signs, or equipment that do not meet our standards and specifications, unless approved in writing. We may supplement, revise and/or modify our Preferred Products and Services as we deem appropriate from time to time, as well as our System standards and specifications associated with the provision of these products/services. These changes will be outlined in our Manuals or otherwise in writing, and there are no contractual limitations on our right to make these types of changes. Currently, our franchisees have the option, but not the obligation, to provide local delivery and/or grooming services in compliance with our standards and specifications. We reserve the right to reasonably require local delivery and/or grooming services in the future in order to enhance uniformity in our system.

You must offer and sell all private label food and beverage items that we may now or in the future designate for sale by System franchisees, including prepackaged or frozen food and beverage items, and related merchandise. Failure to offer and sell only the Preferred Products and Services through the Bakery is grounds for default under the Franchise Agreement.

You will prepare and present all menu items in accordance with our standards and specifications, using the ingredients and preparation techniques we prescribe. We have the right to require you to offer and sell additional goods or services as we may designate. There are no limits on our right to do so. You will at all times maintain sufficient levels of inventory to adequately satisfy consumer demand as well as an appropriate product mix to adequately satisfy consumer.

If we discontinue any Approved Product or Service offered by the Bakery, then you must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard (in which case you must immediately comply upon receipt of notice from us).

You may not use the Premises of your Bakery for any other business purpose other than the operation of your Bakery.

We may conduct market research and testing to determine consumer trends and the salability of new products and services. You must cooperate by participating in our market research programs, test marketing new products and services in the Bakery and providing us with timely reports and other relevant information regarding the market research. In connection with any test marketing, you must purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell the products.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 1.1	Equal to the initial term of your franchise location lease, which must be for 10 years.
b. Renewal or extension of the term	Section 14.1	If you are in good standing, you can renew for one additional 5-year term.
c. Requirements for you to renew or extend	Sections 14.1–14.7	In order to renew (which means renewing your franchise relationship with us), there must be no material defaults, proper notice of intent to renew is provided to us, you sign a new (then-current form) franchise agreement (which may contain materially different terms), you sign release, give us satisfactory evidence that you have the right to remain in possession of the leased premises, pay all debts owed to us, pay us a renewal fee of $5,000.
d. Termination by you	None	Franchisees may terminate for any grounds permitted by law.
e. Termination by Three Dog without cause	None	Not Applicable
f. Termination by Three Dog with cause	Sections 15.1 and 15.2	We can only terminate if you default or if certain fundamental assumptions (see paragraph “h” below) turn out not to be true.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
g. “Cause” defined—curable defaults	Section 15.2	You have 5 days to cure your failure to pay us or our affiliates money that you owe, 5 days to correct any condition that constitutes a health or safety hazard, the cure period allowed by governmental authorities for failure to comply with applicable laws, and 30 days to cure other defaults that can be cured. If you fail to cure within the time allowed, we can terminate.
h. “Cause” defined—non-curable defaults	Section 15	There are some conditions that are fundamental to the Franchise Agreement. If those conditions are no longer the case, we may terminate without giving you an opportunity to cure. Some of the conditions that allow us to terminate immediately are loss of your lease, failure to operate for more than 72 hours, misuse of the marks, misrepresentations on your application, failure to report sales in good faith, unauthorized transfers by you, and your insolvency or bankruptcy.
i. Your obligations on termination/nonrenewal	Section 17	Removal of identification, payment of all amounts due, return of Operation Manual, continue to protect Confidential Information.
j. Assignment of contract by Three Dog	Section 13.1	No restriction on our right to assign.
k. “Transfer” by you—definition	Section 13.2	Includes transfer of contract or assets or ownership change.
l. Three Dog’s Approval of transfer by you	Section 13.3	We have the right to approve all transfers but will not unreasonably withhold approval.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
m. Conditions for Three Dog's approval of transfer	Section 13.3	Among the required steps are that the purchaser must have qualified to be a franchisee of Three Dog, must assume all obligations under the Franchise Agreement, and must complete training. In addition, the seller must sign a general release of all claims against us and must pay a transfer fee (the amount of which can vary but will not exceed one-half of the current initial fee).
n. Three Dog's right of first refusal to acquire your business	Sections 13.8 through 13.14	We reserve the right of first refusal to acquire your bakery if it is offered for sale, at the same price offered by another buyer.
o. Three Dog's option to purchase your business	Section 17.8	We reserve the right to purchase all or a portion of your franchise-related assets upon termination, non-renewal or expiration of your Franchise Agreement.
p. Your death or disability	Sections 13.4 and 13.5	Within 30 days, there must be an approved operator in place. The Franchise Agreement must be assigned by the estate to an approved buyer within 12 months. We may elect to operate your Three Dog Bakery if you are disabled. You will be charged a fee if we elect to do so.
q. Non-competition covenants during the term of the franchise	Section 6.4	No involvement in a Competitive Business, as defined the Franchise Agreement, anywhere in the world.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
r. Non-competition covenants after the franchise is terminated or expires	Section 16.2	For a period of 2 years after termination or expiration: (i) no involvement in a Competitive Business, as defined in the Franchise Agreement, at the Location, within 50 miles of the location, or within 50 miles of any other Bakery or Protected Territory in operation or under construction on the later of the effective date of the termination or expiration; and (ii) no interference with our business relationships or with anyone or any entity with which we have a business relationship.
s. Modification of the agreement	Section 19.12	No modifications generally, except in writing. Manuals may be modified
t. Integration/merger clause	Section 19.13	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations made in this franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Sections 18	You must bring all disputes before our management before bringing a claim before a third party. After exhausting this internal dispute resolution procedure, Subject to state law, mediation and/or arbitration must be in Jackson County, Missouri.
v. Choice of forum	Section 19.11	Subject to state law, matters not subject to arbitration must be resolved before the state courts of Jackson County, Missouri or the United States District Court for the Western District of Missouri.
w. Choice of law	Section 19.10	Subject to state law, Missouri law applies.

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote the sale of 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.

As of December 31, 2022, there were 40 franchised Bakeries and 2 company owned Bakeries open and operating in the United States. This Item discloses the "Average Gross Sales" for fiscal year 2022 (the "Measurement Period") of the 36 franchised Bakeries in the United States that were open and operating for the entire Measurement Period (the "Disclosed Bakeries"). Excluded from this Item 19 were 4 outlets that opened during the Measurement Period. No outlets ceased operations during the Measurement Period.

The Disclosed Bakeries are divided into 3 categories (the "Categories"): (1) top third sales volume; (2) middle third sales volume; and (3) bottom third sales volume. For the data disclosed below, the term "Average Gross Sales" means the total revenue generated by the Bakeries over the Measurement Period, including all revenue generated from the sale and provision of all Preferred Products at, from, or otherwise through, those locations. The term "Average Gross Sales" does not include costs of sales, operating expenses, or other costs of expenses that must be deducted from the gross sales figures to obtain net income or profit. Also included is the Average Unit Volume of the 36 Disclosed Bakeries. Systemwide Average Unit Volume is calculated by taking the sum of the Average Gross Sales of the Categories and dividing by three.

THREE DOG BAKERY

BUSINESSES AVERAGE GROSS SALES FOR FISCAL YEAR ENDING DECEMBER 31, 2022

	Top Third	Middle Third	Bottom Third
Average Gross Sales	$814,745	$451,731	$287,521
Number of Included Bakeries	12	12	12
Median	$761,523	$ 436,955	$307,720
Number Above Average	3	5	7

% Above Average	25%	42%	58%
Average Number of Months in Business	130	85	82
Average Number of Years in Business	11	7	7
Systemwide Average Unit Volume	**$517,999**		
Systemwide Median	**$436,956**		
Number Above Average	**14**		

<u>Notes.</u>

1. Of the 12 Disclosed Bakeries in the Top Third, the Bakery with the highest Gross Sales reported $1,088,137 during the Measurement Period, and the Bakery with the lowest Gross Sales reported $689,929 during the Measurement Period

2. Out of the 12 Disclosed Bakeries in the Middle Third, the Bakery with the highest Gross Sales reported $587,341 during the Measurement Period, and the Bakery with the lowest Gross Sales reported $354,910 during the Measurement Period.

3. Out of the 12 Disclosed Bakeries in the Bottom Third, the Bakery with the highest Gross Sales reported $343,382 during the Measurement Period, and the Bakery with the lowest Gross Sales reported $155,530 during the Measurement Period.

4. Out of the 36 Disclosed Bakeries, the Bakery with the highest Gross Sales reported $1,088,137 during the Measurement Period, and the Bakery with the lowest Gross Sales reported $155,530 during the Measurement Period

5. Of the 36 Disclosed Bakeries, three were open for more than 12 months, but less than 24 months and their 2022 Gross Sales averaged $321,389, of which two of the three exceeded the average.

The information in this Item 19 was provided by our franchisees. Written substantiation of the data used in preparing this Item 19 will be made available upon reasonable request. We have not audited or independently verified the information presented below.

Some Bakeries have sold and earned these amounts. Your individual results may differ. There is no assurance that you'll sell or earn as much.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 Bakery, 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 our management by contacting

Joe Dent at 6131 Deramus Avenue, Kansas City, MO 64120; telephone number (800) 487-3287, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-Wide 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	42	35	-7
	2021	35	37	+2
	2022	37	41	+4
Company-Owned	2020	2	2	0
	2021	2	3	+1
	2022	3	2	-1
Total Outlets	**2020**	**44**	**37**	**-7**
	2021	**37**	**40**	**+3**
	2022	**40**	**43**	**+3**

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Company) For Years 2020 to 2022

State	Year	Number of Transfers
Florida	2020	1
	2021	0
	2022	0
Oklahoma	2020	0
	2021	1
	2022	0
Pennsylvania	2020	0
	2021	0
	2022	1
Tennessee	2020	0
	2021	1
	2022	**0**
Total	**2020**	**1**
	2021	**2**
	2022	**1**

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
Arkansas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
California	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Colorado	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Georgia	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	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Indiana	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	1	3
	2022	3	0	0	0	0	0	3
Iowa	2020	1	0	0	1	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Kansas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Kentucky	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	3	0	0	1	0	0	2
	2021	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
	2022	2	0	0	0	0	0	2
Minnesota	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Missouri	2020	2	0	0	1	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	2	0	0	0	0	3
Nevada	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Mexico	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Carolina	2020	2	0	0	1	0	0	1
	2021	1	0	0	1	0	0	0
	2022	0	0	0	0	0	0	0
North Dakota	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Ohio	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	1	3
	2022	3	0	0	0	0	0	3
Oklahoma	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Pennsylvania	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
Tennessee	2020	3	0	0	1	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Texas	2020	8	0	0	0	0	1	7
	2021	7	0	0	0	0	0	7

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
	2022	7	1	0	0	0	0	8
Total	**2020**	**42**	**0**	**0**	**-5**	**0**	**-2**	**35**
	2021	**35**	**4**	**0**	**-1**	**0**	**-1**	**37**
	2022	**37**	**4**	**0**	**0**	**0**	**0**	**41**

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

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Kansas	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Missouri	2020	1	0	0	0	0	1
	2021	1	1	0	0	0	2
	2022	1	0	0	0	1	1
Total	**2020**	**2**	**0**	**0**	**0**	**0**	**2**
	2021	**2**	**1**	**0**	**0**	**0**	**3**
	2022	**3**	**0**	**0**	**0**	**1**	**2**

Table No. 5
Projected New Franchised Outlets As of December 31, 2022

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	1	1	0
California	2	0	0
Florida	1	1	0
New York	1	0	0
Texas	3	2	0
Total	**8**	**4**	**0**

Exhibit C is a current list of Franchisees. Also attached as Exhibit C is a list of all franchisees and licensees who had a Franchise Agreement terminated, canceled, not renewed, or reasonably known to us to have otherwise ceased doing business under the Franchise Agreement during the past year, or have failed to communicate with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three years, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with Three Dog Bakery. 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.

We have not created, sponsored or endorsed any trademark-specific franchisee organizations associated with our franchise system. We are not aware of, nor have we been requested to identify in this Disclosure Document, any other trademark-specific franchisee organization.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit A are the audited financial statements for Three Dog Bakery, LLC as of December 31, 2020, December 31, 2021, and December 31, 2022. Our fiscal year end is December 31. In addition, we include our unaudited financial statements as of October 31, 2023.

ITEM 22
CONTRACTS

The following agreements are attached to this Disclosure Document:

EXHIBIT B – Franchise Agreement (including Addenda)
EXHIBIT F – [Reserved]
EXHIBIT G – General Release

ITEM 23
RECEIPT

You will find two copies of a Receipt attached as Exhibit L to the end of this Disclosure Document. Please sign and date both copies of the Receipt, keep one for your records, and mail one to Three Dog at:

Three Dog Bakery, LLC
Attn: Joe Dent
6131 Deramus Avenue
Kansas City, MO 64120

EXHIBIT A
FINANCIAL STATEMENTS

THREE DOG BAKERY, L.L.C.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

THREE DOG BAKERY, L.L.C.
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INDEPENDENT AUDITORS' REPORT

Board of Managers
Three Dog Bakery, L.L.C.
Kansas City, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Three Dog Bakery, L.L.C., which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Three Dog Bakery, L.L.C. 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 the Company adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Three Dog Bakery, L.L.C.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibility

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Three Dog Bakery, L.L.C.'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 Three Dog Bakery, L.L.C.'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Overland Park, Kansas
April 28, 2023

THREE DOG BAKERY, L.L.C.
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	$ 324,588	$ 460,221
Accounts Receivable, Net of Allowance for Doubtful Accounts	5,443,026	3,843,323
Inventory, Net of Reserve for Obsolescence	3,668,555	2,756,420
Prepaid Expenses	321,773	116,254
Total Current Assets	9,757,942	7,176,218
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	1,302,529	1,176,350
OPERATING RIGHT-OF-USE ASSET, NET OF ACCUMULATED AMORTIZATION	1,368,763	-
OTHER ASSETS		
Deposits and Other Assets	32,702	151,331
Total Assets	$ 12,461,936	$ 8,503,899
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	867,140	934,478
Accrued Expenses	1,497,689	1,613,428
Note Payable - Bank	3,112,072	827,072
Note Payable - Member	720,977	750,000
Current Portion of Deferred Franchise Fees	72,533	79,317
Current Portion of Notes Payable	116,386	129,026
Current Portion of Lease Liability-Operating	420,089	-
Total Current Liabilities	6,806,886	4,333,321
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Maturities	130,290	287,532
Deferred Franchise Fees	345,582	315,948
Lease Liability-Operating	966,026	-
Total Long-Term Liabilities	1,441,898	603,480
Total Liabilities	8,248,784	4,936,801
MEMBERS' EQUITY	4,213,152	3,567,098
Total Liabilites and Members' Equity	$ 12,461,936	$ 8,503,899

See accompanying Notes to Financial Statements.

THREE DOG BAKERY, L.L.C.
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
REVENUES		
Product Sales, Net of Discounts	$ 37,343,486	$ 28,089,425
Royalties	683,626	661,554
Franchise Fees	109,650	138,233
Total Revenues	38,136,762	28,889,212
COST OF SALES	27,628,041	20,063,662
GROSS PROFIT	10,508,721	8,825,550
SELLING, DISTRIBUTION, GENERAL, AND ADMINISTRATIVE EXPENSES	9,089,557	7,795,450
INCOME FROM OPERATIONS	1,419,164	1,030,100
OTHER INCOME (EXPENSE)		
Interest Expense	(150,048)	(48,216)
Other Expense	(623,062)	(616,221)
Paycheck Protection Program Loan Forgiveness	-	833,964
Total Other Income (Expense)	(773,110)	169,527
NET INCOME	$ 646,054	$ 1,199,627

See accompanying Notes to Financial Statements.

THREE DOG BAKERY, L.L.C.
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021

BALANCE - JANUARY 1, 2021	$ 2,367,471
Net Income	1,199,627
BALANCE - DECEMBER 31, 2021	3,567,098
Net Income	646,054
BALANCE - DECEMBER 31, 2022	$ 4,213,152

See accompanying Notes to Financial Statements.

THREE DOG BAKERY, L.L.C.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 646,054	$ 1,199,627
Adjustments to Reconcile Net Income to Net Cash Used by Operating Activities:		
Bad Debt Expense (Recoveries)	35,766	(13,058)
Paycheck Protection Program Loan Forgiveness	-	(833,964)
Loss on Sale of Property and Equipment	14,542	20,080
Depreciation	259,860	152,691
Changes in:		
Accounts Receivable	(1,635,469)	(667,395)
Inventory	(912,135)	(1,341,127)
Prepaid Expenses	(188,168)	23,217
Deposits	25	(132,125)
Accounts Payable	(67,338)	415,106
Accrued Expenses	(115,739)	(8,466)
Deferred Franchise Fees	22,850	77,266
Net Cash Used by Operating Activities	(1,939,752)	(1,108,148)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(400,580)	(627,476)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Proceeds from Note Payable - Bank	2,285,000	954,026
Net Proceeds (Payments) from Notes Payable	(51,278)	289,604
Net Payments on Paycheck Protection Program Loan	-	(39,336)
Payments on Notes Payable-Member	(29,023)	-
Net Cash Provided by Financing Activities	2,204,699	1,204,294
NET DECREASE IN CASH	(135,633)	(531,330)
Cash - Beginning of Year	460,221	991,551
CASH - END OF YEAR	$ 324,588	$ 460,221
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 101,664	$ 5,863
SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING ACTIVITIES		
Right-of-Use Assets Obtained Through Lease Liabilities	$ 1,783,061	$ -

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Three Dog Bakery, L.L.C. (the Company), a Delaware limited liability company, was formed on February 21, 2014. The Company is engaged in the manufacturing, marketing, and selling of baked food and treats for dogs. Products are distributed through wholesale channels, distributors, franchisees, trademark licensed stores, and e-commerce. The Company offers franchise opportunities throughout the United States, Canada, and Southeast Asia. Under the terms of the limited liability agreement, the members' liability is limited to the members' contribution.

Ownership and Reorganization

Until October 18, 2016, the Company was owned and managed by 11 members. As a component of the reorganization on October 18, 2016, the 11 members contributed their ownership in the Company in exchange for 100% ownership in TDB Founders, L.L.C. (TDB Founders). Effective with the October 18, 2016 reorganization, Three Dog Bakery Holdings, L.L.C. (Holdings) owns 100% of the Company. Effective with the October 18, 2016 reorganization, TDB Founders owns 60% of Holdings while TDB Topco, L.P. (TDB Topco) owns the remaining 40% of Holdings.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. Significant estimates by management include the allowance for doubtful accounts, the inventory reserve for obsolescence, the potential for state and local tax liabilities, and the estimated accrued liability for market development fund (MDF) reserve.

Accounts Receivable

The allowance for doubtful accounts is estimated based upon management's review of outstanding receivables, historical collection information, and existing economic conditions. Accounts receivable are generally due within 30 days of the invoice date. However, certain significant customers have terms making accounts receivable due within 45 or 60 days of the invoice date. Customer balances are deemed uncollectible and are written off once the customer has been delinquent in paying the balance due to the Company, management reviews specific circumstances of the customer, and subsequent collection efforts have yielded no results.

Inventories

Inventories are stated at the lower of cost or net realizable value, as determined by the average cost method. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Appropriate consideration is given to obsolescence, excessive levels, and other factors evaluating net realizable value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes Collected and Remitted

The Company presents taxes collected from customers and remitted to governmental authorities on the net basis, excluding such amounts from revenue. Taxes assessed on sales are recorded as other accrued expenses on the balance sheet until remitted to governmental authorities.

Shipping and Handling Costs

The Company includes inbound and outbound shipping and handling costs in cost of goods sold. Amounts charged to customers for shipping and handling is included in product sales. For the years ended December 31, 2022 and 2021, the Company recorded shipping and handling costs (part of cost of sales) of $2,061,586 and $1,754,616, respectively. For the years ended December 31, 2022 and 2021, the Company recorded shipping and handling fees billed to customers (part of product sales) of $236,810 and $206,586, respectively.

Product Guarantees

The Company guarantees products sold through retail channels and will refund or replace the product for any defects. However, no provision has been accrued for estimated refund or replacement costs as management believes the amount of such an accrual would not be significant.

The Company does not guarantee products sold through wholesale channels and will not refund or replace those products for any defects. However, the Company did provide wholesale channel customers with a returns allowance based on product sales. The Company's management has determined no liability for wholesale customers for returns allowance was necessary at December 31, 2022 or 2021.

Property and Equipment

Property and equipment is valued at cost less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the respective assets or the lesser of the life of the lease or estimated useful life for leasehold improvements as follows:

Furniture, Fixtures, and Office Equipment	1 to 7 Years
Production Equipment	2 to 15 Years
Leasehold Improvements	2 to 10 Years

At the time of retirement, sale, or abandonment of plant and equipment, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in operations. Repairs and maintenance are expensed when incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company has elected to be treated as a partnership for income tax purposes. The Company does not pay income taxes since such taxes are the responsibility of the individual member and depend on the members' respective tax situation. The tax returns, the qualifications of the Company for tax purposes, and the amount of distributable income or loss is subject to examination by federal, state, and local taxing authorities. If such examinations result in changes with respect to the Company qualification or in changes to distributable income or loss, the tax responsibility of the member could be changed accordingly.

The Company accounts for income taxes in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes*, which provides guidance on how to measure and account for various tax positions. The Company has determined that no material unrecognized tax benefits or liabilities exist as of December 31, 2022 or 2021, for the Company.

The Company is not currently under examination by federal taxing authorities. If applicable, the individual member will recognize interest and penalties related to the underpayment of income taxes on their individual income tax returns in the year incurred.

Advertising Costs

Advertising costs are expensed as incurred and are included in marketing expenses. For the years ended December 31, 2022 and 2021, advertising expense was approximately $184,000 and $172,000, respectively.

Adoption of New Accounting Standards

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to mee the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption. As a result of the adoption of the new lease accounting guidance, the Company recognized on January 1, 2022 a lease liability and right of use asset of $1,783,061, which represents the present value of the remaining operating lease payments, discounted using a risk free rate. There was no impact to retained earnings. The Company has elected to adopt the package of practical expedients available in the year of adoption. The Company has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Company's ROU assets. See Note 6 for further information.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

The standard had a material impact on the balance sheets but did not have an impact on the income statements, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

There have been no other newly issued or newly applicable accounting pronouncements that have, or are expected to have, a significant impact on the Company's financial statements.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating ROU assets and operating lease liabilities, and finance leases are included in financing ROU assets and financing lease liabilities in the balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lese when it is reasonably certain that the Company will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the balance sheets.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Company has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

In allocating consideration in the contract to the separate lease components and the nonlease components, the Company uses the standalone prices of the lease and nonlease components.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Recognition

The Company generates revenue primarily through product sales, royalties, and franchise fees.

Product Sales

The majority of the Company's revenue is derived by fulfilling customer orders for the purchase of our products, including baked food and treats for dogs. The Company recognizes revenue at the point in time that control of the ordered product(s) is transferred to the customer, which is typically upon shipment to the customer. Shipping and handling costs incurred to ship product to the customer are recorded within cost of sales. Amounts billed and due from our customers are classified as accounts receivables on the balance sheet and require payment on a short-term basis. Generally, individual orders from customers are accounted for as a single performance obligation.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for fulfilling product orders. Sales, value add, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. The amount of consideration the Company expects to receive and revenue the Company recognizes includes estimates of variable consideration, including costs for trade promotional programs, customer incentives, and allowances and discounts associated with aged or potentially unsaleable products. These estimates are based upon our analysis of the programs offered, historical trends, and expectations regarding customer and consumer participation, sales and payment trends and our experience with payment patterns associated with similar programs offered in the past. The Company reviews and updates these estimates regularly and the impact of any adjustments are recognized in the period the adjustments are identified. The majority of the Company's products exhibit similar economic characteristics, such that they are based on similar ingredients and are marketed and sold through the same channels to the same customers.

Royalties

The Company collects royalties, as stipulated in the franchise agreement. The royalties are based on product sold by the franchisee to customers for product that was not purchased from the Company in an amount up to 5.5% of those sales. Royalties are calculated as a percentage of sales over the term of the franchise agreement. The franchise agreement royalties represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee store level sales occur. Royalties are collected monthly.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Revenue Recognition (Continued)

Franchise Fees

The Company requires the entire nonrefundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of five years. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include: training of franchisees and staff, site selection, the right to use trademarks and proprietary information, and ongoing operations support. The Company provides no financing to franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

Franchisees have the option to renew the franchise agreement at the end of the initial franchise term. When a franchisee chooses to renew their agreement, a nonrefundable renewal fee is charged to the franchisee similar to the initial franchise fee. Renewed franchise fees are recognized ratably on a straight-line basis over the term of the renewed franchise agreement. The Company currently franchises its concept across the United States, Canada, and Hong Kong. The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities.

The Company has elected to apply the practical expedient provided under ASC 606 which allows an entity to expense incremental costs of obtaining or fulfilling a contract when incurred if the amortization period of the asset that the entity otherwise would have recorded is one year or less. Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as fulfillment costs and are included in cost of products sold. The net asset recorded for incremental costs incurred to obtain or fulfill contracts, after consideration of the practical expedient mentioned above, is not material to our financial statements.

The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees and (b) continuing franchise fees (royalties). Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Revenue Recognition (Continued)

Disaggregation of Revenue

The Company believes that the captions contained on the statements of operations appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2022 and 2021.

Contract Liabilities and Contract Assets

The Company's contract liability for deferred franchise revenues was $395,265 at January 1, 2022 and $418,115 at December 31, 2022. The Company's contract liability for deferred franchise revenue was $317,900 at January 1, 2021 and $395,265 at December 31, 2021.

There were no contract assets at December 31, 2022 or 2021.

NOTE 3 INVENTORY

Inventory consists of the following as of December 31:

	2022	2021
Raw Materials and Packaging	$ 1,232,934	$ 713,550
Finished Goods	2,568,738	2,169,706
Less: Reserve for Obsolescence	(133,117)	(126,836)
Total	$ 3,668,555	$ 2,756,420

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	2022	2021
Furniture, Fixtures, and Office Equipment	$ 463,474	$ 350,719
Production Equipment	1,641,094	1,192,017
Leasehold Improvements	258,364	254,314
Construction in Progress	8,282	195,151
Total Property and Equipment	2,371,214	1,992,201
Less: Accumulated Depreciation	(1,068,685)	(815,851)
Net Property and Equipment	$ 1,302,529	$ 1,176,350

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31:

	2022	2021	2020
Trade Accounts Receivable	$ 5,436,962	$ 3,805,262	$ 3,151,427
Royalties Receivable	88,856	85,087	70,069
Less: Allowance for Doubtful Accounts	(82,792)	(47,026)	(58,626)
Total	$ 5,443,026	$ 3,843,323	$ 3,162,870

NOTE 6 LEASES – ASC 842

The Company leases certain buildings and warehouses. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets, other current liabilities, and operating lease liabilities on the balance sheets. The leases expire at various dates through 2027. Additionally, the agreements generally require the Company to pay real estate taxes, insurance, and repairs.

Certain lease agreements include rental payments based on a percentage of retail sales over contractual levels. Variable payments based on sales over the base rent amount are treated as variable lease payments and are excluded from the measurement of the right-of-use asset and lease liability. These payments are recognized in the period in which the related obligation was incurred. The variable lease cost recognized and disclosed for those leases in 2022 is $47,757.

The following table provides quantitative information concerning the Company's leases.

	2022
Lease Costs	
Operating Lease Costs	$ 434,902
Variable Lease Costs	47,757
Total	$ 482,659
Other Information	
Operating Cash Flows from Operating Leases	$ 417,550
ROU Assets Obtained in Exchange for New Operating Lease Liabilities	$ 1,783,061
Weighted-Average Remaining Lease Term - Operating Lease	3.5 Years
Weighted-Average Discount Rate - Operating Leases	1.31%

NOTE 6 LEASES- ASC 842 (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

Year Ending December 31,	Operating Leases
2023	$ 435,521
2024	440,946
2025	286,869
2026	188,295
2027	67,675
Total Lease Payments	1,419,306
Less: Imputed Interest	(33,191)
Present Value of Lease Liabilities	$ 1,386,115

NOTE 7 LEASES- ASC 840

The Company elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Company leases equipment, production and warehouse facilities, two retail locations, and office facilities under noncancellable lease agreements expiring at various dates through 2023. For the year ended December 31, 2021 rent expense under all noncancellable leases was approximately $505,000.

Future minimum lease payments required under the aforementioned leases are as follows:

Year Ending December 31,	Amount
2022	$ 134,000
2023	134,000
Total Operating Leases	$ 268,000

The Missouri retail location includes a lease agreement where rent includes a base amount plus 7% of gross receipts for the retail store that are over a predetermined threshold. As the location has not met the predetermined gross receipts threshold, the future minimum lease payments listed above only include the base amount of the lease agreement.

The Kansas retail location includes a lease agreement where rent is based on 8% of gross receipts for the retail store. This is not included in the future minimum payments above. This lease, dated August 19, 2015, expires in 2025.

NOTE 8 COMMITMENTS

Other Commitments

The Company has entered into various commission agreements with various agents. Those agreements require the Company to pay between 1.5% and 5% of specific gross receipts to those agents. During the years ended December 31, 2022 and 2021, the Company incurred commission expenses related to those agents totaling $900,579 and $777,773, respectively.

Employment Agreements

At December 31, 2022, the Company has employment agreements with key employees. The agreements provide for a minimum bi-weekly salary, incentives based on the Company's performance, and equity in Holdings. As of December 31, 2022 the Company has not recognized any compensation expense or related liability of the profit interest plan as market conditions have not been met.

The board approves incentive compensation on a discretionary basis and it is determined based upon company, division, and personal performance. The amounts payable at year end are included in accrued expenses as of December 31, 2022 and 2021.

NOTE 9 RELATED PARTY TRANSACTIONS

During the years ended December 31, 2022 and 2021, the Company paid approximately $160,000 and $133,538, respectively, to members of the board of managers in the form of expense reimbursement and compensation for services provided to the Company.

During 2016, the Company entered into a promissory note with Holdings as described in Note 13.

During 2016, the Company entered into an advisory agreement with an affiliate to provide management advisory services beginning in 2016. For the years ended December 31, 2022 and 2021, the Company included $100,000 of advisory fees paid to the affiliate in other expenses. The affiliate is the managing member of TDB Topco.

NOTE 10 RETIREMENT PLAN

The Company adopted the Three Dog Bakery, Inc. 401(k) Profit Sharing Plan (the Plan) which covers substantially all employees age 21 or older who have completed six months of service. Company matching contributions are discretionary and were $44,822 and $35,302 for the years ended December 31, 2022 and 2021, respectively.

NOTE 11 FRANCHISE OWNERSHIP

The following changes in U.S. franchise ownership occurred during the years ended December 31:

	2022	2021
Franchise Stores Operating - Beginning of Year	40	37
Newly Established Franchise Stores	3	5
Franchise Stores Closed	-	(2)
Franchise Stores Operating - End of Year	43	40

There are five international locations which are not represented in the table above. The Company owns two retail stores which are included in the store count above. For the year ended December 31, 2022, revenue and expenses relative to the two Company-owned retail stores were $1,000,835 and $992,907, respectively. For the year ended December 31, 2021, revenue and expenses relative to the two Company-owned retail stores were $1,022,202 and $1,003,666 respectively.

NOTE 12 BANK LINE OF CREDIT

The Company has a $3,500,000 bank line of credit with PNC Bank National Association which expires on June 22, 2023. The Company intends to renew the line of credit. The interest rate is calculated as the quarterly London Interbank Offered Rate (LIBOR) reference rate plus 2.75%. The interest rate was 6.87% and 3.5% at December 31, 2022 and 2021, respectively. Borrowings under the line of credit are collateralized by substantially all assets of the Company. At December 31, 2022 and 2021, there was $3,112,072 and $827,072 outstanding, respectively. The line of credit is subject to certain covenant requirements. Management believes the Company was in compliance with all covenant requirements during the year ended December 31, 2022.

NOTE 13 NOTES PAYABLE

Notes payable consists of the following as of December 31:

Description	2022	2021
Note payable - Member, due on demand and unsecured with interest at an annual rate of 4%. Accrued interest related to this note was $220,400 and $171,980 as of December 31, 2022 and 2021, respectively.	$ 720,977	$ 750,000
Note payable to bank, with monthly payments of $10,235 (including interest at 3.32%) through January 10, 2025 secured by the company's assets.	246,676	297,928
Note payable to Company, with monthly payments of $2,081, interest free, through September 2026. 2022 balance included in Lease Liability as a result of adoption of ASC 842.	-	118,630
Total	967,653	1,166,558
Less: Current Portion	837,363	879,026
Long-Term Debt	$ 130,290	$ 287,532

Current maturities on long-term debt are as follows:

Year Ending December 31,	Amount
2023	$ 837,363
2024	130,290
Total	$ 967,653

NOTE 13 NOTES PAYABLE (CONTINUED)

Paycheck Protection Program Loan Forgiveness

In April 2020, the Company received a loan from PNC Bank National Association totaling $873,300 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Company fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance and approval with the program. The covered period from April 16, 2020 to October 1, 2020, is the time that the business had to spend their PPP Loan funds.

The Company is following ASC 470, *Debt,* to account for the initial receipts related to the PPP Loan. On August 25, 2021, the SBA processed the Company's PPP Loan forgiveness application and notified the lending bank the PPP Loan qualified for forgiveness of $833,964. Loan proceeds were received by the bank from the SBA on this date. Therefore, the Company was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in other income during the year ended December 31, 2021. The remaining $39,336 of the original loan was reimbursed to the bank in May 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company's financial position.

NOTE 14 SIGNIFICANT ESTIMATES AND CONCENTRATIONS

U.S. GAAP requires disclosure of information about certain significant estimates and current vulnerabilities due to certain concentrations. These matters include the following:

Deposit Risk

The Company maintains cash accounts at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Cash not subjected to FDIC limits, which is uninsured and uncollateralized, was approximately $300,240 and $328,256 at December 31, 2022 and 2021, respectively.

NOTE 14 SIGNIFICANT ESTIMATES AND CONCENTRATIONS (CONTINUED)

Sales to Major Customers

For the year ended December 31, 2022, two customers represent approximately 52% of product sales. For the year ended December 31, 2021, two customers represent approximately 47% of product sales. Two customers represent approximately 65% and 62% of accounts receivable at December 31, 2022 and 2021, respectively.

Purchases from Major Suppliers

Approximately 14% and 20% of the Company's raw material and finished goods purchases for the years ended December 31, 2022 and 2021, respectively, were from one unrelated vendor.

Purchase Commitments

The company is committed to purchases of certain raw materials inventory. At December 31, 2022, these committed purchases aggregated approximately $2,424,310.

Regulations

The Company is subject to various federal and state regulations regarding the care, delivery, and containment of various products which the Company either does or has handled. The Company is contingently liable for any associated costs which could arise from the handling, delivery, and containment of these products. In the normal course of its operations, the Company has ongoing examinations and testing done by various federal and state agencies. Management is not aware of any potential material findings or fines resulting from these activities.

Foreign Operations

Operations outside the United States primarily include the franchise opportunities in Canada and Hong Kong. Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls, and restrictions on currency exchange.

NOTE 15 OTHER EXPENSE

Other expenses included in operations were ongoing and recurring expenses and consisted of the following for the years ended December 31:

	2022	2021
Compensation - Members of Board of Managers	$ 74,000	$ 68,500
Advisory Fee - Affiliate	100,000	100,000
Board Expenses	33,985	29,991
Miscellaneous Expense	415,077	417,730
Total Other Expense	$ 623,062	$ 616,221

NOTE 16 CONTINGENCIES

The Company is subject to various routine legal proceedings and other matters in the ordinary conduct of business. In the opinion of the Company, the liability, if any, arising from these actions will not have a material effect on the Company's financial position, results of operations, or cash flows.

NOTE 17 SUBSEQUENT EVENTS

Management evaluated subsequent events through April 28, 2023, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2022, but prior to April 28, 2023 that provided additional evidence about conditions that existed at December 31, 2022, have been recognized in the financial statements.

THREE DOG BAKERY, L.L.C.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

THREE DOG BAKERY, L.L.C.
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YEARS ENDED DECEMBER 31, 2021 AND 2020

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Managers
Three Dog Bakery, L.L.C.
Kansas City, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Three Dog Bakery, L.L.C., which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Three Dog Bakery, L.L.C. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Three Dog Bakery, L.L.C. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Three Dog Bakery, L.L.C.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibility

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Three Dog Bakery, L.L.C.'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 Three Dog Bakery, L.L.C.'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Overland Park, Kansas
April 20, 2022

THREE DOG BAKERY, L.L.C.
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 460,221	$ 991,551
Accounts Receivable, Net of Allowance for Doubtful Accounts	3,843,323	3,162,870
Inventory, Net of Reserve for Obsolescence	2,756,420	1,415,293
Prepaid Expenses	116,254	139,471
Total Current Assets	7,176,218	5,709,185
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	1,176,350	721,645
OTHER ASSETS		
Deposits and Other Assets	151,331	19,206
Total Assets	$ 8,503,899	$ 6,450,036
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	934,478	519,372
Accrued Expenses	1,613,428	1,621,894
Note Payable - Bank	827,072	-
Note Payable - Member	750,000	750,000
Paycheck Protection Program Loan	-	873,300
Current Portion of Deferred Franchise Fees	79,317	102,500
Current Portion of Notes Payable	129,026	-
Total Current Liabilities	4,333,321	3,867,066
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Maturities	287,532	-
Deferred Franchise Fees	315,948	215,499
Total Long-Term Liabilities	603,480	215,499
Total Liabilities	4,936,801	4,082,565
MEMBERS' EQUITY	3,567,098	2,367,471
Total Liabilites and Members' Equity	$ 8,503,899	$ 6,450,036

See accompanying Notes to Financial Statements.

THREE DOG BAKERY, L.L.C.
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
REVENUES		
Product Sales, Net of Discounts	$ 28,089,425	$ 21,582,009
Royalties	661,554	504,147
Franchise Fees	138,233	133,401
Total Revenues	28,889,212	22,219,557
COST OF SALES	20,063,662	15,182,089
GROSS PROFIT	8,825,550	7,037,468
SELLING, DISTRIBUTION, GENERAL, AND ADMINISTRATIVE EXPENSES	7,795,450	6,507,588
INCOME FROM OPERATIONS	1,030,100	529,880
OTHER INCOME (EXPENSE)		
Interest Expense	(48,216)	(81,281)
Other Expense	(616,221)	(244,817)
Paycheck Protection Program Loan Forgiveness	833,964	-
Total Other Income (Expense)	169,527	(326,098)
NET INCOME	$ 1,199,627	$ 203,782

See accompanying Notes to Financial Statements.

THREE DOG BAKERY, L.L.C.
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020

BALANCE - JANUARY 1, 2020	$ 2,163,689
Net Income	203,782
BALANCE - DECEMBER 31, 2020	2,367,471
Net Income	1,199,627
BALANCE - DECEMBER 31, 2021	$ 3,567,098

See accompanying Notes to Financial Statements.

THREE DOG BAKERY, L.L.C.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 1,199,627	$ 203,782
Adjustments to Reconcile Net Income to Net Cash Used by Operating Activities:		
Bad Debt Expense (Recoveries)	(13,058)	113,186
Paycheck Protection Program Loan Forgiveness	(833,964)	-
Loss on Sale of Property and Equipment	20,080	-
Depreciation	152,691	140,841
Changes in:		
Accounts Receivable	(667,395)	(241,648)
Inventory	(1,341,127)	(112,008)
Prepaid Expenses	23,217	(73,799)
Deposits	(132,125)	-
Accounts Payable	415,106	(152,735)
Accrued Expenses	(8,466)	(125,693)
Deferred Franchise Fees	77,266	(60,901)
Other Liabilities	-	(20,881)
Net Cash Used by Operating Activities	(1,108,148)	(329,856)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(627,476)	(68,166)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Proceeds from Note Payable - Bank	954,026	-
Net Proceeds from Notes Payable	289,604	-
Net Proceeds (Payments) on Paycheck Protection Program Loan	(39,336)	873,300
Payments on Note Payable	-	(2,233)
Payments on Capital Lease Obligation	-	(4,343)
Net Cash Provided by Financing Activities	1,204,294	866,724
NET INCREASE (DECREASE) IN CASH	(531,330)	468,702
Cash - Beginning of Year	991,551	522,849
CASH - END OF YEAR	$ 460,221	$ 991,551
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 5,863	$ 89,729

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Three Dog Bakery, L.L.C. (the Company), a Delaware limited liability company, was formed on February 21, 2014. The Company is engaged in the manufacturing, marketing, and selling of baked food and treats for dogs. Products are distributed through wholesale channels, distributors, franchisees, trademark licensed stores, and e-commerce. The Company offers franchise opportunities throughout the United States, Canada, and Southeast Asia. Under the terms of the limited liability agreement, the members' liability is limited to the members' contribution.

Ownership and Reorganization

Until October 18, 2016, the Company was owned and managed by 11 members. As a component of the reorganization on October 18, 2016, the 11 members contributed their ownership in the Company in exchange for 100% ownership in TDB Founders, L.L.C. (TDB Founders). Effective with the October 18, 2016 reorganization, Three Dog Bakery Holdings, L.L.C. (Holdings) owns 100% of the Company. Effective with the October 18, 2016 reorganization, TDB Founders owns 60% of Holdings while TDB Topco, L.P. (TDB Topco) owns the remaining 40% of Holdings.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. Significant estimates by management include the allowance for doubtful accounts, the inventory reserve for obsolescence, the potential for state and local tax liabilities, and the estimated accrued liability for market development fund (MDF) reserve.

Accounts Receivable

The allowance for doubtful accounts is estimated based upon management's review of outstanding receivables, historical collection information, and existing economic conditions. Accounts receivable are generally due within 30 days of the invoice date. However, certain significant customers have terms making accounts receivable due within 45 or 60 days of the invoice date. Customer balances are deemed uncollectible and are written off once the customer has been delinquent in paying the balance due to the Company, management reviews specific circumstances of the customer, and subsequent collection efforts have yielded no results.

Inventories

Inventories are stated at the lower of cost or net realizable value, as determined by the average cost method. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Appropriate consideration is given to obsolescence, excessive levels, and other factors evaluating net realizable value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes Collected and Remitted

The Company presents taxes collected from customers and remitted to governmental authorities on the net basis, excluding such amounts from revenue. Taxes assessed on sales are recorded as other accrued expenses on the balance sheet until remitted to governmental authorities.

Shipping and Handling Costs

The Company includes inbound and outbound shipping and handling costs in cost of goods sold. Amounts charged to customers for shipping and handling is included in product sales. For the years ended December 31, 2021 and 2020, the Company recorded shipping and handling costs (part of cost of sales) of $1,754,616 and $1,240,089, respectively. For the years ended December 31, 2021 and 2020, the Company recorded shipping and handling fees billed to customers (part of product sales) of $206,586 and $164,509, respectively.

Product Guarantees

The Company guarantees products sold through retail channels and will refund or replace the product for any defects. However, no provision has been accrued for estimated refund or replacement costs as management believes the amount of such an accrual would not be significant.

The Company does not guarantee products sold through wholesale channels and will not refund or replace those products for any defects. However, the Company did provide wholesale channel customers with a returns allowance based on product sales. The Company's management has determined no liability for wholesale customers for returns allowance was necessary at December 31, 2021 or 2020.

Property and Equipment

Property and equipment is valued at cost less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the respective assets or the lesser of the life of the lease or estimated useful life for leasehold improvements as follows:

Furniture, Fixtures, and Office Equipment	1 to 7 Years
Production Equipment	2 to 15 Years
Leasehold Improvements	2 to 10 Years

At the time of retirement, sale, or abandonment of plant and equipment, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in operations. Repairs and maintenance are expensed when incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company has elected to be treated as a partnership for income tax purposes. The Company does not pay income taxes since such taxes are the responsibility of the individual member and depend on the members' respective tax situation. The tax returns, the qualifications of the Company for tax purposes, and the amount of distributable income or loss is subject to examination by federal, state, and local taxing authorities. If such examinations result in changes with respect to the Company qualification or in changes to distributable income or loss, the tax responsibility of the member could be changed accordingly.

The Company accounts for income taxes in accordance with FASB ASC 740, *Accounting for Income Taxes*, which provides guidance on how to measure and account for various tax positions. The Company has determined that no material unrecognized tax benefits or liabilities exist as of December 31, 2021 or 2020, for the Company.

The Company is not currently under examination by federal taxing authorities. If applicable, the individual member will recognize interest and penalties related to the underpayment of income taxes on their individual income tax returns in the year incurred.

Advertising Costs

Advertising costs are expensed as incurred and are included in marketing expenses. For the years ended December 31, 2021 and 2020, advertising expense was approximately $172,000 and $152,000, respectively.

Future Accounting Standards

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, amending guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Company is evaluating the impact of the amended lease guidance on its financial statements.

There have been no other newly issued or newly applicable accounting pronouncements that have, or are expected to have, a significant impact on the Company's financial statements.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Recognition

The Company generates revenue primarily through product sales, royalties, and franchise fees.

Product Sales

The majority of the Company's revenue is derived by fulfilling customer orders for the purchase of our products, including baked food and treats for dogs. The Company recognizes revenue at the point in time that control of the ordered product(s) is transferred to the customer, which is typically upon shipment to the customer. Shipping and handling costs incurred to ship product to the customer are recorded within cost of sales. Amounts billed and due from our customers are classified as accounts receivables on the balance sheet and require payment on a short-term basis. Generally, individual orders from customers are accounted for as a single performance obligation.

Revenue is measured as the amount of consideration we expect to receive in exchange for fulfilling product orders. Sales, value add, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. The amount of consideration the Company expects to receive and revenue the Company recognizes includes estimates of variable consideration, including costs for trade promotional programs, customer incentives, and allowances and discounts associated with aged or potentially unsaleable products. These estimates are based upon our analysis of the programs offered, historical trends, and expectations regarding customer and consumer participation, sales and payment trends and our experience with payment patterns associated with similar programs offered in the past. The Company reviews and updates these estimates regularly and the impact of any adjustments are recognized in the period the adjustments are identified. The majority of the Company's products exhibit similar economic characteristics, such that they are based on similar ingredients and are marketed and sold through the same channels to the same customers.

Royalties

The Company collects royalties, as stipulated in the franchise agreement. The royalties are based on product sold by the franchisee to customers for product that was not purchased from the Company in an amount up to 5.5% of those sales. Royalties are calculated as a percentage of sales over the term of the franchise agreement. The franchise agreement royalties represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee store level sales occur. Royalties are collected monthly.

NOTE 2 REVENUE FROM CUSTOMERS WITH CONTRACTS (CONTINUED)

Revenue Recognition (Continued)

Franchise Fees

The Company requires the entire nonrefundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of five years. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include: training of franchisees and staff, site selection, the right to use trademarks and proprietary information, and ongoing operations support. The Company provides no financing to franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

Franchisees have the option to renew the franchise agreement at the end of the initial franchise term. When a franchisee chooses to renew their agreement, a nonrefundable renewal fee is charged to the franchisee similar to the initial franchise fee. Renewed franchise fees are recognized ratably on a straight-line basis over the term of the renewed franchise agreement. The Company currently franchises its concept across the United States, Canada, and Hong Kong. The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities.

The Company has elected to apply the practical expedient provided under ASC 606 which allows an entity to expense incremental costs of obtaining or fulfilling a contract when incurred if the amortization period of the asset that the entity otherwise would have recorded is one year or less. Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as fulfillment costs and are included in cost of products sold. The net asset recorded for incremental costs incurred to obtain or fulfill contracts, after consideration of the practical expedient mentioned above, is not material to our financial statements.

The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees and (b) continuing franchise fees (royalties). Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

NOTE 2 REVENUE FROM CUSTOMERS WITH CONTRACTS (CONTINUED)

Revenue Recognition (Continued)

Disaggregation of Revenue

The Company believes that the captions contained on the statements of operations appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2021 and 2020.

Contract Liabilities and Contract Assets

The Company's contract liability for deferred franchise revenues was $317,900 at January 1, 2021 and $395,265 at December 31, 2021. The Company's contract liability for deferred franchise revenue was $378,900 at January 1, 2020 and $317,900 at December 31, 2020.

There were no contract assets at December 31, 2021 or 2020.

NOTE 3 INVENTORY

Inventory consists of the following as of December 31:

	2021	2020
Raw Materials and Packaging	$ 713,550	$ 413,848
Finished Goods	2,169,706	1,091,746
Less: Reserve for Obsolescence	(126,836)	(90,301)
Total	$ 2,756,420	$ 1,415,293

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	2021	2020
Furniture, Fixtures, and Office Equipment	$ 350,719	$ 329,206
Production Equipment	1,192,017	949,239
Leasehold Improvements	254,314	102,376
Construction in Progress	195,151	3,986
Total Property and Equipment	1,992,201	1,384,807
Less: Accumulated Depreciation	(815,851)	(663,162)
Net Property and Equipment	$ 1,176,350	$ 721,645

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31:

	2021	2020	2019
Trade Accounts Receivable	$ 3,805,262	$ 3,151,427	$ 3,005,950
Royalties Receivable	85,087	70,069	71,713
Less: Allowance for Doubtful Accounts	(47,026)	(58,626)	(43,255)
Total	$ 3,843,323	$ 3,162,870	$ 3,034,408

NOTE 6 COMMITMENTS

Operating Leases and Service Agreements

The Company leases equipment, production and warehouse facilities, two retail locations, and office facilities under noncancellable lease agreements expiring at various dates through 2023. For the years ended December 31, 2021 and 2020, rent expense under all noncancellable leases was approximately $505,000 and $410,000, respectively.

Future minimum lease payments required under the aforementioned leases are as follows:

Year Ending December 31,	Amount
2022	$ 134,000
2023	134,000
Total Operating Leases	$ 268,000

The Missouri retail location includes a lease agreement where rent includes a base amount plus 7% of gross receipts for the retail store that are over a predetermined threshold. As the location has not met the predetermined gross receipts threshold, the future minimum lease payments listed above only include the base amount of the lease agreement.

NOTE 6 COMMITMENTS (CONTINUED)

Operating Leases and Service Agreements (Continued)

The Kansas retail location includes a lease agreement where rent is based on 8% of gross receipts for the retail store. This is not included in the future minimum payments above. This lease, dated August 19, 2015, expires in 2025. A payment of $125,000 was received in late December 2015 from the lessor as part of the lease agreement related to direct costs incurred by the Company to prepare the leased premises for business. The unamortized portion of the payment is included in other liabilities in these financial statements for December 31, 2021 and 2020. It will be recognized by reducing expenses over the term of the lease.

Capital Leases

The Company leases office equipment and production equipment under capital leases that expired in August 2020. The asset and the liability under these capital leases are recorded at the lower of the fair value of the assets or the present value of the minimum lease payments. The assets are depreciated over the life of the leases. Depreciation expense for the years ended December 31, 2021 and 2020 is $1,518 and $6,913, respectively.

Following is a summary of the property held under capital lease December 31:

	2021	2020
Office Equipment	$ 31,851	$ 31,851
Production Equipment	29,082	29,082
Less: Accumulated Depreciation	(60,933)	(59,415)
Total	$ -	$ 1,518

Other Commitments

The Company has entered into various commission agreements with various agents. Those agreements require the Company to pay between 1.5% and 5% of specific gross receipts to those agents. During the years ended December 31, 2021 and 2020, the Company incurred commission expenses related to those agents totaling $777,773 and $582,959, respectively.

Employment Agreements

At December 31, 2021, the Company has employment agreements with key employees. The agreements provide for a minimum bi-weekly salary, incentives based on the Company's performance, and equity in Holdings.

The board approves incentive compensation on a discretionary basis and it is determined based upon company, division, and personal performance. The amounts payable at year end are included in accrued expenses as of December 31, 2021 and 2020.

NOTE 7 RELATED PARTY TRANSACTIONS

During the years ended December 31, 2021 and 2020, the Company paid approximately $133,538 and $202,439, respectively, to members of the board of managers in the form of expense reimbursement and compensation for services provided to the Company.

During 2016, the Company entered into a promissory note with Holdings as described in Note 11.

During 2016, the Company entered into an advisory agreement with an affiliate to provide management advisory services beginning in 2016. For the years ended December 31, 2021 and 2020, the Company included $100,000 of advisory fees paid to the affiliate in other expenses. The affiliate is the managing member of TDB Topco.

NOTE 8 RETIREMENT PLAN

The Company adopted the Three Dog Bakery, Inc. 401(k) Profit Sharing Plan (the Plan) which covers substantially all employees age 21 or older who have completed six months of service. Company matching contributions are discretionary and were $35,302 and $35,128 for the years ended December 31, 2021 and 2020, respectively.

NOTE 9 FRANCHISE OWNERSHIP

The following changes in U.S. franchise ownership occurred during the years ended December 31:

	2021	2020
Franchise Stores Operating - Beginning of Year	37	44
Newly Established Franchise Stores	5	-
Franchise Stores Closed	(2)	(7)
Franchise Stores Operating - End of Year	40	37

There are five international locations which are not represented in the table above. The Company owns two retail stores which are included in the store count above. For the year ended December 31, 2021, revenue and expenses relative to the two Company-owned retail stores were $1,022,202 and $1,003,666, respectively. For the year ended December 31, 2020, revenue and expenses relative to the two Company-owned retail stores were $857,986 and $904,116 respectively.

NOTE 10 BANK LINE OF CREDIT

The Company has a $2,000,000 bank line of credit with PNC Bank National Association which expires on June 22, 2022. The Company intends to renew the line of credit. The interest rate is calculated as the quarterly London Interbank Offered Rate (LIBOR) reference rate plus 2.75%. The interest rate was 3.5% at December 31, 2021 and 2020. Borrowings under the line of credit are collateralized by substantially all assets of the Company. At December 31, 2021 and 2020, there was $827,072 and $-0- outstanding, respectively. The line of credit is subject to certain covenant requirements. Management believes the Company was in compliance with all covenant requirements during the year ended December 31, 2021.

NOTE 11 NOTES PAYABLE

Notes payable consists of the following as of December 31:

Description	2021	2020
Note payable - Member for $750,000, due on demand and unsecured with interest at an annual rate of 4%. Accrued interest related to this note was $171,980 and $129,627 as of December 31, 2021 and 2020, respectively.	$ 750,000	$ 750,000
Note payable to bank, with monthly payments of $10,235 (including interest at 3.32%) through January 10 , 2025 secured by the company's assets.	297,928	-
Note payable to Company, with monthly payments of $2,081, interest free, through September 2026.	118,630	-
Paycheck Protection Program (PPP) note, subject to forgiveness as noted below.	-	873,300
Total	1,166,558	1,623,300
Less: Current Portion	879,026	1,623,300
Long-Term Debt	$ 287,532	$ -

Current maturities on long-term debt are as follows:

Year Ending December 31,	Amount
2022	$ 879,026
2023	143,140
2024	100,687
2025	24,975
2026	18,730
Total	$ 1,166,558

NOTE 11 NOTES PAYABLE (CONTINUED)

Paycheck Protection Program Loan Forgiveness

In April 2020, the Company received a loan from PNC Bank National Association totaling $873,300 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Company fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance and approval with the program. The covered period from April 16, 2020 to October 1, 2020, is the time that the business had to spend their PPP Loan funds.

The Company is following ASC 470, *Debt,* to account for the initial receipts related to the PPP Loan. On August 25, 2021, the SBA processed the Company's PPP Loan forgiveness application and notified the lending bank the PPP Loan qualified for forgiveness of $833,964. Loan proceeds were received by the bank from the SBA on this date. Therefore, the Company was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in other income during the year ended December 31, 2021. The remaining $39,336 of the original loan was reimbursed to the bank in May 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company's financial position.

NOTE 12 SIGNIFICANT ESTIMATES AND CONCENTRATIONS

U.S. GAAP requires disclosure of information about certain significant estimates and current vulnerabilities due to certain concentrations. These matters include the following:

Deposit Risk

The Company maintains cash accounts at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Cash not subjected to FDIC limits, which is uninsured and uncollateralized, was approximately $328,256 and $1,179,000 at December 31, 2021 and 2020, respectively.

NOTE 12 SIGNIFICANT ESTIMATES AND CONCENTRATIONS (CONTINUED)

Sales to Major Customers

For the year ended December 31, 2021, two customers represent approximately 47% of product sales. For the year ended December 31, 2020, two customers represent approximately 47% of product sales. Two customers represent approximately 62% and 59% of accounts receivable at December 31, 2021 and 2020, respectively.

`Purchases from Major Suppliers

Approximately 20% and 22% of the Company's raw material and finished goods purchases for the years ended December 31, 2021 and 2020, respectively, were from one unrelated vendor.

Regulations

The Company is subject to various federal and state regulations regarding the care, delivery, and containment of various products which the Company either does or has handled. The Company is contingently liable for any associated costs which could arise from the handling, delivery, and containment of these products. In the normal course of its operations, the Company has ongoing examinations and testing done by various federal and state agencies. Management is not aware of any potential material findings or fines resulting from these activities.

Foreign Operations

Operations outside the United States primarily include the franchise opportunities in Canada and Hong Kong. Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls, and restrictions on currency exchange.

NOTE 13 OTHER EXPENSE

Other expenses included in operations were ongoing and recurring expenses and consisted of the following for the years ended December 31:

	2021	2020
Compensation - Members of Board of Managers	$ 68,500	$ 69,500
Advisory Fee - Affiliate	100,000	100,000
Board Expenses	29,991	25,700
Miscellaneous Expense	417,730	49,617
Total Other Expense	$ 616,221	$ 244,817

NOTE 14 CONTINGENCIES

The Company is subject to various routine legal proceedings and other matters in the ordinary conduct of business. In the opinion of the Company, the liability, if any, arising from these actions will not have a material effect on the Company's financial position, results of operations, or cash flows.

NOTE 15 SUBSEQUENT EVENTS

Management evaluated subsequent events through April 20, 2022, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2021, but prior to April 20, 2022 that provided additional evidence about conditions that existed at December 31, 2021, have been recognized in the financial statements.

THE BALANCE SHEET OF FRANCHISOR AS OF OCTOBER 31, 2023, AS WELL AS THE FRANCHISOR'S PROFIT AND LOSS STATEMENT FOR THE INTERIM PERIOD BEGINNING JANUARY 1, 2023, AND ENDING OCTOBER 31, 2023, HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Three Dog Bakery LLC (LLC)
Balance Sheet
For the 6 months ended June 30, 2023
(unaudited)

	As of June 30, 2023
Assets	
Cash	199,676
Accounts receivable	1,673,378
Inventory	649,846
Prepaid expenses	172,013
Total current assets	**2,694,913**
Fixed Assets:	496,196
Other Assets:	969,966
Total other assets	**1,466,162**
Total Assets	**4,161,075**
Liabilities and stockholders' equity	
Accounts payable and accrued payables	246,239
Accrued liabilities - other	793,712
Bank revolver	-
Loans from related parties	-
Current notes payable/capital lease payable	24,975
Total short term liabilities	**1,064,926**
Long-Term Liabilities:	**1,022,219**
Total liabilities	**2,087,145**

Members Equity Common Stock	(5,695,847)
Paid in capital	-
Retained Earnings	(49,510,823)
Accumulated net (income) / loss	57,280,600
Total members equity	**2,073,930**
Total Liabilities and members equity	**4,161,076**

Three Dog Bakery, LLC
Income Statement, year to date
For the 6 months ended June 30, 2023

	YTD (Unaudited)
	June 2023
Revenue	
Gross sales	**18,830,401**
Contra revenue	
DTC coupons	-
Retailer MDF	(1,432,244)
Returns, Customer Service	(111,641)
Cash discounts	(332,872)
Bakery rebates	-
Slotting	(2,495)
Total contra revenue	**(1,879,252)**
Net sales	**16,951,150**
Cost of sales	
Product cost of sales	9,224,152
Cost of sales overhead	1,108,612
Customer freight expense	854,701
Cost of sales retail	229,147
Total cost of sales	**11,416,612**
Gross profit	**5,534,537**
Gross margin	29%

Other operating expenses	
Marketing expense	585,397
Selling expense	395,818
General and admin	2,060,370
Distribution	579,464
Total operating expenses	**3,621,050**
Contribution	**1,913,488**
	10%
Depreciation and ammortization	109,545
Operating income	**1,803,943**
Interest expense	98,509
Other (income)/expense	(55,575,298)
Total other income/expense	**(55,476,789)**
Net earnings	**57,280,733**

EXHIBIT B
FRANCHISE AGREEMENT

THREE DOG BAKERY FRANCHISE AGREEMENT

____
FRANCHISEE

____
DATE OF AGREEMENT

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EXHIBITS

A	Site Addendum
B	Multiple Franchise Purchase Addendum
C	Conversion Addendum
D	Guaranty Agreement
E	Confidentiality Agreement
F	Collateral Assignment of Lease
G	ACH Authorization Form

THREE DOG BAKERY FRANCHISE AGREEMENT

THIS AGREEMENT (the "Agreement") is entered into as of _________________, 20___, between THREE DOG BAKERY, LLC, a Delaware Limited Liability Company having its principal place of business at 6131 Deramus Avenue, Kansas City, MO 65120 (the "Franchisor"), and _________________________________, a ___________________________, having its principal place of business at ________________ ______________________________, ____________________ (the "Franchisee" or "you").

PREAMBLES

A. Franchisor operates a system (the "Franchise System") for the establishment and operation of Three Dog Bakery branded stores (each, a "Bakery"), operating under trademarks, service marks, logos, and other commercial symbols designated by Franchisor, including THREE DOG BAKERY® (collectively, the "Licensed Mark***s***"). Each Bakery bakes personalized cakes, muffins, pastries, and novelty baked items (the "Bakery Items") on-site for sale, and sells pre-made dog food, dog cookies, dog biscuits, and dog training treats, that are supplied by Franchisor an affiliate or a designated supplier (the "Company Products") as well as ancillary items (such as dog bowls, leashes, and collars) that are supplied by suppliers approved by Franchisor.

B. Franchisor grants franchises to persons who meet Franchisor's qualifications and standards, to open and operate Bakeries, through which franchisees sell Bakery Items, Company Products, and ancillary items, and to use the confidential information and trade secrets that are part of the Franchise System.

C. The Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, as in any other business, the nature of the business conducted by the Franchisee may change over time, an investment in the business contemplated by this Agreement involves business risks, and the success of the venture largely depends upon the business abilities and efforts of the Franchisee.

D. Franchisor expressly disclaims the making of, and the Franchisee disclaims the receipt of or reliance upon, any warranty or guaranty, expressed or implied, as to the revenues, profits, or success of the business contemplated by this Agreement. The Franchisee has not received or relied upon any representation about the business as an inducement to enter into this Agreement, other than this Agreement and the Franchise Disclosure Document.

NOW, THEREFORE, in consideration of the promises and covenants outlined in this Agreement, the sufficiency of which the parties acknowledge, the parties, intending to be legally bound, agree as follows:

1. GRANT OF FRANCHISE

1.1 Subject to the provisions contained in this Agreement, Franchisor grants to the Franchisee the right to own and operate a single Bakery at, and only at, the premises identified in Exhibit A (the "Location"), and to use the Licensed Marks and the Franchise System in the operation of the Bakery for a term of ten (10) years beginning on the day this Agreement is executed. The expiration date of the initial term of this Agreement (or renewal term, if applicable) will be indicated in Exhibit A once the initial term (or renewal term, if applicable) of your Location lease is known. The Franchisee does not have the right to use any other methods of distribution anywhere other than the Location, such as kiosks and mail or Internet distribution, without the written approval of Franchisor.

1.2 Unless otherwise approved in advance in writing by Franchisor, the rights granted to the Franchisee are restricted to: (i) retail sales only from the Franchisee's Location and (ii) local delivery services in compliance with Section 1.5. Retail sales consist of sales of products and services for consumption and use on or off the premises by the purchaser and not for purpose of resale. Franchisor will not unreasonably withhold its consent to retail sales at events within the Protected Territory that meet Franchisor's reasonable minimum standards and policies. The Franchisee may not engage in sales at wholesale (or otherwise for purposes of resale). Franchisee may not, without Company's prior written approval, offer any products or services not then authorized by Franchisor for THREE DOG BAKERY stores, nor may the Bakery or the premises that it occupies be used for any purpose other than the operation of a THREE DOG BAKERY store in compliance with this Agreement. Franchisee must offer all approved products and services as Company may reasonably designate in writing.

1.3 During the term of this Agreement, Franchisor will not operate, or license anyone else to operate a Bakery in the Protected Territory as defined in Exhibit A. The size and shape of the Protected Territory will vary depending upon conditions such as demographics, population, geography, and commercial development.

1.4 Notwithstanding the limitations in Section 1.3, Franchisor (on behalf of itself and its affiliates, or other third-parties) retains the rights, in its sole discretion and without granting any rights to the Franchisee, to: (i) establish and operate, and license any third party the right to establish and operate, other Bakeries using the Licensed Marks and System at any location outside of your Protected Territory; (ii) market, offer and sell products and services that are similar or identical to the products and services offered by the Bakery at any location, within or outside the Protected Territory; (iii) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to those offered by you through your Bakery, within or outside your Protected Territory; (iv) use the Licensed Marks and System, and license others to use the Licensed Marks and System, to engage in any other activities not expressly prohibited in this Agreement; and (v) own and operate Bakeries in "Non-Traditional Sites" including, but not limited to, mall, amusement parks, military bases, college campuses, hospitals, airports, sports arenas and stadia, train stations, travel plazas, toll roads and casinos, both within and outside your Protected Territory.

1.5 With our permission, the Franchisee may provide local delivery services to customers within your Protected Territory in compliance with specifications and standards outlined in our Operating Manual. Franchisee may not provide delivery services outside your Protected Territory without the Franchisor's prior written consent (which the Franchisor may grant or withhold in their discretion). In order to minimize consumer confusion regarding the availability of delivery service, if the Franchisee elects not to offer delivery service, upon written notice from Franchisor, the Franchisor may require the Franchisee to include in their advertising, in a manner and copy size specified by the Franchisor, language designed to effectively communicate that the Franchisee's Bakery does not offer delivery service.

A third party sells through certain alternative channels of distribution products and services that are the same or similar to the products and services offered at Bakeries either under the Licensed Marks or under different trademarks, including through wholesale channels within and outside your Protected Territory. Franchisor, on its behalf and on behalf of others, reserves the right to operate a direct-to-customer business that offers Bakery Items online under the Licensed Marks to costumers within and outside the Protected Territory. Franchisor also reserves the right to distribute certain products or services from its affiliates, whether currently existing, in research and development, or developed in the future, in Franchisee's Protected Territory in the manner and through such channels of distribution as Franchisor determines in its sole discretion. Alternate channels of distribution include, but are not limited to, the sale of products via the Internet, through wholesale distribution, through grocery stores and other retail outlets, and via direct marketing and mail order catalog. This Agreement does not grant you the right to: (i) distribute the products as described in this paragraph; or (ii) share in any of the proceeds from activities through alternate channels of distribution.

2. DEVELOPMENT AND OPENING OF THE BAKERY

A. DEVELOPMENT OF THE BAKERY

2.1 Franchisor will furnish to the Franchisee certain specifications and suggestions for a store, reflecting Franchisor's requirements for image, interior design, décor, and signs, and recommendations for layout, building materials, fixtures, equipment, and furniture.

2.2 Promptly after obtaining possession of the Location, and having been furnished with the specifications and suggestions, the Franchisee must:

(a) prepare and submit to Franchisor for approval, which will not be unreasonably withheld, any proposed modifications to Franchisor's recommendations and specifications, which may be modified as necessary to comply with applicable ordinances, building codes, permit requirements, and lease or deed requirements and restrictions, all modifications being subject to prior notification to, and approval by, Franchisor;

(b) obtain all required building, utility, sign, health, sanitation, and business permits and licenses, and any other required permits and licenses;

(c) construct all required improvements to the Location, purchase and install all required fixtures and equipment, and decorate the premises in compliance with the plans and specifications approved by Franchisor and all applicable ordinances, building codes, permit requirements, and lease or deed requirements and restrictions;

(d) purchase in accordance with Franchisor's specifications and requirements, an opening inventory of Company Products (including dog biscuits and dog-bakery–related products), ingredients needed for making Bakery Items, and ancillary items required for the Bakery; and

(e) establish filing, accounting, and inventory control systems (which may include installing and using Company's specified point-of-sale system).

B. FIXTURES, EQUIPMENT, FURNITURE, AND SIGNS

2.3 The Franchisee may use in the construction and operation of the Bakery only those brands or types of construction and decorating materials, fixtures, equipment, furniture, and signs that Franchisor approves for Bakeries as meeting Franchisor's specifications and standards for appearance, function, and performance. The Franchisee may not purchase any other brands or types of construction and decorating materials, fixtures, equipment, furniture, and signs other than those approved or designated by Franchisor (which may include Franchisor and its affiliates). If the Franchisee proposes to purchase any brand or type of construction or decorating material, fixture, equipment, furniture, or sign not then approved by Franchisor, or proposes to purchase any items from any supplier that is not then approved by Franchisor, the Franchisee must first notify Franchisor in writing and must submit to Franchisor upon its request sufficient specifications, photographs, drawings, and other information or samples for a determination by Franchisor of whether the brand or type of construction or decorating material, fixture, equipment, furniture, or sign complies with Franchisor's specifications and standards, and whether the supplier meets Franchisor's approved supplier criteria, which determination will be made and communicated in writing to the Franchisee within a reasonable time.

C. OPENING OF THE BAKERY

2.4 Franchisee may not open the Bakery for business without Franchisor's prior approval. Franchisor will not withhold approval unreasonably and will timely respond to a request for approval to open. Franchisee will complete the development and open the Bakery for business within the time period set forth in Exhibit A. Franchisee's failure to timely complete the development and opening of the Bakery in compliance with the requirements established in Exhibit A will constitute good cause for termination of this Agreement.

D. RELOCATION OF THE BAKERY

2.5 Franchisee may not relocate the Bakery without Franchisor's written consent, which Franchisor will not unreasonably withhold provided the new location is located within the Protected Territory and meets Franchisor's then-current criteria for a Premises. Any relocation will be at Franchisee's sole expense, and Franchisor may charge its then-current relocation fee for services rendered in connection with the relocation. When considering a request for relocation, Franchisor may take into account the desirability of the proposed new location, its distance from other and future-planned franchised locations, the traffic patterns, security, cost, and the demographics of the area, as well as any other related factors Franchisor deems appropriate. Franchisor will not unreasonably withhold or approval of Franchisee's relocation request, provided the location meets our site selection criteria.

E. YOUR BAKERY LEASE

2.6 Before Franchisee enters a lease or purchase agreement for the Bakery, Franchisee will submit the lease or purchase documents to Franchisor for approval (consistent with Exhibit A). Lease documents must include the Franchise Premises Lease Agreement Rider attached as Exhibit F or in another form subject to Franchisor's reasonable approval.

F. REMODELING OF THE BAKERY

2.7 Franchisee must maintain, repair, refinish, repaint, and replace Bakery furniture, fixtures, equipment, displays, signs, decor, and any other tangible part or property of the Bakery to ensure that the Bakery in an efficient manner pursuant to our current standards and specifications. Franchisor may require Franchisee to remodel once every five (5) years, pursuant to Franchisor's then current standards and specifications for a Bakery.

3. TRAINING AND OPERATING ASSISTANCE

A. TRAINING

3.1 Before the opening of the Bakery, Franchisor will furnish, and the Franchisee (or if the Franchisee is not an individual, a partner, shareholder, or other owner who has been approved by Franchisor) will attend and successfully complete an initial training program on the operation of a Bakery, furnished at a place and time Franchisor designates. Franchisee must schedule to attend this training at least thirty (30) days before the scheduled opening of the Bakery. In addition, any designated manager (the "Designated Manager") of the Bakery is required to attend and the head chef employed by you may be required to attend in our discretion. The Franchisee is solely responsible for the compensation, travel, lodging, and living expenses incurred in connection with the attendance at the initial training program or at any supplemental or refresher training programs. No additional fee is charged for the initial training program for up to two (2) people, however, Franchisee must pay Franchisor's then-current additional training fee for any additional personnel to receive the initial training program.

3.2 The initial training program consists of approximately ninety-six (96) hours (over a period of approximately 12 days) of training in various sites in and around Kansas City, Missouri. It also consists of approximately seventy (64) hours (over a period of approximately 5 to 6 days) at your Bakery before and in conjunction with the opening of Franchisee's Bakery. The training program includes instruction relating to the operation of a THREE DOG BAKERY store, understanding the equipment and product preparation, customer service, marketing and sales programs, methods of controlling operating costs, and related matters.

3.3 Franchisor may provide Franchisee, after Franchisee has obtained all required occupancy permits, with the services of up to two (2) persons affiliated with Franchisor for supervisory assistance and guidance in connection with the opening and the initial operations of the Bakery ("On-Site Assistance"). Franchisor representative(s) will spend two (2) to three (3) days with Franchisee before the opening and two (2) to three (3) days after the opening of the Bakery, unless Franchisor and Franchisee agree to a different schedule in connection with the opening. There is no fee to provide On-Site Assistance.

3.4 After the opening of the Bakery, subject to the payment by Franchisee of Company's then-current training fee, Franchisor may provide training (subject to reasonable limitations prescribed by Franchisor as to frequency and time) or may require Franchisee to provide training to any new manager of the Bakery. Franchisor has the right to require that the Franchisee (or the managing partner or shareholder or similar responsible owner) attend the initial training program and, in its reasonable discretion and upon reasonable notice, supplemental training and refresher training programs during the term of this Agreement, to be furnished at a time and place Franchisor designates. If Franchisor requires any such person to attend the initial training program, supplemental training or refresher training, Franchisee will pay Company's then-current training fee promptly on demand.

B. TRAINING OF EMPLOYEES BY THE FRANCHISEE

3.5 The Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Bakery. This includes, without limitation, decisions and laws related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, scheduling, supervision, and discipline of employees, paid or unpaid, full or part-time, and Franchise's independent consultants. The following additional provision apply with respect to Bakery employees:

(a) Franchisee must implement a training program for employees of the Bakery in compliance with Franchisor's requirements.

(b) Franchise must maintain employee records to show clearly that Franchisee and Franchisee's employees are not Franchisor's employees.

(d) Franchisee is responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits.

(e) Franchisee must place a prominent, boldface statement at the top of your employee applications that the applicant is applying to work for you, not for us.

(f) Franchisee must display your entire business entity's name, not just the licensed brand, on your payroll checks.

(g) Franchisor does not post job openings for franchisee-owned Bakeries or coordinate the sharing of employees among franchisees.

(h) Franchisee must indemnify and hold Franchisor legally harmless from any violations of federal or state labor laws or similar laws. Franchisee acknowledges that Franchisee has had ample opportunity to investigate these and other laws applicable to your business with your own independent legal counsel before signing this Agreement.

C. PRE-OPENING AND OPERATING ASSISTANCE

3.6 Franchisor will provide to the Franchisee during the term of this Agreement access to Franchisor's confidential Operating Manual and Pastry Manual (collectively referred as the "Operating Manual") for Bakeries, containing mandatory and suggested specifications, standards and operating procedures prescribed by Franchisor for Bakeries and information relative to other obligations of the Franchisee under this Agreement and all applicable recipes, specifications, standards, and operating procedures prescribed by Franchisor during the term of this Agreement. Franchisor may add to, delete from, or otherwise modify, the Operating Manual to reflect changes in authorized products and services, and specifications, standards, and operating procedures of a Bakery, provided that no addition, deletion, or modification may alter the Franchisee's fundamental status and rights under this Agreement.

3.7 Franchisor will approve Franchisee's proposed location for the Bakery.

3.8 Franchisor will furnish guidance and operating assistance to the Franchisee as Franchisor considers appropriate, in Franchisor's sole discretion. This guidance and operating assistance may come in the form of bulletins or other written materials, telephonic consultations, and consultations at the offices of Franchisor or at the Bakery (the latter may be provided in conjunction with an inspection of the Bakery). Franchisor's operating assistance may consist of guidance with respect to:

(a) methods and operating procedures utilized by stores;

(b) additional products and services authorized for sale by Bakeries;

(c) selection, purchasing, and marketing of dog biscuits, and dog-bakery–related products, and other approved products, materials, and supplies;

(d) marketing assistance and sales promotion programs;

(e) formulating and implementing advertising and promotional programs; and

(f) the establishment and operation of administrative, bookkeeping, accounting, inventory control, sales, and general operating procedures for the proper operation of a THREE DOG BAKERY store.

3.9 Periodically (with whatever frequency Franchisor considers appropriate for the Franchisee, considering the Franchisee's size, experience, and other factors, which may vary from the frequency with respect to other franchisees), representatives of Franchisor (which may include so-called "mystery shoppers") will visit the Bakery and conduct either announced or unannounced inspections. Franchisor will advise the Franchisee of operating problems of the Bakery disclosed by these inspections or by reports submitted to Franchisor by customers.

4. LICENSED MARKS

A. OWNERSHIP AND GOODWILL OF LICENSED MARKS

4.1 The Franchisee acknowledges that the Franchisee has no interest whatsoever in or to the Licensed Marks and that the Franchisee's right to use the Licensed Marks is derived solely from this Agreement and is limited to the conduct of business pursuant to this Agreement and all applicable specifications, standards and operating procedures prescribed by Franchisor during the term of this Agreement. Any unauthorized use of the Licensed Marks by the Franchisee constitutes an infringement of the rights of Franchisor in and to the Licensed Marks.

4.2 All usage of the Licensed Marks by the Franchisee and any goodwill established by that use exclusively benefits Franchisor or the owner of the Licensed Marks. This Agreement does not confer any goodwill or other interests in the Licensed Marks upon the Franchisee. The Franchisee may not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Licensed Marks or assist any other person in contesting the validity or ownership of any of the Licensed Marks.

B. CHANGES TO OR DISCONTINUANCE OF USE OF LICENSED MARKS

4.3 Franchisor reserves the right to substitute different Licensed Marks for use in identifying the Franchise System and Bakeries operating under the Franchise System. Franchisee must discontinue using any Licensed Marks within ten (10) days of receiving notice to do so and promptly begin using any such additional, modified, or substituted Licensed Marks when directed and at your expense.

4.4 All provisions of this Agreement applicable to the Licensed Marks will apply to any additional trademarks, service marks, logos, and other commercial symbols hereafter authorized for use by and licensed to the Franchisee pursuant to this Agreement.

C. LIMITATIONS ON FRANCHISEE'S USE OF LICENSED MARKS

4.5 Franchisee may use only the Licensed Marks that Franchisor designates and may use them only in the manner Franchisor authorizes and permits. Any goodwill associated with the Licensed Marks or our Franchise System, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit or the benefit of the trademark owner. Franchisee may not use the Licensed Marks in connection with the offer or sale of any services or products which Franchisor has not authorized for use in connection with the Franchise System. Franchisee may not use the Licensed Marks as part of its corporate or other legal name. Franchisor must approve Franchisee's corporate name and all fictitious names under which Franchisee proposes to do business in writing before use. Franchisee must use its corporate or limited liability company name either alone or followed by the initials "D/B/A" and the business name "Three Dog Bakery." Franchisee must promptly register at the office of the county in which the Bakery is located, or such other public office as provided for by the laws of the state in which the Bakery is located, as doing business under such assumed business name.

4.6 All of your advertising must prominently display the Licensed Marks and must comply with Franchisor's standards for using the Licensed Marks. All such advertising is subject to Franchisor's prior written approval, which Franchisor will not unreasonably withhold. Franchisor reserves the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Licensed Marks. Franchisee may use the Licensed Marks including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by this Agreement or by Franchisor's prior written consent. Franchisee must submit to Franchisor and

Franchisor must approve all advertising, publicity, signs, decorations, furnishings, equipment or other materials employing the Licensed Marks, or related marks, before first publication or use. Franchisor will not unreasonably withhold approval. Franchisee must identify themselves as the owner of the Bakery (in the manner Franchisor prescribes) in conjunction with any use of the Licensed Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as Franchisor may designate in writing at the Bakery premises.

D. NOTIFICATION OF INFRINGEMENTS AND CLAIMS

4.7 Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Licensed Marks, any challenge to the validity of the Licensed Marks, or any challenge to our ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Licensed Marks. Franchisor or the trademark owner has the sole right to direct and control any administrative proceeding or litigation involving the Licensed Marks, including the right to settle the proceedings or litigation. Franchisor and the trademark owner have the exclusive right, but not the obligation, to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Licensed Marks.

E. INDEMNIFICATION OF FRANCHISEE

4.8 Franchisor will defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Licensed Marks. If the Franchisor, in their sole discretion, determines that the Franchisee has used the Licensed Marks in accordance with this Agreement, Franchisor will pay the cost of defending the action, including the cost of any judgment or settlement. If Franchisor, in its sole discretion, determines that Franchisee has not used the Licensed Marks in accordance with this Agreement, Franchisee will be required to pay for the defense or to reimburse Franchisor for costs incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee's use of the Licensed Marks, Franchisee is required to sign all documents and assist Franchisor, as Franchisor deems necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Licensed Marks in a manner inconsistent with the terms of this Agreement, Franchisor will reimburse Franchisee for out-of-pocket costs in performing such acts.

F. USE OF LICENSED MARKS ON INTERNET

4.9 Franchisor or its affiliates have established and will maintain from time to time a website on the Internet under the domain name "threedogstores.com" or such other domain name as Franchisor determines to maintain. Franchisor or its affiliate has sole discretion and control over the design and content of that website. Franchisee has no right, title, and interest in and to the domain name "Three Dog"; the URL: "www.threedogstore.com"; all existing and future domain names, URLs, addresses, and sub-addresses related to Franchisor's (or its affiliate's) website; all software and content prepared for, or used on, Franchisor's Website; and all intellectual property rights in, to, or related to any of them. Franchisor may, at its sole option, from time to time, without prior notice to the Franchisee, modify that Web site in any manner that Franchisor considers appropriate.

4.10 Franchisor may provide an interior page on its website(s) or a separate Franchisor-created website that contains information about Franchisee's Bakery. Franchisor reserves the right to require Franchisee to prepare and maintain all of the information, links, videos, images, etc. needed for Franchisee's page, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting.

4.11 Franchisee is permitted to create directory webpages (including Yelp and Google Places), and social media websites designated by Franchisor (which may include Facebook and Instagram), in connection with Franchisee's Bakery (the "Permitted Webpages"). Franchisee must notify Franchisor when Franchisee has created a Permitted Webpage. Franchisor must approve, in advance, any posts made to Permitted Webpages. Franchisee must submit any proposed to Franchisor three (3) hours prior to publication or use. Franchisor's failure to approve or disapprove the materials within three (3) hours of receipt shall be deemed an approval. Notwithstanding the forgoing, Franchisee may post Instagram and/or Facebook "stories" without submitting to Franchisor for prior approval so long as the "stories" are solely related to Franchisee's Bakery. Franchisee's Permitted Webpages should only contain content relevant to Franchisor's mission and must meet Franchisor's standards and otherwise support Three Dog Bakery's brand, image and methodologies. Franchisor reserves the right to demand that Franchisee remove any nonconforming Permitted Webpages or blog post(s), to delete the link to Franchisee's Permitted Webpage(s) from Franchisor's website, and/or to revoke Franchisee's right to continue using such Permitted Webpage, if Franchisor determines in its sole discretion that the content of Franchisee's Permitted Webpage(s) is detrimental to Three Dog Bakery's brand and image.

4.12 Except Franchisee's Permitted Webpages, or as approved in advance in writing by Franchisor, Franchisee must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Bakery. All additional websites for Bakeries will be centrally managed from the corporate website to maintain consistency, consolidate views/likes/etc. and reduce the expense and time required by Franchisee to create and manage individual websites and pages. If such approval is granted by Franchisor, Franchisee must: (i) establish and operate such Internet site or listing in accordance with System standards and any other policies Franchisor designates in the Operating Manual or otherwise in writing from time to time, including but not limited to Franchisor's Internet privacy policies; and (ii) utilize any templates that Franchisor provides to Franchisee to create and/or modify such site(s).

4.13 Franchisor reserves the right to require Franchisee to include links for customers or the public at large to buy products for sale online, on or more of one of Franchisee's Permitted Webpages. Franchisee may not receive any consideration as a result of such sales. The terms of any consideration will be set forth in the Operating Manual, which we may change from time to time.

4.14 Franchisor shall have the right to modify the provisions of this Section 4 relating to Internet websites as Franchisor deems necessary or appropriate in the best interest of the System.

5. <u>FEES PAYABLE TO FRANCHISOR</u>

A. INITIAL FRANCHISE FEE

5.1 In consideration of the franchise and license granted to the Franchisee, the Franchisee will pay to Franchisor in full at the time of executing this Agreement as an initial franchise fee (the "Initial Franchise Fee") the sum of $40,000.00, less any deposit or application fee paid by the Franchisee to Franchisor before the date of this Agreement. The Initial Franchise Fee is fully earned when paid and is non-refundable.

B. INITIAL BAKERY INVENTORY

5.2 Franchisee is required to purchase certain items of its initial Bakery inventory of Three Dog Bakery ingredients for personalized cakes, muffins, pastries, and novelty baked items that are to be baked in the store; dog cookies, dog biscuits, dog training treats and mixes produced by us at a typical price of approximately $5,000-$7,500 (the "Initial Inventory Fee").

C. ROYALTY

5.3 Franchisee will pay to Franchisor, without offset, credit, or deduction of any nature, a weekly royalty equal to five and a half percent (5.5%) of Gross Sales of the Bakery (the "Royalty").

5.4 The Franchisee will pay the Royalty weekly in accordance with Section 5.12, below.

D. MARKETING FUND CONTRIBUTION

5.5 Franchisee must contribute to Franchisor, without offset, credit, or deduction of any nature, a weekly marketing fund contribution at a rate that will not exceed three percent (3%) of Gross Sales of the Bakery (the "Marketing Fund Contribution"). Franchisor will deposit Marketing Fund Contributions into the Marketing Fund.

5.6 Franchisor may increase or decrease the Marketing Fund Contribution, as frequently and in the increments it elects, provided the Marketing Fund Contribution may not exceed three percent (3%) of Gross Sales. No increase or decrease will become effective without thirty (30) days prior written notice.

5.7 Marketing Fund Contributions will be due and payable weekly, together with the Royalty, in accordance with Section 5.12, below.

5.8 If Franchisor at any time elects to rebate to the Franchisee a portion of any Marketing Fund Contribution paid to Franchisor, the Franchisee must spend the rebated sum on Advertising approved by Company in accordance with this Agreement.

E. TECHNOLOGY FEE

5.9 Franchisor reserves the right to charge Franchisee, or require Franchisee to pay Franchisor's approved vendor, a technology fee (the "Technology Fee") that will cover various items related to the technology and computer system Franchisee will be required to use at the Bakery, such as point-of-sale system software, software licenses and support costs.

F. GROSS SALES DEFINED

5.10 "Gross Sales" means all receipts generated by the Bakery from any source, including sales, exchanges, services, any other type of remuneration, gift, barter of products or services, charity, payment in kind, or any other benefit or value that is received or deferred to be received, and excludes: (i) discounts; (ii) refunds; and (iii) sales taxes. Credit transactions will be included in Gross Sales as of the date of the transaction without deduction for uncollected credit accounts. In addition, the proceeds from any business interruption insurance or eminent domain recovery Franchisee receives will be included in "Gross Sales."

G. REPORTING AND PAYMENT OF FEES

5.11 The Franchisee will submit weekly reports of Gross Sales and any additional information required by Franchisor, no later than 5:00 p.m. (local time at the Bakery) on the first business day of each week for the immediately preceding week (or at such other time as Franchisor may designate in advance in writing). The reports will be submitted on forms prescribed by Franchisor, and in the manner stated (for instance, by fax or e-mail), in the Operating Manual or otherwise prescribed by Company in writing. If any required report is late, then Franchisee will be required to pay a late report fee of $100 per occurrence and $100 per week.

5.12 The Royalty and Marketing Fund Contribution are due and payable weekly, on or before the 1st day of each week based upon the Gross Sales of the Bakery for the immediately preceding calendar week.

5.13 The Franchisee will pay Royalties and Marketing Fund Contributions in accordance with Section 9, below.

6. CONFIDENTIAL INFORMATION

6.1 Franchisor possesses certain confidential information including, but not limited to: trade secrets; copyrighted materials; information regarding the set up of a Bakery; information about proprietary recipes and merchandise; any proprietary software we may now or in the future create; our Manuals; general operations; methods and other techniques and know-how concerning the operation of the Bakery; current customer and prospective customer names and addresses; customer service purchasing histories; and sources of suppliers and purchasing arrangements with suppliers (the "Confidential Information). Franchisor discloses the Confidential Information to the Franchisee during the training program, in the Operating Manual, and in guidance furnished to the Franchisee during the term of this Agreement.

6.2 The Franchisee will not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the Bakery during the term of this Agreement. The use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. The Franchisee acknowledges that the Confidential Information is proprietary and is a trade secret of Franchisor. Franchisee covenants that Franchisee: (i) will not use the Confidential Information in any other business or capacity; (ii) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (iii) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (iv) will adopt and implement all reasonable procedures prescribed by Franchisor to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to personnel of the Bakery. The Franchisee will require each of its officers, directors, trustees, beneficiaries, and independent contractors to execute an agreement binding such person to preserve the confidentiality of the Confidential Information as part of the terms and conditions of such person's association with Franchisee, to the extent permitted by applicable law. The Franchisee's owners shall sign a Guaranty Agreement in a form prescribed by Franchisor, which will bind the guarantors to the confidentiality provisions of this Agreement (among other provisions). Franchisor may require Franchisee's spouse (or the spouse of its owners) to execute a personal guaranty to the extent Franchisee's spouse's financials are necessary to qualify for a franchise.

6.3 If the Franchisee obtains Franchisor's prior written consent, the restrictions on the Franchisee's disclosure and use of the Confidential Information will not apply to (i) information, processes or techniques which are or become generally known in the industry, other than through disclosure (whether deliberate or inadvertent) by the Franchisee; or (ii) disclosure of Confidential Information in judicial or administrative proceedings to the extent the Franchisee is legally compelled to disclose that information, provided the Franchisee has used its best efforts, and has afforded Franchisor the opportunity, to obtain an appropriate protective order or other insurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

6.4 The Franchisee grants to Franchisor the perpetual rights to use and to authorize others to use without further compensation, and the Franchisee will fully and promptly disclose to

Franchisor, all ideas, concepts, methods, and techniques relating to the development of new products or services and/or operation of Bakeries conceived or developed by the Franchisee and/or the Franchisee's employees during the term of this Agreement. Franchisor will have the sole right to develop, manufacture, produce and sell all such ideas, concepts, methods, and techniques in Franchisor's sole discretion.

6.5 Franchisee must require Franchisee's Designated Manager and any personnel having access to any of Franchisor's Confidential Information to sign Franchisor's then-current form of Confidentiality Agreement that is attached to this Agreement as Exhibit E, where these individuals agree that they will maintain the confidentiality of information they receive in connection with their employment and restrict their right to work for a competitor while they are employed by you. This confidentiality agreement, which will be in a form that we prescribe, will identify us as a third-party beneficiary to the agreement and will give Franchisor independent enforcement rights.

6.6 If Franchisee, its employees, or principals develop any new concept, process or improvement in the operation or promotion of any Bakery, Franchisee will promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any new concept, process or improvement will become Franchisor's sole property and Franchisor will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to such new concepts. Franchisee and its principals will assign to Franchisor any rights the Franchisee may have or acquire in new concepts the Franchisee, or its employees develop, including the right to modify such concept, process or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts Franchisee or its employees develop. Franchisee and its principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights. Franchisee and its principals will irrevocably designate and appoint Franchisor as Franchisee's agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. If these provisions in this Agreement are found to be invalid or otherwise unenforceable, Franchisee and its principals will grant to Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on Franchisee's rights to the new concepts.

7. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

7.1 This Agreement does not create a fiduciary relationship between the parties. Franchisor and the Franchisee are independent contractors and nothing in this Agreement is intended to create a "special relationship" or to make either party a general or special agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose.

7.2 The Franchisee will conspicuously identify itself at the premises of the Bakery and in all dealings with customers, lessors, contractors, suppliers, public officials, and others as the owner of the Bakery under a license from Franchisor, and will place other notices of independent ownership on signs, forms, stationery, advertising, and other materials as Franchisor requires.

7.3 Franchisor has not authorized or empowered the Franchisee to use the Licensed Marks except as provided by this Agreement, and the Franchisee may not employ any Licensed Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation without the prior written consent of Franchisor, or employ any Licensed Marks in a manner that is likely to result in liability of Franchisor for any indebtedness or obligation of the Franchisee.

7.4 Neither Franchisor nor the Franchisee will make any express or implied agreements, guaranties, or representations, or incur any debt, in the name of or on behalf of the other or represent that their relationship is other than franchisor and franchisee, and neither Franchisor nor the Franchisee will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in this Agreement, nor will Franchisor be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Bakery, whether or not caused by the Franchisee's negligent or willful action or failure to act.

7.5 Franchisor has no liability for any sales, use, excise, gross receipts, property, or other taxes, whether levied upon the Franchisee, the Bakery, or the assets of either, or upon Franchisor in connection with sales made, services performed, or business conducted by the Franchisee.

7.6 The Franchisee will indemnify Franchisor and its subsidiaries, affiliates, stockholders, directors, officers, employees, agents, and assignees against, and will reimburse them for, any loss, liability, taxes, or damages (actual or consequential), and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including reasonable accountants', attorneys' and expert witnesses' fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses) which any of them may suffer, sustain, or incur by reason of, arising from, or in connection with the Franchisee's ownership or operation of the Bakery, unless that loss, liability, or damage is solely due to the gross negligence or intentional act of Franchisor. The Franchisee's indemnification obligation in this Agreement includes claims by Franchisee's employees against Franchisor (and others listed above) under a theory of joint employer liability or any similar theories. The indemnities and assumptions of liabilities and obligations in this Agreement will continue in full force and effect after the expiration or termination of this Agreement until all applicable statutes of limitations have expired.

7.7 Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Company's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors.

8. BAKERY INVENTORY

8.1 The Franchisee will offer for retail sale from the Bakery at all times *only* (i) Bakery Items, all of which have been produced by the Franchisee at the Bakery, in accordance with recipes and procedures set forth in the Operating Manual; (ii) Company Products, all of which have been purchased from Franchisor, its affiliates, or designated suppliers; (iii) ancillary items that conform with Franchisor's standards and specifications and have been obtained from suppliers that have been approved in advance by Franchisor; and (iv) any other items or services designated by us for sale at the Bakery.

8.2 The Franchisee may not at any time offer for sale or sell at the Bakery any items of any kind that have not been approved by Franchisor. Without limitation on the preceding sentence, the Franchisee may not, under any circumstances, offer for sale or sell from the Bakery any dog treats, dog food, or other items intended for consumption by dogs, *other than* Bakery Items that have been prepared at the Bakery in accordance with the Manual, Company Products that have been purchased from Franchisor, its affiliates or designated suppliers, or other items that have been specifically approved in writing by Franchisor.

8.3 The Franchisee must at all times maintain an inventory of dog treats, dog food, and related products sufficient in quantity and variety to realize the full potential of the Bakery. At least thirty percent (30%) of the inventory of the Bakery (measured by retail value) must be Bakery Items, Products, or other items bearing the brand as Franchisor may direct from time to time. In addition, Franchisee will:

(a) Maintain a reasonable minimum level of inventory in the Bakery of each of the Company Products and of all ancillary items specified by Franchisor, in accordance with the Franchise Disclosure Document you reviewed prior to executing this Agreement and the standards set forth by Franchisor from time to time in the Operating Manual and elsewhere;

(b) Discontinue selling and offering for sale any product, any ancillary item, or any other product, service, or other item, that Franchisor may reasonably disapprove in writing at any time;

(c) Set-up and maintain display areas, pastry cases, promotional materials, and literature in such form and manner, and at such time, as Franchisor may reasonably designate from time to time; and

(d) Refrain from engaging in the sale of Company Products at any location other than the Bakery without the express, prior, written permission from Franchisor. Franchisor will not unreasonably withhold its consent for activities and events within the Protected Territory that meet Franchisor's reasonable minimum standards and policies.

A. PURCHASE OF THREE DOG BAKERY PRODUCTS

8.4 The Franchisee acknowledges that Company Products are produced and manufactured in accordance with proprietary information and that Company Products are uniquely suited for distribution and sale at the Bakery, and, in the mind of the public, are inextricably interrelated to the Licensed Marks. In order to safeguard the integrity of the Licensed Marks and to maintain the uniformity of Company Products, the Franchisee will purchase from Franchisor or from sources approved by Franchisor, including affiliates of Franchisor, all of the Company Products to be offered for sale at the Bakery. The Franchisee acknowledges that Franchisor, its affiliates, or designated suppliers are the only approved or designated suppliers of Company Products and that Franchisor and its affiliates will derive revenue and profit from sales of Company Products to the Franchisee.

8.5 Franchisor will sell Company Products to the Franchisee at Franchisor's then-current prices. The Franchisee will be responsible for shipping costs. The Franchisee will pay for all Company Products at the prices and on the terms and conditions that Franchisor may establish from time to time. Pricing of Company Products will be communicated to the Franchisee in written communications or in the Operating Manual. Retail pricing will be established by the Franchisee in its sole discretion. However, Franchisor may suggest manufacturers' suggested retail prices.

8.6 Following are additional terms and conditions for Franchisee's purchase of Company Products. These terms and conditions are subject to change by advance notice in our reasonable discretion:

(a) To receive Company Products, Franchisee must deliver to Franchisor a purchase order that specifies the products. All orders Franchisee submits are subject to acceptance at Franchisor's corporate headquarters (currently in Kansas City, Missouri). Franchisor reserves the right to reject any order that is not credit approved or does not conform to the provisions of this Agreement. All orders accepted for delivery will be governed exclusively by the terms and conditions of this Agreement. Unless Franchisor agrees in writing, no additional or different terms and conditions appearing on the face or reverse side of any order Franchisee issue will become part of that order. Franchisor's acknowledgment of Franchisee's purchase order will not be acceptance of any additional or different terms and conditions.

(b) Shipments are subject to availability. Upon notice to Franchisee, Franchisor may schedule and reschedule any order, at Franchisor's discretion. Franchisor may decline any order for credit reasons or because the order specifies an unreasonably large quantity or makes an unreasonable shipment request.

(c) Franchisor will use commercially reasonable efforts to meet any scheduled shipment date. However, Franchisor will not be liable for delays in meeting a scheduled shipment date for any reason. If Company Products are scarce, Franchisor will allocate them equitably, at Franchisor's discretion.

(d) Unless otherwise agreed, Company Products will be shipped only to Franchisee's approved facility and only after receipt of an order from the Franchisee.

(e) Franchisor may refuse to ship or delay the shipment of any Company Products on order if Franchisee becomes delinquent in payment of obligations, exceed established credit lines, fail to meet our other credit or financial requirements or fail to provide financial information when Franchisor requests. No cancellation, refusal or delay will terminate this Agreement.

(f) All Company Products will be delivered to Franchisee's F.O.B. origin upon transfer to a common carrier. Franchisee will pay all transportation, insurance, rigging and drayage charges.

(g) On delivery of products to carrier, title will pass to Franchisee and Franchisee will assume responsibility for promptly advising the carrier and insurer of the loss, for filing a claim and for recovery of any sums owed by them to Franchisee. Upon request, Franchisor will cooperate with Franchisee to establish a claim.

(h) Franchisee grants to Franchisor a security interest in the products and proceeds as security for Franchisee's obligations under this Agreement. Franchisee agrees that Franchisor may prepare and file all instruments or documents necessary to perfect any security interest, including a UCC Financing Statement. Upon request, Franchisee will execute and file such instruments or documents as needed. Franchisee acknowledges that Franchisor may file a copy of this Agreement as a financing statement for that purpose.

(i) Franchisee will maintain sufficient inventories of products and employ sufficient help to operate Franchisee's business at a level of capacity and market penetration commensurate with the reasonable demands of the marketplace.

(j) Franchisee will comply with all of the obligations and requirements imposed upon Franchisee by the manufacturers or distributors of the products.

(k) Franchisee will use commercially reasonable efforts and good faith to promote, demonstrate and sell the products and services.

(l) Upon Franchisor's request, Franchisee will provide to Franchisor forecasts of Franchisee's projected purchases of Company Products and other products.

(m) Franchisor will not be liable for any loss or damage claimed to have resulted from the use, operation or performance of Company Products, whatever the form of action. Franchisor's maximum liability to Franchisee, whether based upon contract, warranty, tort or otherwise, will not exceed the actual amount Franchisee pays to Franchisor for the specific product that causes the damages. These limitations of liability will not apply to claims for personal injury caused by Franchisor's negligence. Franchisor will not be liable to Franchisee for special, indirect, incidental or consequential damages or from any damages resulting from loss of use, data or profits.

B. APPROVED SUPPLIERS

8.7 Except for Company Products (which are to be purchased solely from Franchisor, its affiliates, or designated suppliers) and any other items that the Franchisor may require to be purchased only from exclusively designated approved suppliers ("Approved Suppliers"), the Franchisee will purchase or lease all products, supplies, services, and equipment (including ancillary items) required for the operation of the Bakery solely from suppliers who demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor's reasonable standards and specifications; who possess adequate quality controls and capacity to supply the Franchisee's needs promptly and reliably; and who have been approved in writing by Franchisor. Franchisor will furnish to the Franchisee a list of Approved Suppliers, which may be updated at any time upon written notice. Franchisee acknowledges that Franchisee may use Approved Vendors who meet Franchisors requirements but are not supplying to the entire System or may supply other system Bakeries but not Franchisee.

8.8 Franchisor may modify the list of approved brands and/or suppliers, and the Franchisee will not, after receipt in writing of the modification, reorder any brand or from any supplier which is no longer approved.

8.9 Franchisor may prescribe obligations, which Approved Suppliers must assume (which may be incorporated in a written agreement to be executed by approved suppliers). Franchisor may impose limits on the number of suppliers and/or brands for any products and services to be used in or offered for sale from the Bakery.

8.10 Franchisor may immediately revoke approval of any Approved Supplier at any time for any reason.

8.11 Franchisor may provide standards and specifications for Bakery Items and/or Company Products directly to Franchisor's Approved Suppliers.

C. TEST PRODUCTS

8.12 Franchisor may conduct market research and testing to determine consumer trends and the salability of new dog bakery products and related products and services. The Franchisee agrees to cooperate by participating in Franchisor's market research programs, test marketing new products and services in the Bakery, and the Franchisee will provide Franchisor with timely reports and other relevant information regarding market research. In connection with any test marketing, the Franchisee will purchase a reasonable quantity of the tested products and will use its best efforts to promote and sell those products and/or services.

D. ALTERNATIVE SUPPLIERS

8.13 Franchisor may, but is not obligated to, grant your request to: (i) offer any products or services in connection with your Bakery that are not Bakery Items and/or Company Products; or (ii) purchase any item or service we require you to purchase from an Approved Supplier from an alternative supplier.

8.14 If Franchisee wishes to undertake either of these actions, Franchisee must request and obtain Franchisor's approval in writing before: (i) using or offering the non-approved product or service in connection with the Bakery; or (ii) purchasing from a non-approved supplier. Franchisor may ask Franchisee to submit samples or information so that Franchisor can make an informed decision whether the goods, equipment, supplies or supplier meets Franchisor's specifications and quality standards. In evaluating a supplier that Franchisee proposes to Franchisor, Franchisor considers not only the quality of the particular product at issue, but also the appearance and/or taste profiles of the particular item (as it pertains to Franchisor's recipes) and the supplier's production and delivery capability, overall business reputation and financial condition. Franchisor may provide any alternate supplier Franchisee proposes with a copy of Franchisor's then-current specifications for any product(s) Franchisee wishes the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form Franchisor specifies. Franchisor may also inspect a proposed supplier's facilities and test its products, and request that Franchisee reimburse Franchisor's actual costs associated with the testing/inspection.

8.15 Franchisor will notify Franchisee in writing within sixty (60) days after Franchisor receives all necessary information and/or completes inspection or testing to advise Franchisee if Franchisor approves or disapproves the proposed item and/or supplier. The specific criteria Franchisor uses in approving or rejecting new suppliers is proprietary, but Franchisor may (but is not required to) make it available to Franchisee upon request. Each supplier that Franchisor approve of must comply with Franchisor's usual and customary requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisor will not guarantee Franchisee's performance of any supply contract with that supplier under any circumstances. Franchisor may re-inspect and/or revoke our approval of a supplier or item at any time and for any reason to protect the best interests and goodwill of our Franchise System and Licensed Marks. The revocation of a previously approved product or alternative supplier is effective immediately when Franchisee receives written notice from Franchisor of revocation and, following receipt of Franchisor's notice, Franchisee may not place any new orders for the revoked product, or with the revoked supplier.

E. PURCHASING COOPERATIVES

8.16 Franchisor may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the Franchise System. Franchisor may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of Bakeries in our Franchise System. If Franchisor does establish those types of alliances or programs, Franchisor may: (i) limit the number of approved suppliers with whom Franchisee may deal; (ii) designate sources that Franchisee must use for some or all products, equipment and services; and (iii) refuse to approve proposals from franchisees to add new suppliers if Franchisor believes that approval would not be in the best interests of the Franchise System.

9. <u>PAYMENTS TO FRANCHISOR</u>

A. METHOD OF PAYMENT

9.1 All payments by the Franchisee to Franchisor (including for Royalties, Marketing Fund Contributions, and purchases of Company Products through Franchisor) must be paid to Franchisor via automated clearing house ("ACH") transfer from the bank account Franchisee is required to designate solely for use in connection with the Bakery (the "ACH Account"). Franchisee shall immediately deposit all revenues from operation of the Bakery into the ACH Account immediately upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Bakery, Franchisee shall provide Franchisor with: (i) Franchisee's bank name, address and account number; and (ii) a voided check from such bank account. Contemporaneous with the execution of this Agreement, Franchisee shall sign and provide to Franchisor and Franchisee's bank, all documents, including Franchisor's form of ACH Authorization Form attached as Exhibit G to this Agreement, necessary to effectuate Franchisor's ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee's banking relationship, including any change to the ACH Account.

9.2 If Franchisee does not timely report the Bakery's Gross Sales to Franchisor for any reporting period, then Franchisor may, at Franchisor's option, debit the Franchisee's account in an amount equal to either (i) the fees transferred from the Franchisee's account for the last reporting period for which a report of the Bakery's Gross Sales were provided to Company, or (ii) the amount due based on information retrieved from the Franchisee's cash register or computer system.

9.3 If the Franchisee does not timely report the Bakery's Gross Sales to Franchisor for any reporting period, or if the Franchisee does not make any payments to Franchisor (or its affiliates) when due, then at the option of Franchisor, the Franchisee will establish a separate bank account in which the Franchisee will maintain, at all times, an amount equal to at least 120% of the average combined weekly payment of Royalty, Marketing Fund Contributions, and purchases of Company Products during the prior twelve (12) months, and from which Franchisor will withdraw, by electronic funds transfer, the amounts due from the Franchisee each week.

B. LATE PAYMENTS; NSF CHECKS

9.4 If the Franchisee fails to pay any amount to Franchisor or its affiliates by the date payment is due (or if there is not sufficient funds in Franchisee's bank account for electronic funds transfer in accordance with Section 9.1 on the date payment is due), the Franchisee will pay (i) a late charge equal to $100 per occurrence expenses, plus (ii) interest on the amount unpaid in accordance with Section 9.7, below, imposed from the date payment was due until the entire sum, late charge, and accrued interest is paid in full.

9.5 Interest on all amounts due by the Franchisee to Franchisor or its affiliates that are not paid when due will bear interest after the due date of one and a half percent (1.5%). The interest rate may not exceed the highest applicable legal rate in the state in which the Bakery is located, and Franchisor will promptly refund to the Franchisee any excess interest collected.

9.6 The Franchisee acknowledges that the provisions of this Section 9 do not constitute an agreement by Franchisor to accept any payment after the date payment is due or a commitment by Franchisor to extend credit to, or otherwise finance operation of, the Bakery. Further, the Franchisee acknowledges that failure to pay all amounts when due constitutes grounds for termination of this Agreement in compliance with Section 15.3(c) of this Agreement.

9.7 If any check, electronic funds transfer from Franchisee's ACH Account, or other payment by the Franchisee is returned by the Franchisee's bank (for insufficient funds or any other reason), the Franchisee will pay Franchisor an insufficient funds fee in the amount of one and a half percent (1.5%) of the check, electronic funds transfer, or other payment to reimburse Franchisor for the extra costs of collecting the amounts due. If, during any twenty-four (24) consecutive months, two (2) or more checks from the Franchisee are returned by the Franchisee's bank (for insufficient funds or any other reason) or the ACH Account has insufficient funds to make required payments, Franchisor may require that the Franchisee thereafter make all payments by certified or cashier's check or by money order.

C. APPLICATION OF PAYMENTS

9.8 Franchisor has sole discretion to apply any payments received from the Franchisee or any indebtedness of Franchisor to the Franchisee to any past due indebtedness of the Franchisee for Royalties, Marketing Fund Contributions, purchases of Company Products from Franchisor or its affiliates, late charges, interest, or any other indebtedness of the Franchisee to Franchisor or its affiliates.

10. MARKETING

A. GRAND OPENING

10.1 Within thirty (30) to sixty (60) days after the Bakery first opens for business to the public, the Franchisee is required to expend a minimum of $2,500 (the "Grand Opening Marketing Requirement") in order to conduct a "grand opening" advertising and promotional program (the "Grand Opening Marketing Campaign"), in accordance with Franchisor's specifications and approval. In connection with the Grand Opening Marketing Campaign the Franchisee may only use the marketing, advertising, and public relations programs, materials, and media approved by Franchisor for use in connection with the grand opening.

10.2 Franchisee must submit a plan to Franchisor detailing how Franchisee will expend the Grand Opening Marketing Requirement, and Franchisor must approve of the plan prior to launch of the Grand Opening Marketing Campaign.

10.3 Franchisor reserves the right to request that Franchisee pay the Grand Opening Marketing Requirement directly to Franchisor, and in such instances, Franchisor shall spend the Grand Opening Marketing Requirement on Franchisee's behalf.

10.4 Subject to Franchisor's availability, upon Franchisee's request, Franchisor may provide one or more officers of Franchisor to participate in events related to the Grand Opening Marketing Campaign. There is no charge to the Franchisee for Franchisor's participation in such events, except that Franchisee will pay the reasonable travel expenses (including air and ground transportation, meals, and lodging) of Franchisor's representatives attending.

B. ADVERTISING

10.5 The Franchisee may not use any advertising and promotion materials not prepared or previously approved by Franchisor until those advertising and promotion materials have been approved by Franchisor. Franchisor will not unreasonably withhold its approval of advertising and promotion materials submitted by the Franchisee. To obtain Franchisor's approval, the Franchisee should submit to Franchisor, before use, samples of all advertising and promotion materials not prepared or previously approved by Franchisor. If written disapproval is not received by the Franchisee within fifteen (15) days after the date of receipt by Franchisor of the materials, Franchisor will be deemed to have given the required approval. The Franchisee must not use any advertising or promotional materials that Franchisor has disapproved.

10.6 Franchisee must comply with brand standards and templates provided by Franchisor included logo, brand symbols, colors, tone and style in all advertising materials used in connection with the Bakery.

C. MARKETING FUND

10.7 Franchisor has established a segregated fund (the "Marketing Fund") for the benefit of all stores. Franchisor will use the Marketing Fund to maintain, administer, direct, and prepare national, regional, or local advertising materials, programs, and public relations activities, including the cost of preparing and conducting television, radio, magazine, billboard, newspaper, and other media programs and activities, the cost of employing advertising agencies to assist those processes, and the cost of providing promotional brochures and advertising materials to Bakeries and to regional and local advertising cooperatives. Franchisor will not be restricted with respect to what, where, and how the Marketing Fund will be applied for these purposes. Franchisor will retain complete discretion over the form, content, time, location, market, and choice of media for all advertising and promotion that it pays for from the Marketing Fund proceeds. Franchisor makes no representation that any amount of the Marketing Fund will be spent in any given geographic region or area, that monies will be spent on advertising that is national in scope, or that monies will be spent in Franchisee's market area in proportion to Franchisee's contributions to the Marketing Fund. Franchisor does not intend to utilize any percentage of the Marketing Fund for use in advertising or marketing that is principally a solicitation of the sale of franchises. Franchisor may, however, append to other advertising a short statement to the effect that franchises are available.

10.8 Franchisor will prepare an annual accounting of the Marketing Fund, and will furnish a copy of the report to Franchisee upon request. Franchisor is not required to audit the Marketing Fund. Franchisor may recover over-expenditures from subsequent years and may carry forward under-expenditures to later periods. Franchisor may reimburse itself for its actual administrative costs to manage the Marketing Fund. Franchisor may, but is not obligated to, loan money to the Marketing Fund; any funds loaned to a Marketing Fund will be repayable upon demand when funds are available and bear interest at no more than 200 basis points (2%) over the "***Prime Rate***" as set forth from time-to-time in the *Wall Street Journal* (or, if the *Wall Street Journal* no longer publishes a Prime Rate, a reasonable substitute selected by Franchisor).

10.9 **Local Advertising.** Franchisee must spend a minimum of one percent (1%) of Gross Revenue each month on local advertising and promotions as Franchisor prescribes in the Manuals or otherwise in writing (the "Local Advertising Requirement"). Franchisor reserves the right to increase the Local Advertising Requirement up to three percent (3%) upon thirty (30) days' notice to you. Franchisee acknowledges and agrees that the Local Advertising Requirement must be expended regardless of the amount(s) spent by other franchisees on local advertising and promotions. All such plans and materials must be submitted to use in accordance with the procedure set for the herein.

10.10 **Advertising/Advisory Councils.** Franchisor may appoint (or designate a process to appoint) franchisees to serve on one or more advertising and/or advisory councils to advise Franchisor on advertising and other policies. Such franchisees will serve in an advisory capacity providing suggestions and advice to Franchisor and will not have operational or decision-making power. Franchisor retains the right to form, change, or dissolve such council(s).

10.11 **Cooperatives.** Franchisor has the right to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative (the "Cooperative"), and to determine whether a Cooperative is applicable to your Bakery. Franchisor also has the power to form, change, dissolve and/or merge Cooperatives. If a Cooperative is established applicable to Franchisee's Bakery, then Franchisee must participate in and contribute to the Cooperative. If a Cooperative is established, it need not operate from written governing documents and, as such, these documents will not be available for franchisees to review. Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Franchisor. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior written approval. All such plans and materials will be submitted to us in accordance with the procedure set forth in this Agreement.

11. BAKERY IMAGE AND OPERATING STANDARDS

A. CONDITION AND APPEARANCE OF BAKERY/REBUILDING OF BAKERY

11.1 The Franchisee will maintain the condition and appearance of the Bakery consistent with the image of a store as an attractive, clean, and efficiently operated bakery, offering a variety of baked goods for dogs, dog treats, dog food, and related products, and efficient and courteous service. The Franchisee will maintain and refurbish the Bakery, and will modify and add to the Bakery's layout, décor, and general theme, as required to maintain the condition, appearance, efficient operation, ambience and overall image of the Bakery (as Franchisor requires), including replacement of worn out or obsolete fixtures, equipment, furniture, or signs, repair of the interior and exterior of the Bakery and appurtenant parking areas, and periodic cleaning and redecorating. If at any time in Franchisor's reasonable judgment, the general state of repair, appearance, or cleanliness of the premises of the Bakery (including parking areas) or its fixtures, equipment, furniture, or signs does not meet Franchisor's standards, Franchisor will so notify the Franchisee, specifying the action to be taken by the Franchisee to correct the deficiency. If the Franchisee does not initiate within twenty (20) days after receipt of notice, and continue in good faith and with due diligence, a bona fide program to undertake and complete any required maintenance or refurbishing, Franchisor may, but is not obligated, to enter upon the premises of the Bakery and effect maintenance and refurbishing on behalf of the Franchisee, and the Franchisee will pay the entire cost to Franchisor on demand. Franchisor's right to maintain the Bakery pursuant to this provision will not preclude Franchisor from issuing a default notice to the Franchisee in accordance with Section 15 of this Agreement for failure to maintain the Bakery.

11.2 If the Bakery is damaged or destroyed by fire or any other casualty, as a result of which the Franchisee's lease obligations are terminated, the Franchisee may terminate this Agreement. If the lease is not terminated, then as promptly as possible (and in any event no later than thirty (30) days after receipt of the insurance proceeds), the Franchisee will initiate repairs or reconstruction to the Bakery, and thereafter proceed in good faith and with due diligence to continue (until completion) all necessary repairs or reconstruction in order to restore the premises of the Bakery to its original condition before the casualty. If, in Franchisor's reasonable judgment, the damage or destruction is of a nature or to an extent that it is feasible for the Franchisee to repair or reconstruct the premises of the Bakery in conformance with the then-standard decor specifications without incurring substantial additional costs, Franchisor may give written notice to the Franchisee that the Franchisee is required to repair or reconstruct the premises of the Bakery in conformance with the then-standard decor specifications.

B. ALTERATIONS TO THE BAKERY

11.3 The Franchisee may not make any alterations to the premises or appearance of the Bakery, nor make any unapproved replacements of or alterations to the fixtures, equipment, furniture, or signs of the Bakery without prior written approval by Franchisor. Franchisor may, in its sole discretion and at the sole expense of the Franchisee, rectify any alterations to the Bakery not previously approved by Franchisor. Franchisor's right to rectify unapproved alterations to the Bakery pursuant to this provision will not preclude Franchisor from issuing a default notice to the Franchisee in accordance with Section 15 of this Agreement for those unapproved alterations.

C. STANDARDS OF SERVICE

11.4 The Franchisee must at all times give prompt, courteous and efficient service to its customers. The Bakery must, in all dealings with its customers and suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct.

D. SPECIFICATIONS, STANDARDS AND PROCEDURES

11.5 The Franchisee acknowledges that each and every detail of the appearance and operation of the Bakery is important to Franchisor and the Franchise System. Franchisee will maintain the highest standards of quality and service in the Bakery and will comply with all mandatory specifications, standards, and operating procedures (whether contained in the Operating Manual or any other written or oral communication to the Franchisee) relating to the appearance or operation Bakeries, including:

(a) quality and uniformity of service and sales of all products and services at the Bakery;

(b) methods and procedures relating to marketing, dealing with customers, and providing services and handling customer orders;

(c) the safety, maintenance, cleanliness, function, and appearance of the Bakery premises and its fixtures, equipment, furniture, décor, and signs;

(d) use of Licensed Marks;

(e) hours of operation;

(f) use and illumination of exterior and interior signs, posters, displays, standard formats, and similar items;

(g) identification of the Franchisee as the owner of the Bakery; and

(h) advertising and promotion.

11.6 Mandatory specifications, standards, and operating procedures prescribed by Franchisor in the Operating Manual for stores or otherwise communicated to the Franchisee in writing constitute provisions of this Agreement as if fully set forth in this Agreement. All references to this Agreement include all mandatory specifications, standards and operating procedures.

11.7 Franchisee must (i) maintain a list of all of its current and former customers, as well as their purchase history; and (ii) make such lists and contracts available for Franchisor's inspection upon request. Franchisee must promptly return this information, which is deemed "Confidential Information" and Franchisor's exclusive property hereunder, to Company upon expiration or termination of this Agreement for any reason.

E. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

11.8 The Franchisee will secure and maintain in force all required licenses, permits, and certificates relating to the operation of the Bakery and will operate the Bakery in full compliance with all applicable laws, ordinances, and regulations.

11.9 The Franchisee will notify Franchisor in writing within five (5) days after the commencement of any action, suit, proceeding, or investigation, and of the issuance of any order, writ, injunction, award, or decree, by any court, agency, or other governmental instrumentality which may adversely affect the operation or financial condition of the Franchisee or the Bakery.

11.10 All advertising and promotion by the Franchisee must be completely factual and must conform to the highest standards of ethical advertising. The Franchisee will refrain from any business or advertising practice which may be injurious to the business of Franchisor and the goodwill associated with the Licensed Marks and other stores.

11.11 Franchisee will have sole authority and control over the day-to-day operations of the Bakery and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Bakery, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

F. MANAGEMENT OF THE BAKERY

11.12 Franchisee must dedicate its personal, full-time attention and best efforts to the management and operation of the Bakery, or you may designate a Designated Manager to manage daily operations with our approval. Both Franchisee and the Designated Manager will be required to complete the Initial Training Program to Franchisor's satisfaction (prior to undertaking any management responsibilities). Franchisor will not unreasonably withhold Franchisor's approval of any Designated Manager Franchisee proposes, provided the Designated Manager has demonstrated that he or she has a good handle on the Franchise System standards and specifications for daily operations of a Bakery and meets criminal background check qualifications amongst other factors. Franchisor does not require Franchisee's Designated Manager to own an equity interest in the Bakery. The Designated Manager must sign Franchisor's prescribed form of Confidentiality Agreement attached as Exhibit E.

11.13 A Designated Manager must satisfactorily complete all required training program(s). The Franchisee may designate the Designated Manager or sales staff to handle the direct, day-to-day, full-time supervision of the Bakery.

11.14 The Franchisee must at all times faithfully, honestly, and diligently perform the Franchisee's obligations and continuously exert the Franchisee's best efforts to promote and enhance the business of the Bakery. The person who is responsible for overseeing the operations of the Bakery (*i.e.*, the Franchisee, the managing partner, managing owner, or managing shareholder) must not engage in any other business or other activity that limits Franchisee's ability to fulfill Franchisee's obligations under this Agreement.

11.15 If at any time the Bakery is not being managed by the Franchisee (or, if the Franchisee is not an individual, the managing partner, managing owner, or managing shareholder) or a manager designated by Franchisee who has completed Franchisor's required training program(s), Franchisor may, but is not required, to immediately appoint an interim manager to maintain the operations of the Bakery for and on behalf of the Franchisee. Franchisor's appointment of an interim manager of the Bakery does not relieve the Franchisee of the Franchisee's obligations or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Section 15. Franchisor is not liable for any debts, losses, costs, or expenses incurred in the operations of the Bakery or to any creditor of the Franchisee for any products, materials, supplies, or services purchased by the Bakery while it is managed by a Company-appointed interim manager. Franchisor may charge a reasonable fee for management services and may cease to provide management services at any time.

G. INSURANCE

11.16 The Franchisee will at all times during the term of this Agreement maintain in force, at its sole expense, on a primary, rather than on a participatory basis with Franchisor, the following insurance, naming Franchisor as an additional insured:

(a) Comprehensive general liability insurance, property damage, and personal injury coverage with a combined single limit of at least One Million Dollars ($1,000,000).

(b) Worker's compensation, employer's liability, and other insurance to meet statutory requirements.

(c) Fire, vandalism, theft, burglary, and extended coverage insurance with primary and excess limits of not less than 100% replacement value of the Bakery and all of its fixtures, equipment, and inventory.

(d) Automobile liability insurance for owned and non-owned automobiles for all delivery vehicles, including personal injury, wrongful death, and property damage, with a single limit coverage of at least One Million Dollars ($1,000,000).

11.17 All insurance policies must be issued by an insurance carrier or insurance carriers acceptable to Franchisor and must name Franchisor as an additional insured, must contain a waiver of the insurance company's right of subrogation against Franchisor, and must provide that Franchisor will receive thirty (30) days' prior written notice of termination, expiration, or cancellation of the policy.

11.18 Franchisor may reasonably increase the minimum liability protection requirement annually and require at any time on reasonable prior notice to the Franchisee different or additional kinds of insurance to reflect inflation, changes in standards of liability, or higher damage awards in public, product, or motor vehicle liability litigation or other relevant changes in circumstances.

11.19 The Franchisee will submit to Franchisor annually a copy of the certificate of or other evidence of the renewal or extension of each insurance policy. If the Franchisee at any time does not maintain in effect any insurance coverage required by Franchisor, or does not furnish satisfactory evidence of the insurance policies, Franchisor, at its option and in addition to its other rights and remedies, may obtain insurance coverage on behalf of the Franchisee, and the Franchisee must promptly execute any applications or other forms or instruments required to obtain any insurance and pay to Franchisor, on demand, any costs and premiums incurred by Franchisor.

11.20 The Franchisee's obligations to obtain and maintain the insurance described are not limited in any way by reason of any insurance maintained by Franchisor, nor does the Franchisee's performance of obligations relieve the Franchisee of any indemnification obligations under Section 7 of this Agreement. Nothing contained in this Agreement will be construed as a representation or warranty by Franchisor that the insurance coverage specified by Franchisor will insure Franchisee against all insurable risks or amounts of loss which may or can arise out of or in connection with Franchisee's operation of the Bakery. It is Franchisee's sole responsibility to ensure that adequate insurance coverage is obtained for the Bakery.

11.21 The Franchisee will submit to Franchisor within ninety (90) days after execution of this Agreement, and at least 2 weeks before the Franchisee takes possession and commences development of the premises from which it will operate the Bakery, whichever first occurs, a copy of the Certificate of Insurance in compliance with the requirements.

11.22 If you fail to obtain required insurance, we may obtain such insurance at your expense (but are not required to do so) and charge you a service fee to do so.

H. FRANCHISOR'S RIGHT TO INSPECT THE BAKERY

11.23 To determine whether the Franchisee is complying with this Agreement, Franchisor may inspect the Bakery at any time during business hours, and without prior notice to the Franchisee. The Franchisee will fully cooperate with representatives of Franchisor making any inspection and will permit representatives of Franchisor to take photographs, movies, or videotapes of the Bakery and to interview employees and customers of the Bakery.

I. FRANCHISOR'S INTRANET

11.24 Franchisor may, at its option, establish and maintain an "Intranet" (a private method of communication for use only by employees and franchisees of Franchisor, which may be either a "true" intranet—a series of inter-connected computers that use the same type of software as the Internet, but that are not technically part of the Internet and do not use the Internet to transmit material to one another—or an extranet, which will actually transmit information over the Internet, but require a password to access data on the servers used by Franchisor) through which Franchisor, its franchisees and licensees, and their respective employees may communicate with each other, and through which Franchisor may disseminate the Operating Manual and other confidential information. Franchisor will have sole discretion and control over all aspects of the Intranet, including the content and functionality of the Intranet. Franchisor has no obligation to maintain the Intranet indefinitely, and may dismantle it at any time without liability to the Franchisee.

11.25 If Franchisor establishes an Intranet, the Franchisee may use the Intranet, subject to the Franchisee's strict compliance with the standards and specifications, protocols, and restrictions in the Operating Manual. Upon receipt of notice from Franchisor that Franchisor has established the Intranet, the Franchisee will establish and continually maintain (during all times that the Intranet has been established and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the Operating Manual) with the Intranet that allows Franchisor to send messages to and receive messages from the Franchisee.

11.26 If the Franchisee breaches this Agreement or any other agreement with Franchisor or its affiliates, Franchisor may disable or terminate the Franchisee's access to the Intranet without any liability to the Franchisee.

12. ACCOUNTING AND RECORDS

A. MAINTENANCE OF BUSINESS RECORDS

12.1 During the Term, the Franchisee will maintain full, complete, and accurate business records in accordance with the standards stated in the Operating Manual or otherwise prescribed by Franchisor in writing.

12.2 The Franchisee will keep all business records and required business equipment, including fax/modem, together at the place where notices to the Franchisee are required to be sent, unless Franchisor grants the Franchisee permission to keep its business records elsewhere.

12.3 All business records that this Agreement requires Franchisee to maintain will be retained by Franchisee for a minimum of five (5) years during, and following, the expiration, termination, or the Franchisee's assignment, of this Agreement.

12.4 The Franchisee will submit to Franchisor within ninety (90) days after the end of Franchisee's fiscal year, or if none, the end of each calendar year, during the Term a profit and loss statement for the Bakery (if the Franchisee owns more than one Bakery, the Franchisee will submit a separate profit and loss statement for each Bakery owned by the Franchisee), and a balance sheet as of the last day of the same year, prepared in accordance with the accounting procedures stated in the Operating Manual.

12.5 A duly-authorized representative of Franchisee will sign all reports submitted to Franchisor pursuant to this Agreement certifying that the information is true and correct and that no material fact has been omitted which is necessary in order to make the information disclosed not misleading.

B. RECORDING OF TRANSACTIONS

12.6 The Franchisee will track and record all sales in or from the Bakery utilizing the equipment and recording systems prescribed by Franchisor.

12.7 The Franchisee will utilize a point-of-sale system, high-speed Internet access, and such other business equipment required by Franchisor, and purchase, install, and use specified non-proprietary and proprietary software programs, at the Franchisee's sole expense, to record business activities, sales, and inventories, and to prepare operating reports in accordance with the requirements of the Operating Manual. All equipment and software will conform to Franchisor's specifications, which Franchisor may modify in its discretion, from time to time. Franchisor also may require Franchisee to enter into software license agreements in the form that Franchisor requires, develops, or acquires for use in the System.

12.8 On the date of this Agreement, Franchisor does not require that the Franchisee use any proprietary (*i.e.*, Company-owned) software in operating the Bakery. Franchisor may require the Franchisee to use proprietary software in operating the Bakery, on not less than ninety (90) days' notice. If Franchisor notifies the Franchisee that use of proprietary software will be required in operating the Bakery, the Franchisee will execute Franchisor's form of separate software license agreement within ten (10) days after its delivery to the Franchisee by Franchisor.

C. FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS

12.9 Franchisor may, at any time during business hours, and without prior notice to the Franchisee, examine, audit, or copy, or cause to be examined, audited, or copied, the Franchisee's business records relating to the franchise and activities of the Bakery, including the Franchisee's federal and state income tax returns and sales tax returns, bank statements (including deposit slips and canceled checks), data stored on the Franchisee's point-of-sale unit, computer terminal, or on disk, and any other documents and information that Franchisor reasonably requests in order to verify Gross Sales reported to Franchisor. The Franchisee must fully cooperate with representatives of Franchisor and independent accountants hired by Franchisor to conduct any examination or audit.

12.10 Franchisor or its representatives may also access the Franchisee's business records kept on disk or stored on the Franchisee's computer terminal at any time, without notice, by remote electronic means.

12.11 Franchisor may conduct its examination in the Franchisee's business office where the records are kept or request that copies of documents be sent to Franchisor or to its representatives for their examination in their office.

12.12 If any examination or compliance audit conducted by Franchisor reveals an understatement in the amount of Gross Sales reported by the Franchisee to Franchisor, then within ten (10) days after notice from Franchisor the Franchisee will to pay to Franchisor any additional Royalty and Marketing Fund Contributions which are owed, together with late charges and interest as provided in this Agreement. Additionally, Franchisor may require that all future reports and financial statements submitted by the Franchisee pursuant to this Agreement be prepared by an independent certified public accountant, or such other independent accountant acceptable to Franchisor, until further notice from Franchisor.

12.13 Upon discovery of an understatement of Gross Sales of two percent (2%) or more for the reported period, the Franchisee will also reimburse Franchisor for all expenses connected with Franchisor's examination and compliance audit, including Franchisor's reasonable accounting and legal fees and travel expenses.

12.14 If the Franchisee understates its actual Gross Sales for any period by five percent (5%) or more, Franchisor may terminate this Agreement without an opportunity to cure (pursuant to Section 15.2).

12.15 Additionally, if two (2) or more compliance audits or examinations of the Franchisee's business records conducted within any thirty-six (36) month period disclose an understatement of actual Gross Sales of one-half of one percent (1%) or more for any period, then the second understatement will be conclusively presumed to have been intentional for purposes of this Agreement. In addition to the consequences identified in this Agreement arising because of the second understatement, Franchisor may terminate this Agreement upon discovery of the second understatement based upon the Franchisee's intentional underreporting of Gross Sales.

13. ASSIGNMENT

A. BY FRANCHISOR

13.1 This Agreement and the rights and obligations of Franchisor under this Agreement are fully assignable by Franchisor and will be binding upon and benefit any assignee or other legal successor to the interest of Franchisor. Specifically, the Franchisee agrees that Franchisor may sell Franchisor's assets, the Licensed Marks, or the Three Dog Bakery method of operation outright to a third party; may go public; may engage in a placement of some or all of its securities; may merge, acquire other entities or be acquired by other entities; or may undertake a refinancing, recapitalization, re-organization, leveraged buy-out or other economic or financial restructuring. As for any or all of these sales, assignments and dispositions, the Franchisee waives any claims, demands or damages arising from or related to the loss of the Licensed Marks (or any variation of them) or the loss of association with or identification as part of Franchisor's franchise system. Franchisor will not be required to remain in any particular form of business.

B. BY THE FRANCHISEE

13.2 The rights and duties created by this Agreement are personal to the Franchisee and its owners, and Franchisor has granted this Agreement in reliance upon the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of the Franchisee or its owners. Except as otherwise provided below with respect to an assignment to an entity, neither this Agreement nor the Bakery (or any interest in the Bakery), may be voluntarily or involuntarily, directly or indirectly, assigned, sold, subdivided, sublicensed, or otherwise transferred by the Franchisee or its owners (including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Franchisee, by conversion of a general partnership to a limited partnership, by transfer or creation of an interest as a general partner of a partnership, by transfer of an interest in the Franchisee or in this Agreement in a divorce proceeding, or if the Franchisee or an owner of the Franchisee dies, by will, declaration of or transfer in trust, or the laws of the intestate succession) without the prior written approval of Franchisor, and any assignment or transfer without approval constitutes a breach and conveys no rights to or interests in this Agreement or the Bakery.

C. CONDITIONS FOR APPROVAL OF ASSIGNMENT

13.3 If the Franchisee and its owners are in full compliance with this Agreement, Franchisor will not unreasonably withhold its approval of an assignment, provided that the proposed assignee is of good moral character and has sufficient business experience, aptitude, and financial resources to own and operate the Bakery and otherwise meets Franchisor's then applicable standards for new franchisees, and further provided that Franchisor may require that any one or more of the following conditions be met before, or concurrently with, the effective date of the assignment:

(a) All obligations of the Franchisee and its owners incurred in connection with this Agreement must have been assumed by the assignee.

(b) The assignee must have completed (or agreed to complete within ninety (90) days) the training program required of new franchisees.

(c) If required, the lessor of the premises of the Bakery must have consented to the Franchisee's assignment or sublease of the premises to the proposed assignee.

(d) The assignee (and, if not an individual, its direct and indirect owners) must have executed and agreed to be bound by (at Franchisor's option) either: (i) an assignment and assumption agreement satisfactory to Franchisor, where the assignee assumes the obligations of the Franchisee under this Agreement; or (ii) the then current form of franchise agreement and ancillary agreements then customarily used by Franchisor in the grant of rights to operate stores.

(e) Except to the extent limited or prohibited by applicable law, the Franchisee (and each of its owners, if the Franchisee is an entity) must have executed a general release, in form and substance satisfactory to Franchisor, of all known or unknown claims against Franchisor and its affiliates, officers, directors, employees, attorneys, and agents.

(f) Franchisor must have approved the material terms and conditions of the assignment and determined that the price and terms of payment are not so burdensome as to materially affect the future operations of the Bakery by the assignee(s).

(g) The Franchisee must have paid to Franchisor a transfer fee equal to one-half of the initial franchise fee then being charged by Franchisor upon the execution of the new franchise agreement by the assignee.

(h) The Franchisee must have paid to Franchisor a ten percent (10%) commission on the gross transfer price (excluding the price of real property) if Franchisor obtained the transferee for the Franchisee.

D. DEATH OR DISABILITY OF FRANCHISEE

13.4 Upon the death or permanent disability of the Franchisee (or the managing shareholder, managing owner, or managing partner), the executor, administrator, conservator, or other personal representative of the deceased person, or the remaining owners, must appoint a competent manager within a reasonable time, not to exceed thirty (30) days after the date of death or permanent disability. The appointment of this manager is subject to satisfactory completion of Franchisor's required training program(s). While the Bakery is not being managed by such a manager, Franchisor may, but is not required to, immediately appoint an interim manager to maintain the operations of the Bakery for and on behalf of the Franchisee until an approved assignee is able to assume the management and operation of the Bakery. Franchisor's appointment of an interim manager of the Bakery does not relieve the Franchisee of the Franchisee's obligations, and Franchisor is not liable for any debts, losses, costs, or expenses incurred in the operations of the Bakery or to any creditor of the Franchisee for any products, materials, supplies, or services purchased by the Bakery while it is managed by a Franchisor-appointed interim manager. Franchisor may charge a reasonable fee for management services and may cease to provide management services at any time.

13.5 Upon the death or permanent disability of the Franchisee (or any owner of an interest in the Franchisee, if the Franchisee is not an individual), the executor, administrator, conservator, or other personal representative of the deceased or disabled person, must transfer the interests of the deceased or disabled person within a reasonable time, not to exceed twelve (12) months from the date of death or permanent disability, to a person approved by Franchisor. Approval of a transfer will not be unreasonably withheld. Transfers by devise or inheritance are subject to all the terms and conditions for assignments and transfers contained in this Agreement, except that neither the Franchisee nor the assignee shall be required to pay a transfer fee.

E. ENTITY FRANCHISEES

13.6 Upon thirty (30) days' prior written notice to Franchisor, the rights granted by this Agreement and the assets and liabilities of the Bakery may be assigned, by an agreement in form and substance approved by Franchisor, to a non-individual person (such as a partnership, corporation, or limited liability company) that (i) conducts no business other than operation of the Bakery (or other stores under franchise or license agreements granted by Franchisor), and (ii) is directly or indirectly owned by the same individuals in the same proportions. An assignment does not relieve the Franchisee of the Franchisee's obligations, and the Franchisee remains jointly and severally liable for all obligations. The articles of incorporation, by-laws and other organizational documents of any entity that is the Franchisee must recite that the issuance and assignment of any interest is restricted by the terms of this Agreement and all issued and outstanding stock certificates or similar evidences of ownership must bear a legend reflecting or referring to the restrictions. There is no assignment fee due for a transfer pursuant to this Section 13.6.

13.7 Any person who is or becomes a legal or beneficial owner of an interest in the Franchisee (such as stock in a corporate franchisee, or a membership interest in an LLC franchisee) must execute an agreement in a form furnished or approved by Franchisor, undertaking to be bound jointly and severally by all provisions of this Agreement. The Franchisee must furnish to Franchisor at any time upon request a certified copy of its organizational documents and a list, in a form Franchisor requires, of all owners of record and all persons having beneficial ownership in the Franchisee, reflecting their respective interests in the Franchisee.

F. COMPANY'S RIGHT OF FIRST REFUSAL

13.8 Except with respect to Qualified Transfers, if the Franchisee or any person owning a direct or indirect interest in the Franchisee receives a written offer ("Third Party Offer") to purchase or otherwise acquire (i) the Franchisee's rights under this Agreement, (ii) all or a significant portion of the assets or leasehold rights used in operating the Bakery, or (iii) all or part of the person's ownership interest in the equity or voting interests of the Franchisee, then the Franchisee, or the person receiving the offer (the "**Individual Transferor**"), will, within five (5) days after receiving the Third Party Offer and before accepting it, apply to Franchisor in writing for Franchisor's consent to the proposed assignment.

13.9 Franchisee, or the Individual Transferor, will attach to its application for consent a copy of the Third Party Offer together with (i) information relating to the proposed transferee's experience and qualifications, (ii) a copy of the proposed transferee's current financial statement, and (iii) any other information material to the Third Party Offer, proposed transferee and proposed assignment that Franchisor requests.

13.10 Franchisor or its nominee may, by written notice ("Notice of Exercis***e***") given to Franchisee or the Individual Transferor, within thirty (30) days following receipt of the Third Party Offer, all supporting information, and the application for consent, notify Franchisee or the Individual Transferor that Franchisor will purchase or acquire the rights, assets, equity, or interests proposed to be assigned on the same terms and conditions set forth in the Third Party Offer, except that Franchisor may (i) substitute cash for any form of payment proposed in the offer discounted to present value based upon the rate of interest stated in the Third Party Offer, and (ii) deduct from the purchase price the amount of any commission or fee otherwise payable to any broker or agent in connection with the Third Party Offer and all amounts then due and owing from the Franchisee to Franchisor under this Agreement or otherwise.

13.11 The closing will take place at Franchisor's headquarters at a mutually agreed date and time, but not later than sixty (60) days following Franchisor's receipt of the Third Party Offer, all supporting information, and the application for consent.

13.12 At the closing, Franchisee or the Individual Transferor will deliver to Franchisor the same documents, affidavits, warranties, indemnities, and instruments that would have been delivered by the Franchisee or the Individual Transferor to the proposed transferee pursuant to the Third Party Offer. All costs, fees, document taxes, and other expenses incurred in connection with the transfer will be allocated between the Franchisee and Franchisor in accordance with the terms of the Third Party Offer, and any costs not allocated will be paid by the Franchisee or the Individual Transferor.

13.13 If Franchisor gives timely Notice of Exercise but, through no fault of the Franchisee or the Individual Transferor, fails to close the purchase for any reason, the Franchisee or the Individual Transferor will have no recourse against Franchisor. The Franchisee or the Individual Transferor may not complete the sale to the proposed transferee without first obtaining Franchisor's prior written consent and satisfying the other conditions stated in this Section 13.

13.14 Franchisor's right of first refusal will not apply to any of the following transfers ("Qualified Transfers"): (i) the transfer or assignment of equity or voting interests constituting less than a Controlling Interest of the equity or voting interests of the Franchisee; (ii) if the Franchisee is an individual, the transfer by the Franchisee of all of his or her rights under this Agreement to a newly-formed corporation, LLC, or other entity, provided that all of the equity or voting interests of the new entity are owned by the individual; or (iii) a transfer due to the death or incapacity of the Franchisee or any shareholder of the Franchisee, provided that the transfer is made to the spouse, adult children, heirs, or legal representative of the deceased or incapacitated person.

14. RENEWAL AGREEMENT

A. FRANCHISEE'S OPPORTUNITY TO RENEW

14.1 If, upon expiration of the initial term of this Agreement:

(a) The Franchisee has during the term of this Agreement substantially complied with all its provisions; and

(b) (i) The Franchisee maintains possession of and agrees to refurbish and decorate the premises of the Bakery, replace fixtures, equipment, signs, and otherwise modify the Bakery, in compliance with specifications and standards then applicable under new franchises for Bakeries; or

(ii) The Franchisee is unable to maintain possession of premises, or in the mutual judgment of Franchisor and the Franchisee the Bakery should be relocated, and the Franchisee secures substitute premises approved by Franchisor and agrees to develop the substitute premises in compliance with specifications and standards then applicable under new franchises for Bakeries;

then Franchisor will give the Franchisee an opportunity to sign a new franchise agreement for an additional five (5) year term on the terms and conditions then being offered by Franchisor under Franchisor's then current form of standard franchise agreement, except that the Franchisee will not be required to pay an initial franchise fee.

> ***Note to the Franchisee*****: There is no right to renew *this particular* form of agreement. Franchisor grants the opportunity to renew the *ability to operate the Bakery*, by signing a new franchise agreement for the same location, the terms of which may vary materially from the terms of this Agreement (which may include, without limitation, increased royalty and other fees and insurance requirements).**

B. NOTICE OF RENEWAL AND NONRENEWAL

14.2 If the Franchisee desires to obtain a successor agreement upon expiration of this Agreement, the Franchisee must give Franchisor written notice of that desire at least 180 days before the expiration of this Agreement. If Franchisor determines that the Franchisee is not eligible for a successor agreement, Franchisor will give the Franchisee written notice of its determination at least 120 days before the expiration of this Agreement. A notice of ineligibility to renew from Franchisor will state the reasons that the Franchisee is not eligible to renew.

14.3 If the reasons cited by Franchisor for the Franchisee's ineligibility to renew are capable of being cured and are in fact cured within sixty (60) days after Franchisor gives the Franchisee notice of ineligibility to renew, then the Franchisee will be allowed to renew in compliance with the terms of this Agreement. Upon the Franchisee's cure of all grounds for ineligibility cited by Franchisor, Franchisor will notify the Franchisee that the Franchisee is eligible to renew.

14.4 If the reasons cited by Franchisor for the Franchisee's ineligibility to renew are also grounds for termination of this Agreement pursuant to Section 15.3, below, the period for the Franchisee to cure its default (as prescribed by Section 15.3, below) to avoid termination will not be extended by reason of the notice of ineligibility to renew.

C. RENEWAL AGREEMENTS/RELEASES AND CONDITIONS

14.5 If the Franchisee is eligible to renew, Franchisor will deliver to the Franchisee a franchise disclosure document describing Franchisor's then-current form of franchise agreement, together with execution-ready copies of the successor franchise agreement and ancillary agreements as are then customarily used by Franchisor in the grant of franchises for the ownership and operation of Bakeries (with appropriate modifications to reflect the fact that the agreement relates to the Franchisee's renewal). No sooner than allowed by applicable law, the Franchisee may sign the successor franchise agreement and ancillary agreements.

14.6 Franchisor will not be required to sign the successor franchise agreement and ancillary agreements until the Franchisee and its owners execute and deliver to Franchisor general releases, in form and substance satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, officers, directors, employees and agents. Failure by the Franchisee and its owners to sign and deliver to Franchisor the agreements and releases within thirty (30) days after delivery to the Franchisee will be deemed an election by the Franchisee not to renew this Agreement.

14.7 Upon renewal, Franchisee will be required to pay to Franchisor a renewal fee of $5,000.

15. TERMINATION OF THIS AGREEMENT

A. BY FRANCHISOR WITHOUT OPPORTUNITY TO CURE

15.1 The matters set forth below are material breaches of fundamental conditions of this Agreement. If, at any time during the term of this Agreement, Franchisor learns that you (or any of your owners or officers) have committed any of these breaches, then Franchisor may terminate this Agreement immediately upon written notice of the termination, stating the breach. A termination pursuant to this Section 15.2 will constitute termination for good cause.

(a) The lease for the premises of the Bakery is cancelled or allowed to expire without renewal, or the Franchisee otherwise fails to maintain possession of the premises of the Bakery, or the Franchisee abandons, surrenders, transfers control of, or loses the right to occupy the premises of the Bakery.

(b) The Franchisee fails to actively operate the Bakery and closes the Bakery for more than 72 consecutive hours unless due to *Force Majeure* (as defined in Section 18.6, below).

(c) The Franchisee or any of its owners fail to completely and accurately complete the application to obtain a franchise from Franchisor, or make any material misrepresentations or omissions in that application.

(d) The Franchisee fails to report its Gross Sales to Franchisor each week in good faith.

(e) Franchisee or any of its owners make an unauthorized assignment or transfer of this Agreement, the Bakery or an ownership interest in the Franchisee.

(f) Franchisee or any of its owners, principals, officers, or directors are convicted of or plead no contest to a felony or any other crime or offense that may adversely affect the reputation of the Bakery or the goodwill associated with the Licensed Marks, or if Franchisee or any owner, principal, officer, or director of Franchisee commits any acts or engages in any behavior that Franchisor believes is reasonably likely to have an adverse effect on the System, the Licensed Marks, the goodwill associated therewith, including but not limited to conduct that is unlawful, fraudulent, unfair, unethical, repugnant, or deceptive.

(g) Franchisee, its owners, or all other persons under their control make any unauthorized use of the Licensed Marks or unauthorized use or disclosure of the Confidential Information or Operating Manual.

(h) Franchisee becomes insolvent by reason of inability to pay debts as they become due, or makes an assignment for the benefit of creditors, or an admission of the Franchisee's inability to pay obligations as they become due.

(i) Franchisee or any of its owners file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution, or other settlement with creditors under any law, or admit or fail to contest the material allegations of any pleading filed against them, or have been adjudicated a bankrupt or insolvent or had a receiver or other custodian appointed for a substantial part of the assets of the Franchisee; or allow a final judgment against any of them to remain unsatisfied or of record for ninety (90) days or longer.

(j) Franchisee or any of its owners allow a levy of execution against any substantial part of the assets of the Franchisee or the Bakery, or a suit to foreclose any lien or mortgage is instituted against the Franchisee and not dismissed within ninety (90) days, or the real or personal property of the Franchisee is sold after levy of judgment by any sheriff, marshal, or constable, or the claims of creditors of the Franchisee are abated or subject to a moratorium under any law.

(k) Franchisor sends Franchisee two (2) or more notices in any twelve (12) month period to cure deficiencies in performance of any requirement pursuant to Section 15.3 below or this Section 15.2, whether or not Franchisee had corrected its earlier failures to comply after Franchisor delivered notice to Franchisee.

(l) Franchisee attempts to unilaterally repudiate this Agreement or the performance or observance of any of its terms by any conduct evidencing Franchisee's intention to no longer comply with or be bound by this Agreement.

(m) Franchisee misuses or makes any unauthorized or improper use of the Licensed Marks or any other identifying characteristics of the System, or otherwise impairs the goodwill associated therewith; or if Franchisee fails to utilize the Licensed Marks solely in the manner and for the purposes directed by Franchisor.

(n) If Franchisee sells products or services not previously approved, or in a manner not previously approved, by Franchisor, or purchases any product from a supplier not previously approved by Franchisor.

B. BY FRANCHISOR WITH OPPORTUNITY TO CURE

15.2 In addition to Franchisor's right to terminate for failure of conditions, Franchisor may terminate this Agreement for default by the Franchisee, by providing the Franchisee with prior written notice of the termination, stating the nature of the default, and providing the Franchisee the opportunity to cure provided below. For purposes of this Agreement, defaults that will constitute good cause for termination include the breaches set forth below and any other material breach of this Agreement or the failure of the Franchisee to comply substantially with essential and reasonable requirements imposed upon the Franchisee by Franchisor. The notice of termination will be effective upon the expiration of the specified notice period unless the Franchisee fully cures the breach (or complies substantially with the essential and reasonable requirements imposed upon the Franchisee by Franchisor, in accordance with the provisions set forth below) during the specified notice period.

It is a material breach of this Agreement and constitutes good cause for termination if the Franchisee and/or any of its owners and/or managers:

(a) fails to obtain lawful possession of an approved location for the Bakery as provided in Exhibit A to this Agreement, fails to develop the Bakery or open the Bakery for business as provided in this Agreement, or fails to satisfactorily complete the training program as provided in this Agreement, and does not remedy that breach within thirty (30) days after notice from Franchisor;

(b) operates the Bakery in a manner that presents a health or safety hazard to the customers, employees or to the public, and does not remedy that breach within five (5) days after notice from Franchisor or such other longer or shorter period that Franchisor prescribes as being reasonable under the circumstances;

(c) fails to timely pay any Initial Franchise Fee, Royalty, Marketing Fund Contribution, or any other fees or amounts due to Franchisor or its affiliates (including but not limited to amounts due for purchases of Company Products) and does not remedy that breach within ten (10) days after notice from Franchisor;

(d) suffers a violation of any law, ordinance, rule, or regulation of a governmental agency in connection with the operation of the Bakery, and permits the violation to continue uncorrected after notification of the violation from the governmental agency, unless cured within the applicable period after notice from the governmental agency, *provided, however*, that if the Franchisee has a *bona fide* disagreement as to facts of the violation, or as to the constitutionality or legality of the law, ordinance, rule, or regulation, and the Franchisee promptly resorts to courts of appropriate jurisdiction to contest the violation or legality, Franchisor may not terminate on the basis of that default while the Franchisee continues to dispute the matter through appropriate means;

(e) fails to maintain or suffers cancellation of any insurance policy required under this Agreement, and does not remedy that breach within thirty (30) days after notice from Franchisor;

(f) violates any of the covenants contained in this Agreement, and does not remedy that breach within 30 days after notice from Franchisor; or

(g) fails to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedure prescribed by Franchisor, including any procedure or requirement set forth in the Operating Manual or any standard relating to image or customer service or treatment, and does not remedy that breach within thirty (30) days after notice from Franchisor.

16. <u>COVENANTS NOT TO COMPETE</u>

A. DURING THE TERM

16.1 During the term of the Franchise Agreement, neither the Franchisee, nor the Franchisee's principals, officers, directors, nor any members of the Franchisee's family or the family of their officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

(a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, other than the Store;

(b) have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located;

(c) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located; or

(d) on behalf of the Franchisee or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, engage in or conduct any other business if Franchisee has any significant operational or management responsibility or obligation regarding such business, if such other business would interfere with your obligations under the Franchise Agreement to develop and operate Franchisee's Bakery or otherwise (other than Bakeries operated under franchise agreements with Franchisor), unless Franchisee's Bakery is managed by an individual that has satisfactorily completed our training programs.

*"*Competitive Business*"* mean any business or facility owning, operating or managing or granting franchises or licenses to others to do so, any store or facility that features pet treats, pet food items, pet toys, pet accessories and related products and accessories that are the same or similar to the products and services offered by Bakeries (other than a Bakery under a franchise agreement with us). A Competitive Business also includes any business acting as a franchise broker, business broker, franchise seller, or the like for any business franchising or licensing Competitive Businesses other than us.

B. POST-TERM

16.2 Upon termination, expiration or non-renewal of this Agreement, for any reason whatsoever, Franchisee and their owners agree that for a period of two (2) years commencing on the effective date of termination or expiration neither Franchisee nor any of the Franchisee's owners will:

(a) Have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative or agent or in any other capacity in any Competitive Business operating (i) at the Location, (ii) within fifty (50) miles of the Location; or (iii) within fifty (50) miles of any other Bakery or Protected Territory in operation or under construction on the later of the effective date of the termination or expiration; or

(b) Interfere with Franchisor's business relationships or with anyone or any entity with which we have a business relationship.

The restrictions above will not apply to ownership of an interest in other Bakeries operated under license agreements or franchise agreements granted by Franchisor or its affiliates or to ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent or less of that class of securities.

17. RIGHTS OF FRANCHISOR AND OBLIGATIONS OF THE FRANCHISEE UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT

The following provisions will apply following the termination or expiration (without renewal) of this Agreement.

A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR

17.1 Within fifteen (15) days after the effective date of termination or expiration (without renewal) of this Agreement, the Franchisee will pay to Franchisor all amounts owed for Company Products purchased by the Franchisee from Franchisor or its affiliates, all unpaid Royalties and Marketing Fund Contributions, all interest due Franchisor on any of the foregoing, and all other amounts owed to Franchisor and its affiliates which are then unpaid. At the same time that it makes that payment, the Franchisee will furnish a complete accounting of all amounts owed to Franchisor and its affiliates.

B. DISCONTINUANCE OF USE OF LICENSED MARKS AND DISTINCTIVE DESIGNS

17.2 At any time after the termination or expiration (without renewal) of this Agreement, the Franchisee may not directly or indirectly at any time or in any manner: (i) identify the Bakery or any other retail location as a current or former Bakery; (ii) indicate that the Franchisee is (or formerly was) a franchisee of, or otherwise associated with, Franchisor; (iii) use any of the Licensed Marks, any colorable imitation of the Licensed Marks, or any other indicia of “THREE DOG BAKERY” in any manner or for any purpose (including but not limited to use of the Licensed Marks on store signage, online social media, internet domain names and URL’s); or (iv) utilize for any purpose any trade name, trademark, service mark, or other commercial symbol that suggests or indicates a connection or association with Franchisor.

17.3 Within no more than seven (7) days after the termination or expiration (without renewal) of this Agreement, the Franchisee will remove from its place of business, and discontinue using for any purpose, any and all signs, fixtures, furniture, posters, furnishings, equipment, advertising materials, stationery, supplies, forms, and other articles that display any of the Licensed Marks or any distinctive features or designs associated with Bakeries.

17.4 Within five (5) days after the termination or expiration (without renewal) of this Agreement, the Franchisee will begin (and will complete within no more than thirty (30) days), to modify or alter the premises of the Bakery as necessary to distinguish those facilities so clearly from its former appearance and from other Bakeries to prevent any possibility of confusion by the public (including removal of all distinctive physical and structural features identifying Bakeries and removal of all distinctive signs and emblems). Additionally, in the same period, the Franchisee will, at the Franchisee’s expense, make any specific additional changes that Franchisor reasonably requests for this purpose. If the Franchisee fails to initiate the alterations within 5 days after the date of termination or to complete the alterations within thirty (30) days after the date of termination, Franchisor or its designated agents may enter the premises of the former Bakery and adjacent areas at any time to make alterations, at the Franchisee’s sole risk and expense, without responsibility for any actual or consequential damages to the property of the Franchisee or others, and without liability for trespass or other tort or criminal act. The Franchisee expressly acknowledges that its failure to make alterations will cause irreparable injury to Franchisor and consents to entry, at the Franchisee's expense, of any *ex-parte* order by any court of competent jurisdiction authorizing Franchisor or its agents to take action, if Franchisor seeks an order.

17.5 Promptly after the termination or expiration (without renewal) of this Agreement, the Franchisee will:

(a) cancel all fictitious or assumed name or equivalent registrations relating to the Franchisee's use of any of the Licensed Marks;

(b) notify the telephone company and all listing agencies of the termination or expiration of the Franchisee's right to use any telephone number and any regular, classified, or other telephone directory listings associated with the Licensed Marks and to authorize transfer of those numbers and listings to or at the direction of Franchisor; and

(c) furnish to Franchisor within thirty (30) days after the effective date of termination or expiration evidence satisfactory to Franchisor of the Franchisee's compliance with the foregoing obligations.

The Franchisee acknowledges that the Franchisee's continuing use of telephone numbers that are being or had been advertised in conjunction with the Licensed Marks following the expiration or termination of this Agreement would serve to misappropriate goodwill belonging to Franchisor. To avoid that, the Franchisee authorizes Franchisor, and appoints Franchisor and any officer of Franchisor as the Franchisee's attorney in fact, to direct the telephone company and all listing agencies to transfer all telephone numbers and directory listings to Franchisor or at its direction, should the Franchisee fail or refuse to do so, and the telephone company and all listing agencies may accept this direction or this Agreement as conclusive of the exclusive right of Franchisor in the telephone numbers and directory listings and its authority to direct their transfer;

C. CONFIDENTIAL INFORMATION

17.6 Immediately upon termination or expiration (without renewal) of this Agreement, the Franchisee will cease to use in any business or otherwise the Confidential Information of Franchisor disclosed to the Franchisee pursuant to this Agreement and will return to Franchisor all copies of the Operating Manual for Bakeries which have been loaned to Franchisee by Franchisor.

D. CONTINUING OBLIGATIONS

17.7 All obligations of Franchisor and the Franchisee which expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect after its expiration or termination and until they are satisfied or expire.

E. FRANCHISOR'S RIGHT TO PURCHASE

17.8 Upon expiration, non-renewal or termination of this Agreement, Franchisee will, at Company's option, do some or all of the following:

(a) Remove all franchise-related equipment, furnishings, and inventory from the Bakery Location;

(b) Sell the equipment and inventory to Company, at fair market value for equipment and furnishings and at Franchisee's invoice cost for inventory less a ten percent (10%) restocking charge. Company will not be liable for payment to Franchisee for intangibles, including, without limitation, goodwill;

(c) Assign to Company ownership and control of any website Franchisee owns or controls related to the Bakery;

(d) Sell to Company Franchisee's interest in the Bakery, the Location, if any, and all related equipment, fixtures, signs, real estate leases, equipment leases and personal property (collectively the "Assets"). If Company provides written notice to Franchisee of Company's intention to exercise this right within ten (10) days of Franchisee's expiration, non-renewal or termination, then the parties must agree upon a purchase price and terms within ten (10) days of Franchisee's receipt of such notice. If the parties cannot agree upon a purchase price and terms, then, fair value and fair terms will be determined in Jackson County, Missouri by three (3) appraisers. Each party must select one appraiser. The two (2) appraisers chosen must then select a third appraiser. Each party will pay for its own appraiser and each party will pay half for the third appraiser. The parties may then present evidence of the value of the Assets and fair terms for the purchase. The appraisers must exclude from their decision any amount or factor for the "goodwill" or "going concern" value of the Assets. The decision of the majority of the appraisers will be conclusive. Any time within thirty (30) days after receiving the appraisers' decision, at Company's option, Company may purchase the Assets at the price and upon the terms determined by the appraisers.

18. <u>DISPUTE RESOLUTION</u>

18.1 Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management, after providing written notice. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

18.2 (a) Except as provided in <u>Section 18.3</u>, below, all disputes or controversies between the parties including, without limitation, any disputes or controversies based upon, arising out of, or in any way connected with this Agreement, the franchisor–franchisee relationship created by this Agreement, or the construction, operation, or management of the Bakery, which are not resolved through the internal dispute resolution procedure set forth in Section 18.1 above, shall be resolved through non-binding mediation conducted under the Mediation Procedures of the American Arbitration Association ("AAA") and conducted in Jackson County, Missouri. Each party will bear its own cost of mediation and we will share mediation costs equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree that there will be no class action mediation.

(b) Any controversy or claim arising out of or relating to this Agreement not resolved by mediation will be settled by binding arbitration, and judgment upon the award may be entered in any court having jurisdiction thereof. All arbitrations must be individual proceedings and not a class arbitration or multi-party arbitration. The arbitration must be conducted through the AAA office in Jackson County, Missouri, and will be conducted by in accordance with the rules and regulations of the AAA applicable to commercial matters. The arbitrator will render a decision based on, and consistent with, Missouri law and with the facts and evidence that are properly introduced at the hearing. Unless otherwise determined by the arbitrator, the fees and expenses of arbitration, not including attorneys' fees, will be shared equally by the parties. The parties acknowledge that this alternative dispute resolution procedure is fair and enforceable. In the event Franchisor prevails in arbitration, Franchisor is entitled to recover its reasonable costs and expenses, including without limitation, attorneys' fees and costs.

18.3 The following types of disputes and controversies will not be resolved through mediation or arbitration:

(a) Disputes and controversies arising under the Sherman Act, the Clayton Act or any other federal or state anti-trust law;

(b) Disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, or otherwise relating to the ownership or validity of Franchisor's Licensed Marks;

(c) Disputes and controversies in any way relating to the provisions of the noncompetition covenants and confidentiality provisions;

(d) Disputes concerning any of Franchisee's payment obligations that are more than forty-five (45) days past due; or

(e) Any claims arising out of or related to fraud or misrepresentation by Franchisee or its owners, or Franchisee's or its owners' insolvency.

18.4 Discovery during the course of the arbitration proceeding will be conducted in accordance with the Federal Rules of Civil Procedure. Any decisions of the arbitrator are binding and conclusive upon the parties.

18.5 Matters not subject to arbitration must be resolved before the state courts of Jackson County, Missouri or the United States District Court for the Western District of Missouri. The Franchisee, by execution of this Agreement, irrevocably accepts and submits generally and unconditionally, for itself and with respect to its property, to the jurisdiction of the above courts within Jackson County, Missouri, and waives, to the extent permitted by applicable law, defenses based on jurisdiction, venue, or forum.

18.6 Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

19. ENFORCEMENT

A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

19.1 Sections 4, 5, and 6 are of the essence of this Agreement; if any portion of those Sections is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation, Franchisor may terminate this Agreement on written notice to the Franchisee. Each other section, paragraph, term and provision of this Agreement will be considered severable and if, for any reason, any portion of this Agreement (except as specified above) is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling will not impair the operation of, or have any other effect upon, other portions of this Agreement that remain otherwise intelligible, which will continue to be given full force and effect and bind the parties to this Agreement. Any portion of this Agreement held to be invalid will be deemed not to be a part of this Agreement from the date the time for appeal expires, if the Franchisee is a party, otherwise upon the Franchisee's receipt of a notice of non-enforcement from Franchisor.

19.2 If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard, or operating procedure prescribed by Franchisor is invalid or unenforceable, the prior notice and/or other action required by law or rule will be substituted for the comparable provisions, and Franchisor may, in its sole discretion, modify the invalid or unenforceable provision, specification, standard, or operating procedure to the extent required to be valid and enforceable. The Franchisee will be bound by any promise or covenant imposing the maximum duty permitted by law which is prescribed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions, or any specification, standard, or operating procedure prescribed by Franchisor, any portion or portions which a court may hold to be unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement will be effective only in that jurisdiction, unless Franchisor elects to give them greater applicability, and this Agreement will be enforced as originally made and entered into in all other jurisdictions.

B. WAIVER OF OBLIGATIONS

19.3 Franchisor may by written instrument unilaterally waive or reduce any obligation of or restriction upon the Franchisee under this Agreement, and the Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon Franchisor under this Agreement, effective upon delivery of written notice to the other or other effective date stated in the notice of waiver. Whenever this Agreement requires Franchisor's prior approval or consent, the Franchisee must make a timely written request, and approval must be obtained in writing.

19.4 Franchisor makes no warranties or guaranties upon which the Franchisee may rely, and assumes no liability or obligation to the Franchisee, by granting any waiver, approval, or consent to the Franchisee, or by reason of any neglect, delay, or denial of any request. Any waiver granted by Franchisor is without prejudice to any other rights Franchisor may have, is subject to continuing review by Franchisor, and may be revoked, in Franchisor's sole discretion, at any time and for any reason, effective upon delivery to the Franchisee of ten days' prior written notice.

19.5 Franchisor and the Franchisee will not be deemed to have waived or impaired any right, power, or option reserved by this Agreement (including the right to demand exact compliance with every term, condition, and covenant, or to declare any breach to be a default and to terminate this Agreement before the expiration of its term), by virtue of any custom or practice of the parties at variance with the terms of this Agreement; any failure, refusal, or neglect of Franchisor or the Franchisee to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations including any mandatory specification, standard, or operating procedure, any waiver, forbearance, delay, failure, or omission by Franchisor to exercise any right, power, or option, whether of the same, similar, or different nature, with respect to other Bakeries, or the acceptance by Franchisor of any payments due from the Franchisee after any breach of this Agreement.

19.6 Neither Franchisor nor the Franchisee will be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from any of the following causes (collectively, "Force Majeure"): (i) transportation shortages, inadequate supply of labor, material, or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations, or instructions of any federal, state, or municipal government or any department or agency; (ii) compliance with any law, ruling, order, regulation, requirement, or instruction of any federal, state, or municipal government or any department or agency; (iii) acts of God; (iv) fires, strikes, embargoes, war, or riot; or (v) any other similar event or cause. Any delay resulting from any of these causes extends performance accordingly or excuses performance, in whole or in part, as may be reasonable.

C. SPECIFIC PERFORMANCE/INJUNCTIVE RELIEF

19.7 Nothing contained in this Agreement bars either party's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause it loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions, in addition to further and other relief as may be available at equity or law. The other party has remedies as may be available at equity or law, including the dissolution of the injunction in the event the entry of the injunction is vacated.

D. RIGHTS OF PARTIES ARE CUMULATIVE

19.8 The rights of Franchisor and the Franchisee under this Agreement are cumulative and no exercise or enforcement by Franchisor or the Franchisee of any right or remedy precludes the exercise or enforcement by Franchisor or the Franchisee of any other right or remedy which Franchisor or the Franchisee is entitled by law to enforce.

E. COSTS AND ATTORNEYS' FEES

19.9 If a claim for amounts owed by the Franchisee to Franchisor or any of its affiliates is asserted in any legal proceeding before a court of competent jurisdiction or arbitrator, or if Franchisor or the Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, Franchisor is entitled to reimbursement of its costs and expenses incurred, including reasonable accounting and attorneys' fees.

F. GOVERNING LAW

19.10 To the extent not inconsistent with applicable law, this Agreement and the offer and sale of this Agreement will be governed by the substantive laws (but expressly excluding the choice of law) of the State of Missouri.

G. EXCLUSIVE JURISDICTION

19.11 The Franchisee and Franchisor agree that any action arising out of or relating to this Agreement (including the offer and sale of this Agreement) will be instituted and maintained only in a state or federal court of general jurisdiction in Jackson County, Missouri, and the Franchisee irrevocably submits to the jurisdiction of that court and waives any objection the Franchisee may have to either the jurisdiction or venue of that court.

H. BINDING EFFECT

19.12 This Agreement is binding upon the parties to this Agreement and (subject to the restrictions on assignment in Section 13) on their respective executors, administrators, heirs, assigns, and successors in interest, and may not be modified except by written agreement signed by both the Franchisee and Franchisor.

I. CONSTRUCTION

19.13 The preambles of this Agreement, and the Exhibits and any Addendum executed by the parties and attached to this Agreement, are incorporated into and made a part of this Agreement. This Agreement (including all exhibits and addenda) constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between Franchisor and the Franchisee relating to the subject matter of this Agreement. Nothing in this Agreement is intended to disclaim the representations Company made in the Franchise Disclosure Document that it furnished to Franchisee.

19.14 Except as otherwise expressly provided, nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity who is not a party to this Agreement.

19.15 The headings of the several sections and paragraphs are for convenience only and do not define, limit, or construe the contents of the sections or paragraphs.

19.16 References in this Agreement to the "Franchisee" apply regardless of the identity of the Franchisee—as one or more individuals, a partnership (including a limited partnership), a corporation, a limited liability company, a trust, or any other form of person that owns the franchise rights issued pursuant to this Agreement. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two (2) or more persons are at any time the Franchisee under this Agreement, their obligations and liabilities to Franchisor will be joint and several. References to the "Franchisee" and to an "assignee" which are applicable to an individual or individuals mean the owner or owners of the equity or operating control of the Franchisee or the assignee, if the Franchisee or the assignee is a corporation, limited liability company or partnership.

19.17 This Agreement may be executed in multiple copies, each of which is deemed an original.

19.18 Time is of the essence of this Agreement.

19.19 The modal auxiliary verb "will" is mandatory and a party will be in default of this Agreement if it fails to do something that the Agreement states that the party "will" do. The auxiliary verb "may" is permissive, and means that the party has the right to do what it stated (and, by extension, if this Agreement states that a party "may not" do an act, the party is forbidden from doing that act).

19.20 The verb "include" and its variations (such as "including") are non-exclusive.

19.21 An "affiliate" of a person is anyone controlling, controlled by, or under common control with the specified person.

J. SECURITY INTEREST

19.22 Subject to applicable state law, you grant to us a security interest in all tangible and intangible assets of the Franchise (and products and proceeds of them) as security for your obligations under this Agreement. You agree that we may prepare and file all instruments or documents necessary to consummate or perfect any such security interest, including a UCC Financing Statement. Upon request, you will execute and file such instruments or documents as needed. You acknowledge that we may file a copy of this Agreement as a financing statement for that purpose.

20. NOTICES

20.1 All written notices and reports permitted or required to be delivered by the provisions of this Agreement or of the Operating Manual will be deemed so delivered at the time delivered by hand, one (1) business day after sending by overnight courier or by facsimile or comparable electronic system, or three (3) business days after deposit in the U.S. Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

IN WITNESS WHEREOF the parties have executed, sealed and delivered this Agreement in duplicate on the date recited in the first paragraph.

Franchisor:	**The Franchisee:**
THREE DOG BAKERY, LLC, a Delaware Limited Liability Company	(if the Franchisee is an entity)
	______________________________ (Name of Entity printed)
By______________________________	By______________________________
Title________________________	Title________________________

(If the Franchisee is an individual owner, the Franchisee must sign below; if a general partnership, all general partners must sign below)

______________________________ The Franchisee/General Partner	______________________________ The Franchisee/General Partner
______________________________ The Franchisee/General Partner	______________________________ The Franchisee/General Partner

EXHIBIT A

TO THE THREE DOG BAKERY, LLC

FRANCHISE AGREEMENT

SITE SELECTION ADDENDUM

EXHIBIT A-1

SITE SELECTION ADDENDUM

This Site Selection Addendum (this "Addendum") relates to the Three Dog Bakery Franchise Agreement dated _______________, 20___ (the "Franchise Agreemen*t*") between Three Dog Bakery, LLC (the "Franchisor") and ___________________________________ (the "Franchisee").

1. **Search Area**. Beginning promptly after execution of the Franchise Agreement, the Franchisee will diligently search within the following described geographical area (the "Search Area") for a location for the Bakery:

____

____

At the Franchisee's request, Franchisor will provide the Franchisee with reasonable assistance in the selection and evaluation of a proposed location for the Bakery.

2. **Application for Location Approval**. Within ninety (90) days after the date of the Franchise Agreement, the Franchisee will apply to Franchisor for approval of a site as the "Location" under the Franchise Agreement and must select a site that meets our approval within 4 months of the date of the Franchise Agreement. This 4-month deadline may be extended by Franchisor for a period Franchisor deems reasonable as long as the Franchisee is diligently seeking a site. To apply for approval, the Franchisee must submit to Franchisor a complete site report (containing all information that Company may reasonably require) for the site at which the Franchisee proposes to establish and operate the Bakery and which the Franchisee reasonably believes to conform to any standardized site selection criteria established by Franchisor.

3. **Approval of Location and Bakery Opening**. The site proposed by the Franchisee to become the Location will be subject to Franchisor's prior written approval, which will not be unreasonably withheld. In approving or disapproving the site proposed to become the Location, Franchisor will consider all matters that it deems material, which may include demographic characteristics of area surrounding the proposed Location; traffic patterns; parking; the predominant character of the neighborhood; the proximity to other businesses (including other Bakeries) and other commercial characteristics; the purchase price or rental obligations and other lease terms for the proposed location; and the physical characteristics of the proposed site, including the size of the premises and its appearance. If Franchisor needs to make additional proposed-site visits beyond 1 visit, then Franchisee will be required to pay Franchisor's then-current site selection fee, which is currently $1,000 per visit.

Within thirty (30) days after receipt by Franchisor of the complete site report and other materials requested by Franchisor, containing all information reasonably required by Franchisor, Franchisor will notify the Franchisee, in writing, whether Franchisor approves or disapproves the site proposed by Franchisee for the Location of the Bakery.

Franchisor's written approval of a proposed site will constitute an agreement by Franchisor and the Franchisee that the proposed site will become the "Location" of the Bakery to be operated by the Franchisee pursuant to the Franchise Agreement. As soon as reasonably practical after approval of the Location, Franchisor and the Franchisee will complete and execute Exhibit A to the Franchise Agreement to identify the Location.

The Franchisee acknowledges that Franchisor's approval of a proposed location and any information imparted to the Franchisee regarding the proposed location does not constitute a warranty or representation of any kind, expressed or implied, as to the suitability of the proposed location for a THREE DOG BAKERY store or for any other purpose.

4. **Development of Bakery**. Following approval of the Location, the Franchisee will complete the development of the Bakery in accordance with Section 2 of the Franchise Agreement. The Franchisee will open the Bakery for business by no later than twelve (12) months after the date of the Franchise Agreement. *[Alternate: the deadline specified in the Multiple Franchise Purchase Addendum to the Franchise Agreement.]*

5. **Termination of Franchise Agreement**. Franchisor may terminate the Franchise Agreement, effective upon delivery of written notice of termination to the Franchisee, if (i) the Franchisee fails to submit a site for approval as the Location for the Bakery within ninety (90) days after the date of the Franchise Agreement (subject to Franchisor's right to extend this deadline for a period Franchisor deems reasonable as long as the Franchisee is diligently seeking a site); (ii) the Location for the Bakery has not been agreed upon within 4 months after the date of the Franchise Agreement (subject to Franchisor's right to extend this deadline for a period Franchisor deems reasonable as long as the Franchisee is diligently seeking a site, but in any event the Bakery must open by the deadline in Section 4, above); or (iii) the Bakery has not opened for business by the deadline in Section 4, above. Upon termination pursuant to this provision, Franchisor may retain the Initial Franchise Fee as liquidated damages for its losses arising out of the Franchisee's failure to open the Bakery as agreed.

6. **Defined Terms**. All capitalized terms contained in this Addendum that are not defined in this Addendum will have the meaning ascribed to them in the Franchise Agreement.

(Signatures on Following Page)

Site Selection Addendum

Signature Page

Franchisor:

THREE DOG BAKERY, LLC,
a Delaware Limited Liability Company

By_____________________________________

Title_____________________________

The Franchisee:

(if the Franchisee is an entity)

____
(Name of Entity printed)

By_____________________________________

Title_____________________________

(If the Franchisee is an individual owner, the Franchisee must sign below; if a general partnership, all general partners must sign below)

____
The Franchisee/General Partner

____
The Franchisee/General Partner

____
The Franchisee/General Partner

____
The Franchisee/General Partner

EXHIBIT A-2

SITE ADDENDUM

TO THE THREE DOG BAKERY FRANCHISE AGREEMENT BETWEEN THREE DOG BAKERY, LLC AND ________________________________
DATED ___________________________, 20___ (the "Agreement")

1. **Bakery Location**. The Bakery to be operated by the Franchisee pursuant to this Agreement will be located at the following premises *(the following blank is to be completed by Franchisor once known)*:

____
____
____

If a site for the location of the Bakery has not been selected at the time this Exhibit is signed, the parties will enter into a separate site selection addendum.

2. **Protected Territory**. The Franchisee will have the exclusive right to operate a retail THREE DOG BAKERY store within a radius of [ ] miles from the front door of the location set forth in paragraph 1 of this Exhibit.

3. **Bakery Opening**. The Franchisee must complete the development of the Bakery, and open the Bakery for business, within [__________] months after the date of the Franchise Agreement or the deadline specified in the Multiple Franchise Purchase Addendum to the Franchise Agreement if multiple franchise agreements are being signed at the same time.

5. **Defined Terms**. All capitalized or initial capitalized terms contained in this Exhibit and not defined in this Exhibit will have the same meaning as ascribed to them in the Agreement.

Franchisor:	**The Franchisee:**
THREE DOG BAKERY, LLC, a Delaware Limited Liability Company	(if the Franchisee is an entity) ________________________________ (Name of Entity printed)
By____________________________________	By____________________________________
Title______________________________	Title______________________________

(If the Franchisee is an individual owner, the Franchisee must sign below; if a general partnership, all general partners must sign below)

________________________________ The Franchisee/General Partner	________________________________ The Franchisee/General Partner
________________________________ The Franchisee/General Partner	________________________________ The Franchisee/General Partner

EXHIBIT B

TO THE THREE DOG BAKERY, LLC

FRANCHISE AGREEMENT

<u>MULTIPLE FRANCHISE PURCHASE ADDENDUM</u>

MULTIPLE FRANCHISE PURCHASE ADDENDUM

This Multiple Franchise Purchase Addendum (the "Addendum") is entered into as of _________________, 20___, between THREE DOG BAKERY, LLC, a Delaware corporation having its principal place of business at 6131 Deramus Avenue, Kansas City, MO 65120 ("Franchisor"), and ___________________________________, a ____________________________, having its principal place of business at _________________ ______________________________, _____________________ ("Franchisee).

1. **Simultaneous Multiple Franchise Purchase**. The parties have contemporaneously executed *[#]* Franchise Agreements, including the Franchise Agreement, as part of a multiple franchise purchase.

2. **Development Area**. If the Location has not been determined when this Agreement is executed, Franchisee is responsible for selecting the site for Franchisee's Location within the following "Development Area":

____

____

____

____

____

As long as Franchisee is in compliance with the below Development Schedule, Franchisor may not establish any other franchised or franchisor-owned or affiliate-operated Bakeries within the Development Area. Even while Franchisee is in compliance with Franchisee's development obligations, Franchisor may: (i) develop and operate (and allow others to develop and operate) Bakeries anywhere outside the Development Area, (ii) establish alternative methods of distribution (such as wholesale distribution and kiosks within retail stores) both inside and outside the Development Area, (iii) sell both inside and outside the Development Area products and services that are not identified by the Proprietary Marks, even if the products or services are the same or similar to those Franchisee is permitted to sell; and (iv) allow the continued operation of Bakeries that existed in the Development Area before Franchisee signed this Addendum.

Upon the opening of the last Bakery, or upon the deadline for opening Franchisee's last Bakery, under Franchisee's Development Schedule (below), Franchisee's rights with respect to the Development Area will automatically terminate. Thereafter, Franchisor and its affiliates will have the right to operate or grant to others the right to operate stores within the Development Area. However, Franchisee's Protected Territory (as defined in each respective Franchise Agreement) for each operating Bakery will remain in force.

3. **Location and Franchise Territory**. The Franchise Territory for each franchise will be designated by Franchisor before Franchisee opens each relevant Location. The Franchise Territory and your Location must be in the United States of America, legally available pursuant to state and federal franchise and business opportunity disclosure and registration laws and pursuant to our contractual commitments (including those with our other franchisees) and in compliance with our franchise placement, market development and demographic criteria.

4. **No Other Understandings**. Except as specifically outlined or forbidden in the relevant Franchise Agreement, there are no understandings oral or written concerning the future placement of stores by any party and concerning any territory protections granted to the Franchisee.

5. **Store Opening Schedule**. Franchisee will commence in good faith to perform Franchisee's obligations under the relevant franchise agreements and commence full and continuous operation of the relevant Location within the following time periods after execution of this Agreement:

Franchisee commits to the timely opening of Three Dog Bakery stores in the Development Area in compliance with the following Development Schedule:

BAKERY OPENING DATE TARGET	BAKERY LEASE SIGNING TARGET	BAKERY SITE APPROVED TARGET
First Bakery:		
Second Bakery:		
Third Bakery:		
[________________________]		

Time is of the essence of this Development Schedule.

In the event that Franchisee does not comply with the above store opening and site and lease targets, Franchisor will have the right to terminate the Franchise Agreement or any of the Franchisee's franchise agreements representing franchises that have not yet opened for business. Any failure to commence operation caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages or other events beyond Franchisee's reasonable control (not including financial circumstances) will be excused for a period of time that Franchisor deems reasonable under the circumstances.

6. **Payment of Initial Franchise Fees**. Franchisee shall pay 100% of the Initial Franchise Fee for the first Bakery, plus 50% of the initial franchise fees under the additional franchise agreements at the time Franchisee contemporaneously signs such franchise agreements. Franchisee will pay the 50% unpaid balance of the initial franchise fees under the additional franchise agreements once the lease is signed/or the original scheduled date for signing a lease for each relevant Bakery, whichever occurs first.

7. **Training for First Franchise**. Franchisor will have no obligation to provide franchise training to Franchisee at our expense except for the first franchise Franchisee opens.

8. **Defined Terms**. All capitalized terms contained in this Addendum that are not defined in this Addendum will have the meaning ascribed to them in the Franchise Agreement.

9. **Entire Agreement**. The Franchise Agreement and this Addendum constitute the entire, full, and complete agreement between the parties with respect to the subject matter contained herein and supersede any and all prior agreements. In the event of a conflict between the terms of the Franchise Agreement and this Addendum, the terms of this Addendum shall control. Except as amended by this Addendum, all the other terms and conditions of the Franchise Agreement are hereby ratified and confirmed, including the provisions related to governing law, venue, dispute resolution, waivers and other

enforcement-related provisions that shall also apply to all claims, disputes or causes of action arising out of or related to this Addendum.

Franchisor:	**The Franchisee:**
THREE DOG BAKERY, LLC, a Delaware Limited Liability Company	(if the Franchisee is an entity)
	____ (Name of Entity printed)
By_____________________________________	By_____________________________________
Title_____________________________	Title_____________________________

(If the Franchisee is an individual owner, the Franchisee must sign below; if a general partnership, all general partners must sign below)

____ The Franchisee/General Partner	____ The Franchisee/General Partner
____ The Franchisee/General Partner	____ The Franchisee/General Partner

EXHIBIT C

TO THE THREE DOG BAKERY, LLC

FRANCHISE AGREEMENT

CONVERSION ADDENDUM

CONVERSION ADDENDUM

THIS CONVERSION ADDENDUM (this "Addendum") is entered into as of __________________, 20__ (the "Effective Date"), between THREE DOG BAKERY, LLC, a Delaware Limited Liability Company having its principal place of business at 6131 Deramus Avenue, Kansas City, MO 65120 (the "Company"), and ____________________________________, a __________________________, having its principal place of business at ____, _____________________ (the "Franchisee").

PREAMBLES

1. The Franchisee and Franchisor are parties to a Trademark License Agreement dated _________________ (the "TML Agreement") for a Three Dog Bakery store (the "Bakery") located at ____.

2. The Franchisee has elected to convert the Bakery from a licensed arrangement to a franchise. To that end, the Franchisee and Franchisor have signed a Three Dog Bakery Franchise Agreement (the "Franchise Agreement") dated the same date as this Addendum. Capitalized terms that are used but not defined in this Addendum are used in the sense in which they are defined in the Franchise Agreement.

3. This Addendum reflects the special terms that Franchisor and the Franchisee have agreed upon in connection with conversion of the Bakery to a franchise and termination of the TML Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and covenants outlined in this Agreement, the sufficiency of which the parties acknowledge, the parties, intending to be legally bound, agree as follows:

1. **Modification of Franchise Agreement**. This Addendum modifies the terms of the Franchise Agreement. To the extent that the terms of this Addendum conflict with the terms of the Franchise Agreement, this Addendum will control.

2. **Reduction of Initial Franchise Fee**. Section 5.1 of the Franchise Agreement is amended to read in its entirety as follows:

> In consideration of the franchise and license granted to the Franchisee, the Franchisee will pay to Franchisor in full at the time of executing this Agreement as an initial franchise fee (the "***Initial Franchise Fee***") the sum of $2,500.00. This is a reduced Initial Franchisee Fee because this Franchise Agreement is for the conversion of an existing license to a franchise. The Initial Franchise Fee is fully earned when paid and is non-refundable.

3. **Reduction of Royalty**. Section 5.2 of the Franchise Agreement is amended to read in its entirety as follows:

> The Franchisee will pay to Franchisor, without offset, credit, or deduction of any nature, a weekly royalty equal to 2.75% of Gross Sales of the Bakery (the "Royalty").

4. **Waiver of Training**. In recognition of the training previously provided to the Franchisee at the inception of the license arrangement, as well as the Franchisee's experience in operating the Bakery, the Franchisee and Franchisor agree that the Franchisee is not required to attend, and Franchisor is not obligated to provide, the initial training called for by Sections 3.1 through 3.3 of the Franchise Agreement.

5. **Termination of TML Agreement**. Franchisor and the Franchisee mutually terminate the TML Agreement as of the Effective Date. The Franchisee expressly waives the right to assume the Franchise Agreement in bankruptcy or to obtain relief from forfeiture under any other provision of law, automatically without need for notice of any type.

6. **Mutual Release**. Except as provided in Section 8 of this Addendum, all claims, demands, rights, duties, guarantees, obligations, debts, dues, sums of money, accounts, covenants, contracts, controversies, agreements, promises, torts, judgments, executions, liabilities, damages, injunctions, assignments, suits, or causes of actions (collectively, the "Claims") of every kind and nature, however or wherever arising, whether known or unknown, foreseen or unforeseen, direct or indirect, contingent or actual, liquidated or unliquidated, which have arisen or which might or could arise under federal, state, or local law from any relationship, incident, or transaction arising out of or relating to the TML Agreement and the Bakery, or under any related agreement, existing or arising at any time before or at the time of the execution of this Addendum, are mutually satisfied, acquitted, discharged, and released by the Franchisee and Franchisor, it being the express intention of the Franchisee and Franchisor that this release be as broad as permitted by law.

The Franchisee and Franchisor represent and warrant that execution of the release contained in this Section 6 is free and voluntary, and that no inducements, threats, representations, or influences of any kind were made or exerted by or on behalf of either party. The release contained in this Section 6 will be binding upon the Franchisee and Franchisor and their respective heirs, legal representatives, successors, and assigns. This release is also intended to be mutual and reciprocal, and it will be effective against one party only if it is effective against both parties. The Franchisee and Franchisor each represent and warrant to the other that they have not assigned and will not assign to any other party any of the claims released by this Section 6.

7. **Exclusions from Release**. The mutual releases set forth in Section 6, above, do not apply to the following:

a. **Franchise Disclosure Laws**. Franchisor's obligations to comply with applicable state and federal disclosure laws in connection with the Franchisee's execution of the Franchise Agreement.

b. **Obligations under TML Agreement**. Any obligations in the TML Agreement that expressly or by necessary implication survive the termination or expiration of the TML Agreement, including: (i) the obligation of the Franchisee to maintain insurance, as set forth in Part 10.I (Sections 10.19 through 10.24) of the TML Agreement; (ii) the obligation of the Franchisee to indemnify Franchisor, as set forth in Section 5.6 of the TML Agreement.

c. **Obligations Under Franchise Agreement**. The obligations of each of the parties to comply, on a continuing basis, with the Franchise Agreement, as modified by this Addendum.

8. **Reaffirmation**. Except as specifically modified by this Addendum, the parties reaffirm the Franchise Agreement in its entirety.

IN WITNESS WHEREOF the parties have executed, sealed and delivered this Addendum in duplicate on the date recited in the first paragraph.

Franchisor:	**The Franchisee:**
THREE DOG BAKERY, LLC, a Delaware Limited Liability Company	(if the Franchisee is an entity)
	______________________________________ (Name of Entity printed)
By____________________________________	By____________________________________
Title____________________________	Title____________________________

(If the Franchisee is an individual owner, the Franchisee must sign below; if a general partnership, all general partners must sign below)

______________________________________ The Franchisee/General Partner	______________________________________ The Franchisee/General Partner
______________________________________ The Franchisee/General Partner	______________________________________ The Franchisee/General Partner

EXHIBIT D

TO THE THREE DOG BAKERY, LLC

FRANCHISE AGREEMENT

GUARANTY AGREEMENT

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this “Guaranty”) is given this ______ day of ____________________, 20___, by

, jointly and severally (collectively, the “Guarantors”).

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (including its exhibits) of even date (the “Agreement”) by Three Dog Bakery, LLC, a Delaware Limited Liability Company (the “Franchisor”), with __________________________________ a _______________ corporation (the “Franchisee”), each of the undersigned personally and unconditionally (i) guarantees to the Franchisor, and its successor and assigns, for the term of the Agreement and as provided in the Agreement, that the Franchisee will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement; and (ii) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement and its exhibits, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the provisions of Section 6, Section 9, and Section 16.

Each of the undersigned waives: (i) acceptance and notice of acceptance by the Franchisor of the foregoing undertakings; (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (iv) any right the undersigned may otherwise have to require that an action be brought against the Franchisee or any other person as a condition of liability.

Each of the undersigned consents and agrees that: (i) the direct and immediate liability of the undersigned under this guaranty is joint and several; (ii) the undersigned will render any payment or performance required under the Agreement upon demand if the Franchisee fails or refuses punctually to do so; (iii) the liability of each of the undersigned is not contingent or conditioned upon pursuit by the Franchisor of any remedies against the Franchisee or any other person (including others of the undersigned); and (iv) the liability of each of the undersigned will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which the Franchisor may grant to the Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the term of the Agreement.

Each of the undersigned Guarantors further consents and agrees that:

(a) Each Guarantor’s liability under this undertaking is direct, immediate, and independent of the liability of, and is joint and several with, the Franchisee and the other owners of the Franchisee.

(b) Each Guarantor will render any payment or performance required under the Franchise Agreement upon demand if the Franchisee fails or refuses punctually to do so.

(c) This Guarantee will continue unchanged by the occurrence of any bankruptcy with respect to the Franchisee or any assignee or successor of the Franchisee or by any abandonment of the Franchise Agreement by a trustee of the Franchisee. Neither the Guarantor’s obligations to make payment or render performance in accordance with the terms of this Guarantee nor any remedy for the enforcement of this Guarantee will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release, or limitation of the liability of the Franchisee or its estate in bankruptcy or of any remedy for the enforcement of this Guarantee, resulting from the operation of any present or future provision of the U.S. Bankruptcy Code or other statute, or from the decision of any court or agency.

(d) The Franchisor may proceed against one or more Guarantors and the Franchisee jointly and severally, or the Franchisor may, at its option, proceed against one or more Guarantors, without having commenced any action, or having obtained any judgment, against the Franchisee. Each Guarantor waives the defense of the statute of limitations in any action under this Guarantee or for the collection of any indebtedness or the performance of any obligation guaranteed by this Guarantee.

(e) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempted collection of amounts due pursuant to this Guarantee or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S):	PERCENTAGE OWNERSHIP IN FRANCHISEE:
Signed: ______________________________ Print Name: ___________________________	______%
Signed: ______________________________ Print Name: ___________________________	______%
Signed: ______________________________ Print Name: ___________________________	______%

EXHIBIT E

TO THE THREE DOG BAKERY, LLC

FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT

CONFIDENTIALITY AGREEMENT

Three Dog Bakery, LLC and its affiliates (the "Company") and the undersigned, (each of Company and the undersigned is a "Party" and together the "Parties") are discussing, on a nonexclusive basis, a potential franchise transaction (the "Franchise Transaction"). In these discussions and negotiations, the Parties will disclose to each other certain confidential information (which may include a copy of Franchisor's confidential Operating Manual), on a nonexclusive basis, to be used solely to evaluate the Franchise Transaction. In consideration of the disclosure of Confidential Information by the Parties, the Parties agree as follows:

1. "Confidential Information" means non-public information and know-how concerning or provided by the Party providing the information ("Providing Party") and its assets or equity interests, including financial information, products, contracts, concepts, ideas, methods, and procedures of doing business, and any additional information supplied by the Providing Party in any form and which additional information is identified as confidential. Confidential Information does not include any information that is received by a Party ("Receiving Party") and the Receiving Party can demonstrate it (i) is or becomes a matter of public knowledge through no fault of the Receiving Party, (ii) is disclosed by the Receiving Party with the Providing Party's prior written consent to unrestricted disclosure, (iii) was known to and reduced to writing by the Receiving Party prior to the date of this Agreement, (iv) becomes known to the Receiving Party from a third party not bound by confidentiality, or (v) is information that Receiving Party is legally compelled to disclose.

2. **Nondisclosure**. Receiving Party will not disclose or describe to any third party such Confidential Information, directly or indirectly, under any circumstances or by any means.

3. **Nonuse**. The Receiving Party will not use, copy, transmit, reproduce, summarize, or quote the Confidential Information for any use other than as necessary to evaluate the Franchise Transaction.

4. **Protection of Confidentiality**. The Receiving Party will restrict access to the Confidential Information to those people who need to have access to the Confidential Information to evaluate the Franchise Transaction. The Receiving Party will inform those persons of the confidential nature of the Confidential Information and will obligate those persons to abide by the terms and conditions of this Agreement. The Receiving Party will exercise the same degree of care it uses to protect its own proprietary information or trade secrets in safeguarding the Confidential Information against loss, theft, or other inadvertent disclosure.

5. **Return of Confidential Information**. At any time requested by the Providing Party, the Receiving Party promptly will return to the Providing Party all Confidential Information, in whatever form, including copies, summaries or compilations made by the Receiving Party.

6. **Acknowledgement of Irreparable Harm**. The Receiving Party acknowledges that the Confidential Information contains trade secrets and other proprietary information, and that any disclosure or use of the Confidential Information other than as expressly permitted herein will cause irreparable harm to the Providing Party and that therefore the Providing Party will be entitled to equitable relief to enjoin any disclosure. This remedy is in addition to any other remedy available to the Parties.

7. **Negotiation Confidential**. The Parties will not disclose to any third person the fact that the Parties are discussing Franchise Transaction or the content of any such discussions, without Company's written consent.

8. **Franchise Transaction**. Neither this Agreement nor the disclosure of any information hereunder obligates either party to enter into a Franchise Transaction. Neither Party is entitled to rely on any information provided pursuant to this Agreement.

9. **Disputes**. This Agreement is governed by the laws of Missouri, exclusive of choice of law rules, and, where applicable, the laws of the United States of America. In any litigation arising out of this Agreement, the prevailing party will be entitled to recover all reasonable expenses of litigation and appeal and in any bankruptcy proceeding (including attorneys' fees), in addition to any other remedy to which the prevailing party is entitled. The Parties consent to the personal jurisdiction of the federal and state courts in the state of Missouri, USA, in any action brought in connections with this Agreement.

10. **Termination**. This Agreement will terminate at the time that the discussions concerning the Franchise Transaction are terminated or earlier upon delivery of written notice by one party to the other, provided that the obligations of each of the parties set forth in this Agreement will survive for a period of one year following the termination.

Date: ____________________, 20___	Date: ____________________, 20___
Three Dog Bakery, LLC	________________________
________________________ Signature	________________________ Signature
________________________ Print Name	________________________ Print Name
________________________ Title	________________________ Title

EXHIBIT F TO THE

THE THREE DOG BAKERY, LLC

FRANCHISE AGREEMENT

<u>COLLATERAL ASSIGNMENT OF LEASE</u>

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") hereby assigns and transfers to Three Dog Bakery, LLC ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under the lease, attached hereto as Exhibit 1 (the "Lease") respecting premises commonly known as ____("Store Site").

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

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

Upon a default by Assignor under the Lease or under the franchise agreement for a Store between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement or this Agreement, Assignee has the right and is hereby empowered to take possession of the Store Site, expel Assignor therefrom, and, in such event, Assignor will have no further right, title or interest in the Lease. Assignor hereby authorizes the Lessor to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than 30 days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing.

If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

Dated:______________________ ____________________________________

____

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee has the right to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Agrees that Franchisor will have the option, but not the obligation, to assume or renew the lease and the occupancy of the business Premises, including the right to sublease to another Franchisee, for all or any part of the remaining term of the lease, upon Franchisee's default or termination hereunder or upon Franchisee's default or termination or expiration of the Franchise Agreement, and in connection with said assumption Franchisor will not be obligated to pay to the landlord past due rent, common area maintenance, and other charges attributable to more than one (1) month. The landlord shall give Franchisor thirty (30) days, upon termination of Franchisee's rights under the lease, to exercise this option;

(d) Consents to the foregoing Collateral Assignment and agrees that if Assignee takes possession of the Store Site in accordance with paragraph (c) above and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor must recognize Assignee as tenant under the Lease; and

(e) Agrees that the lease may not be materially amended, assigned, or sublet without Franchisor's prior written approval.

LESSOR: ________________________

By: __________________________________

Title: _________________________________

Exhibit 1 to the Collateral Assignment of Lease

<u>Lease</u>

EXHIBIT G TO THE

THE THREE DOG BAKERY, LLC

FRANCHISE AGREEMENT

ACH AUTHORIZATION FORM

EXHIBIT I TO THE FRANCHISE AGREEMENT

ACH AUTHORIZATION FORM

Bank Name: ____
ABA# : ____
Acct. No.: ____
Acct. Name: ____

Effective as of the date of the signature below, **[Franchisee Name]** (the "Franchisee") hereby authorizes Three Dog Bakery, LLC (the "Franchisor") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Franchisor or its affiliates under the franchise agreement dated ________________(the "Franchise Agreement") for the franchised business located at _________________________________ (the "Franchised Business"): (i) all Royalty Fees; and (ii) all other fees and amounts due and owing to Franchisor or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Franchisor (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Franchisor shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Franchisor. **[Franchisee Name]** shall provide Franchisor, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISEE

[INSERT FRANCHISEE NAME]

By: __________________________________

Name (Print): __________________________

Its: ___________________________________

FRANCHISOR APPROVAL

THREE DOG BAKERY, LLC

By: _____________________________
Joe Dent, President, Franchising and Corporate Bakeries

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

EXHIBIT C
SYSTEM INFORMATION

EXHIBIT C
SYSTEM INFORMATION

LIST OF CURRENT FRANCHISE OPERATIONS AS OF NOVEMBER 6, 2023:

Location	Store Address	Bakery Operator	Store Phone/Fax
ARKANSAS, Bentonville	113 W. Central Ave., Suite 101 Front Bentonville, AR 72712	Robert and Paula Critselous	479-268-5599
CALIFORNIA, San Clemente	174 Avenida Del Mar San Clemente, CA 92672	Denise O'Donnell Lauren O'Donnell	949-218-3364
CALIFORNIA, Encino	17301 Ventura Boulevard Ste 103 Encino, CA 91316	Shane and Karen Hoggard	818-935-6966
COLORADO, Denver	1503 Boulder Street Denver CO 80211	Mandra Ryan	303-477 – 0844
GEORGIA, Grayson	1911 Grayson Highway, Suite 15 Grayson, GA 30017	Kelley Wharton	470-246-5798
FLORIDA, Sarasota	8455 Cooper Creek Blvd University Park, FL 34201	Joe, Lynnette & Liz Naughton	941-355-0399
FLORIDA, St. Petersburg	659 Central Ave St. Petersburg, FL 33701	Joe, Lynnette & Liz Naughton	727-827-7389
INDIANA, Indianapolis	844 Broad Ripple Avenue Indianapolis, IN 46220	Stacey & Scott Petcu	317.466.1646
INDIANA, Indianapolis	444 Massachusetts Ave. Indianapolis, IN 46204	Stacey & Scott Petcu	317.238-0000
INDIANA, Indianapolis	13904 Town Center Blvd. Suite 200 Noblesville, IN 46060	Stacey & Scott Petcu	317.776.6699
KANSAS, Overland Park	7951 W. 160th Street Suite 520 Overland Park, KS 66223	Nickie and Brad Gibbs	913-897-8189
KENTUCKY, Louisville	3929 Chenoweth Square Louisville, KY 40207	Steve Wilson & Shelby Simpson	502.897.3364

Location	Store Address	Bakery Operator	Store Phone/Fax
MICHIGAN, Detroit	17330 Hall Road, Ste 199A Clinton Township, MI, 48038	Chad and Angie Konzen	586.226.3364
MICHIGAN, Plymouth	550 Forest Ave. Unit #7 Plymouth, MI 48170	Gary and Camille Atkinson	734.453.9663
MINNESOTA, Apple Valley	15624 Pilot Knob Rd Apple Valley, MN 55124	Nicole Fandrich	952-456-0090
MISSOURI, Lee Summit	910-P NW Blue Parkway Lee's Summit, MO 64086	Jon Torpey	816-600-6518
NEVADA, Las Vegas	Pueblo Place 2110 N. Rampart Suite 150 Las Vegas, NV 89128	Frank Shaw and Michael Armstrong	702.737.3364
NEW MEXICO, Albuquerque	9821 Montgomery NE Suite C Albuquerque, NM 87111	John Chiuminatto	505.294.2300
NORTH DAKOTA, Fargo	465 32nd Ave E Suite B, West Fargo, ND 58078 701-532-2420	Megan Pechin Bergseth, Kelsey Yesteboe and Kristen Burbank	701.532.2420
OHIO, Cincinnati	2649 Edmonson Road Cincinnati, Ohio 45209	Laina Chow	513-631-3364
OHIO, Toledo	5236 Monroe Street, Suite E Toledo, OH 43623	Ron and Lynn Riehle	567-225-3647
OHIO, Perrysburg	26611 N Dixie Hwy, Perrysburg, OH, United States	Ron and Lynn Riehle	419-931-9913
OKLAHOMA, Edmond #1	1380 W. Covell Road Edmond, OK 73003	Hannah and Devin Briegge	405-285-9111
OKLAHOMA, Owasso	12500 East 86th St N ,Owasso, OK 74055	Jamie Cordova	918-404-5256
OKLAHOMA, Stillwater	316 N Main Street, Ste 5 Stillwater, Oklahoma	Hannah and Devin Briegge	405.714.2971

Location	Store Address	Bakery Operator	Store Phone/Fax
PENNSYLVANIA, Kingston	785 Wyoming Avenue, Unit 101 Kingston, PA	Jennifer Sell	570-285-3647
PENNSYLVANIA, Sewickley	555 Beaver Street Sewickley, PA 15143	Lee Ann Carey	412.356.5129
PENNSYLVANIA, West Chester	1502 West Chester Pike West Chester, PA 19382	Chris & Kim Stack	484-266-0151
TENNESSEE, Collierville	2136 West Poplar Ave. Suite 116 Collierville, TN 38017	John Withers	901.853.5464
TENNESSEE, Nashville #2	1982 Providence Parkway #102 Mount Juliet, TN	Lori Elam	615-701-2128
TEXAS, Arlington #1	817 E. Lamar Arlington, TX 76011	Kim Harmon	817.795.3135
TEXAS, Alliance (Fort Worth)	9530 Feather Grass Lane, Suite 140 Fort Worth, TX 76177	Kim Harmon	817-741-3364
TEXAS, Amarillo	3562 Soncy Rd Suite 381 Amarillo, TX 79119	Angie Castillo	(806) 803-1917
TEXAS, Dallas/Plano	5960 W. Parker Rd. Suite 228 Plano, TX 75093	Kim Harmon	972-473-2275
TEXAS, Flower Mound	5810 Long Prairie Rd #600 Flower Mound, TX 75028	Kim Harmon	817.310.3364
TEXAS, Lubbock	5214 98th Street, Suite 103 Lubbock, TX 79424	Angie Castillo	(806) 317-1237
TEXAS, Houston #1 -	2402 Rice Boulevard, Houston, TX 77005	Sara Saber and Carin Giga	713-533-9933
Mansfield TX	3300 E. Broad St., Suite 144 Mansfield, Texas 76063	Kim Harmon	817-592-3531

LIST OF FRANCHISEES FOR WHICH A FRANCHISE AGREEMENT HAS BEEN SIGNED BUT OUTLET NOT YET BEEN OPENED AS OF NOVEMBER 6, 2023

Contact	City	State	Phone Number	No. of Stores
Glen Pyne	Yorba Linda	CA	714-693-3800	1
Joe, Lynnette & Liz Naughton	Sarasota	FL	941-355-0399	1
John Ma	Long Island	NY	917-561-8882	1
Angie Castillo	Lubbock	TX	806-317-1237	1
Sara Saber and Carin Giga	Houston	TX	813-533-9933	1
Kim Harmon	Dallas	TX	817-795-3135	1
Danielle Bolbach	Highlands	CA	951-317-7914	1
Cynthia Drager	Chandler	AZ	512-565-7505	1
Joey and Tracy St. John	Columbus	GA	706-566-9239	1

FORMER FRANCHISEES AS OF DECEMBER 31, 2022
and within 10-weeks of the date of this disclosure document:

PENNSYLVANIA, Sewickley	Maggie Kopf	917-405-7019	2022 Transfer
NEW MEXICO, Albuquerque	Jessica Montoya	505-980-7512	2023 Transfer
OKLAHOMA, Edmond	Jeanne Joiner	405-361-2590	2023 Transfer
DALLAS, Texas	Brad and Christy Howard	817-988-8539	2023 Transfer
PENNSYLVANIA, Kingston	Kathy Berger	570-814-9667	2023 Transfer

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

EXHIBIT D
STATE ADMINISTRATORS

We may not be registered to offer and sell franchises in all of these states:

STATE	REGULATORY AUTHORITIES
CALIFORNIA	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 (213) 576-7505
CONNECTICUT	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232
FLORIDA	Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, Florida 32399-0800 (850) 922-2770
HAWAII	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722
ILLINOIS	Chief, Franchise Bureau Illinois Attorney General 100 W. Randolph Street Chicago, IL 60601 (312) 814-3892
INDIANA	Secretary of State Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681

STATE	REGULATORY AUTHORITIES
IOWA	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Department of the Attorney General Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
NEBRASKA	Staff Attorney Department of Banking and Finance 1200 N Street Suite 311 P.O. Box 95006 Lincoln, Nebraska 68509 (402) 471-3445
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222

STATE	REGULATORY AUTHORITIES
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue, 5th Floor Bismarck, ND 58505 (701) 328-4712
RHODE ISLAND	Associate Director and Superintendent of Securities Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 222-3048
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 S. Euclid Suite 104 Pierre, SD 57501 (605) 773-3563
TEXAS	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
UTAH	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051
WASHINGTON	State of Washington Director, Department of Financial Institutions Securities Division 150 Israel Road, SW P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760

STATE	REGULATORY AUTHORITIES
WISCONSIN	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555
FEDERAL TRADE COMMISSION	Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6th Street, NW Washington, D.C. 20580 (202) 326-3128

EXHIBIT E
AGENTS FOR SERVICE OF PROCESS

Three Dog authorizes the following persons to accept service of process on behalf of Three Dog in the respective states:

MISSOURI and all other states not listed below:

BC Agent Services
3500 One KC Place
1200 Main Street
Kansas City, MO 64105

CALIFORNIA
Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013

HAWAII
Commissioner of Securities
335 Merchant Street, Room 203
Honolulu, HI 96813-2921

ILLINOIS
Franchise Examiner
Franchise Division
Office of the Attorney General
500 South Second Street
Springfield, IL 62706

INDIANA
Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, IN 46204

MARYLAND
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020

MICHIGAN
Michigan Department of Commerce, Corporations and Securities Bureau
525 W. Ottowa
670 Law Building
Lansing, MI 48913

MINNESOTA
Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198

NEW YORK
Secretary of State
99 Washington Avenue
Albany, NY 12231
(518) 473-2492

NORTH DAKOTA
North Dakota Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, ND 58505

SOUTH DAKOTA
Department of Commerce
Division of Securities
124 S. Euclid Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

WASHINGTON
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501

WISCONSIN
Commissioner of Securities
P.O. Box 1768
345 W. Washington Avenue
4th Floor
Madison, WI 53703

EXHIBIT F

[*RESERVED*]

EXHIBIT G

GENERAL RELEASE

GENERAL RELEASE

THIS **GENERAL RELEASE** (this "***Release Agreement***") is made between THREE DOG BAKERY, LLC, a Delaware Limited Liability Company (the "***Company***"), ________________________ (the "***Franchisee***") and the undersigned "***Owners***" of Franchisee, effective as of _______________, 20___ ("***Effective Date***") with reference to the following facts:

A. [*Explain reason for signing release; for example, the parties are renewing an existing franchise, or are terminating an existing franchise agreement, or are assigning a franchise agreement to a new party:*] ____
____; and

B. Company is willing to do so provided that the Franchisee and the Owners execute this Release Agreement.

NOW, THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration the receipt and sufficiency of which are acknowledged, and intending to be legally bound, the Franchisee, the Owners, and the Company agree as follows:

1. **General Release**. The Franchisee and each of the Owners, jointly and severally, on behalf of themselves and their respective "Constituents" (as defined below), release and forever discharge the Company and each of its Constituents (collectively, the "***Company Released Parties***") from any and all actual and alleged claims, demands, losses, damages, agreements (whether written or oral), obligations, debts, suits, causes of action, awards, judgments, liabilities, rights to terminate or rescind, and other costs and expenses including attorneys' fees and court costs whether known or unknown, arising in law or equity, anticipated or unanticipated, past, present, contingent or fixed, existing, claimed to exist or which may hereafter exist (collectively, "***Claims***") which any of the Franchisee or the Owners have or may have against the Company Released Parties arising out of or relating to any act, fact, matter, thing or event that occurred or existed on or before the Effective Date.

For purposes of this Release Agreement, "***Constituents***" means past, present, and future, direct and indirect, parents, subsidiaries, affiliates, owners, shareholders, partners, members, trustees, receivers, executors, representatives, and administrators, and the past, present, and future officers, directors, agents, managers, principals, employees, insurers, predecessors, successors, assigns, agents, representatives, and attorneys of each of them.

2. **Release of Unknown Claims**. With respect to those claims being released pursuant to Section 1, the Franchisee and the Owners, each for itself and on behalf of its respective Constituents, acknowledge that it is releasing unknown claims and waives all rights it has or may have under any statute or common law principle that excludes from a general release any unknown claims. The Franchisee and each of the Owners acknowledge that this general release extends to claims which the Franchisee and the Owners do not know or suspect to exist in favor of them at the time of executing this Release Agreement, which if known by any of them may have materially affected its or their decision to enter into this Release Agreement. It is understood by each of the Franchisee and the Owners that the

facts in respect of which this Release Agreement are given may later turn out to be other than or different from the facts in that connection known or believed to be true. The Franchisee and each of the Owners therefore expressly assumes the risk of the facts turning out to be so different and agree that this Release Agreement will be in all respects effective and not subject to termination or rescission by any difference in facts.

3. **Representations, Warranties and Covenant Not to Sue**. The Franchisee and the Owners (and each of them) represent and warrant to Company that, in entering into this Release Agreement: (a) they are doing so freely and voluntarily upon the advice of counsel or business advisor of their own choosing (or they have declined to do so, free from coercion, duress, or fraud); (b) they have read and fully understands the terms and scope of the Release Agreement that they are entering into; (c) they intend this Release Agreement to be final and conclusive; and (d) they have not assigned, transferred, or conveyed to any third party all or any part of or any partial or contingent interest in any of the Claims that are called for to be released by this Release Agreement and will not purport to do so, and they are aware of no third party who contends or claims otherwise.

The Franchisee and the Owners (and each of them) will not, directly or indirectly, assert any Claim or commence or cause to be commenced, any proceeding of any kind against any Company Released Party, based upon any matter purported to be released by this Release Agreement. The Franchisee and each of the Owners, jointly and severally, will defend and indemnify each Company Released Party (including attorneys' fees and costs of defense) against the assertion by or on behalf of the Franchisee, any Owner, or any of their respective Constituents, of any Claim or other matter purported to be released pursuant to this Release Agreement and any breach of representations, warranties, or covenants by the Franchisee, any of the Owners, or any of their respective Constituents.

4. **Miscellaneous**. This Release Agreement (a) cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties; (b) constitutes the entire understanding between and among the parties with respect to its subject matter; (c) may be executed in any number of counterparts, each of which will be deemed to be an original, but all of which together will constitute only a single instrument; (d) may be executed by facsimile, and signatures on a facsimile copy will be deemed authorized original signatures; (e) is binding upon and will inure to the benefit of the parties to this Release Agreement and their respective successors and permitted assigns; and (f) supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. The rule that an agreement is to be construed against the party drafting the agreement is waived by the parties, and will have no applicability in construing this Release Agreement or the terms of this Release Agreement. Any provision of this Release Agreement which is prohibited, unenforceable, or not authorized in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of the prohibition, unenforceability, or non-authorization, without invalidating the remaining provisions of this Release Agreement or affecting the validity, enforceability or legality of the same provision in any other jurisdiction. None of the parties is relying upon any representation, warranty, agreement, or covenant not set forth in this Release Agreement.

[Agreement concludes, and signatures appear, on next page.]

5. **Governing Law**. This Release Agreement will be governed by and construed in accordance with the internal laws of the State of Missouri, without reference to conflict of law principles.

IN WITNESS WHEREOF, the parties hereto have executed this Release Agreement as of the date set forth above.

The "***Company***":

THREE DOG BAKERY, LLC,
a Delaware Limited Liability Company

By: ________________________________

Its: ____________________________

The "***Franchisee***":

____

By: ________________________________

Its: ____________________________

The "***Owners***":

____
(signature, in individual capacity)

Printed Name: ________________________

____
(signature, in individual capacity)

Printed Name: ________________________

EXHIBIT H

STATE REQUIRED ADDENDA

ADDENDUM TO THREE DOG BAKERY, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

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.

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

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 requires the application of the laws of Missouri. This provision may be unenforceable under California Law.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Jackson County, Missouri. This provision may not be enforceable under California law.

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

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

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

YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31505). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).

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

Neither Three Dog, nor any person or franchise broker 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 these persons from membership in this association or exchange.

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

OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

ILLINOIS ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT

Illinois law governs the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, 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.

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

ILLINOIS ADDENDUM
TO FRANCHISE AGREEMENT

The Franchise Agreement is specifically amended as follows:

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987 (as amended), the parties to the attached Franchise Agreement ("**Agreement**") agree as follows:

Illinois law shall apply and govern the Franchise Agreement

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, 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.

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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms

THREE DOG BAKERY, LLC	FRANCHISEE:
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________

AMENDMENT TO THREE DOG BAKERY LLC FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, MD Ann. Code art. 56, Sections 345-365D, the parties to the attached Three Dog Bakery LLC Franchise Agreement agree as follows:

1. Sections 13.3 and 14.6 of the Franchise Agreement will be supplemented by the addition of the following language to the end of those respective Sections:

> ;pursuant to Maryland law, any general release required of the franchisee as a condition of renewal, sale, assignment and/or transfer shall not apply to any release from liability under the Maryland Franchise Registration and Disclosure Law. The sections of this Agreement which contradict this Code provision are amended accordingly.

2. Sections 18.4 of the Franchise Agreement are supplemented as follows;

> provided, however, that franchisee may file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction in the State of Maryland.

3. The Franchise Agreement shall be supplemented by addition of the following:

> Any acknowledgements or representations of the franchisee which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor will they act as a release, estoppels, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Amendment.

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Franchise Agreement in duplicate on the date first above written.

THREE DOG BAKERY LLC
By:
Name:
Title:

FRANCHISEE:
By:
Name:
Title:

ADDENDUM TO THREE DOG BAKERY LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MARYLAND

For franchises and franchisee/developers subject to the Maryland Franchise Registration and Disclosure Law, the following information replaces or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Three Dog Bakery, LLC Franchise Disclosure Document:

Item 17.

The Franchise Agreement and Area Development Addendum provide that Three Dog Bakery, LLC may terminate these Agreements, as applicable, if you voluntarily or involuntarily file for bankruptcy, as described in the "Summary of Cause Defined" (provision (h.)). This provision may not be enforceable under federal bankruptcy law.

Any general release signed as a condition to renewal, sale, assignment, or transfer of these Agreements shall not release Franchisor from any liability imposed by the Maryland Franchise Registration and Disclosure Law.

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to agree to any release, estoppel or waiver of liability as a condition of purchasing a franchise. To the extent that the Franchise Agreement may require you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase your franchise, it is hereby amended to state that such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law requires the franchisor to file an irrevocable consent to be sued in Maryland. Accordingly, the Summary of the Choice of Forum (provision (v.)) is amended to provide that you may file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction within the State of Maryland.

Section 14-227 of the Maryland Franchise Registration and Disclosure Law provides that any action brought under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

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

NEW YORK
ADDENDUM TO DISCLOSURE DOCUMENT

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

4. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee":** You may terminate the agreement on any grounds available by law.

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

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

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

ADDENDUM TO THREE DOG BAKERY, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA

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 for Three Dog Bakery, LLC shall be amended by the addition of the following language:

1. The following language is added to the "Summary" section of Item 17(c) entitled **Requirements for renewal or extension** and Item 17(m) entitled **Conditions for franchisor approval of a transfer**:

> The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.

2. The applicable portion of the "Summary" section of Item 17(i) entitled **Franchisee's obligations on termination/non-renewal** is amended to read as follows:

> If we prevail in any enforcement action you will pay all damages and costs we incur in enforcing the termination provisions of the Franchise Agreement

3. The following is added to the "Summary" section of Item 17(u) entitled **Dispute resolution by arbitration or mediation**:

> To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

4. The following is added to the "Summary" section of Item 17(r) entitled **Non-competition covenants after the franchise is terminated or expires**:

> Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

5. The following is added to the "Summary" section of Item 17(v) entitled **Choice of forum**:

> However, to the extent allowed by the North Dakota Franchise Investment Law, you may commence any cause of action against us in any court of competent jurisdiction, including the state or federal courts of North Dakota.

6. The "Summary" section Item 17(w) entitled **Choice of law** is deleted and replaced with the following: North Dakota law applies.

<u>NORTH DAKOTA</u>
AMENDMENT TO FRANCHISE AGREEMENT

1. The following is added to the Section 14 of the Franchise Agreement:

   The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.

2. The following is added to Section 16 of the Franchise Agreement:

   Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

3. The following is added to Section 18 of the Franchise Agreement:

   To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration and/or mediation will be at a site not remote from Franchisee's place of business, to which Franchisor and Franchisee mutually agree.

4. The following is added to Section 19 of the Franchise Agreement:

   However, to the extent allowed by the North Dakota Franchise Investment Law, Franchisee may commence any cause of action against Franchisor in any court of competent jurisdiction, including the state or federal courts of North Dakota.

   Franchisor acknowledges that pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, all provisions in the Disclosure Document requiring Franchisee to consent to the jurisdiction of courts outside of North Dakota are hereby void.

5. Section 19 of the Franchise Agreement is hereby amended to provide that North Dakota law governs the agreements between the parties to this franchise and is amended to include the following:

   EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), THE FEDERAL ARBITRATION ACT, OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THE STATE OF NORTH DAKOTA.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

Three Dog Bakery, LLC	Franchisee:______________________________
By: ______________________________	By: ____________________________________
Title: ____________________________	Title: ___________________________________

VIRGINIA
ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Three Dog Bakery, LLC for use in the Commonwealth of Virginia shall be amended as follows:

The following statement is added to Item 17.h:

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

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

WASHINGTON STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, MULTIPLE FRANCHISE PURCHASE ADDENDUM AND DISCLOSURE ACKNOWLEDGEMENT 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.

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

The undersigned does hereby acknowledge receipt of this addendum.

Dated this ________________ day of ______________________________________ 20______.

__________________________________ __________________________________

FRANCHISOR FRANCHISEE

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EXHIBIT J
FRANCHISE PREMISES LEASE AGREEMENT RIDER

This Franchise Premises Lease Agreement Rider ("Rider") has been entered this ______ day of _____, 20____. It is by and between ______________, ("Landlord") and _________________________ (jointly and severally "Tenant").

RECITALS

On or about ______________, 20____, Landlord and Tenant executed a lease agreement (the "Lease Agreement") by which Tenant leased from Landlord real property for Tenant's operations of a Three Dog Bakery franchise at the following location: ___________________________ (the "Franchise Premises").

On or about ______________, 20__, Tenant and Three Dog Bakery, LLC (the "Franchisor") executed a franchise agreement (the "Franchise Agreement") for Tenant to operate a Three Dog Bakery franchise at the Franchise Premises.

Landlord and Tenant desire to execute this Rider to the Lease Agreement to give Franchisor certain rights to the Franchise Premises as required by the Franchise Agreement.

THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. **Use of Franchise Premises**. Landlord acknowledges and agrees that the Franchise Premises may be used only for the operation of a Three Dog Bakery facility. Landlord permits Tenant to use and display the following service marks, trademarks, and commercial logos: *Three Dog Bakery* and all other marks that Franchisor has developed or develops in the future for a Three Dog Bakery facility.

2. **Landlord Reports and Disclosures to Franchisor**. Tenant acknowledges and agrees that Landlord may, upon Franchisor's written request, disclose to Franchisor all reports, information, or data in Landlord's possession respecting sales made in, upon, or from the Franchise Premises and Tenant's business operations.

3. **Assignment to Franchisor**. Anything contained in the Lease Agreement to the contrary notwithstanding, Landlord agrees that without Landlord's consent, the Lease Agreement and Tenant's right, title and interest, may be assigned by Tenant to Franchisor, without cost or penalty. Landlord grants to Franchisor the right, at Franchisor's election, to receive an assignment of the Lease Agreement and the leasehold interest in the Franchise Premises, upon termination or expiration of Tenant's Franchise Agreement.

4. **Tenant's Default; Notice to Franchisor**. Landlord will give written notice to Franchisor (concurrently with the giving of notice to Tenant) of any breach by Tenant under the Lease Agreement. Franchisor will have the right (but not obligation), in Franchisor's sole discretion, to cure any breach at Tenant's expense within **15** business days after the expiration of the period in which Tenant had to cure

the default. Notice will be sent to the following address, or to the address Franchisor may, from time to time, specify in writing to Landlord:

THREE DOG BAKERY, LLC
6131 Deramus Avenue
Kansas City, MO 64120

5. **Franchise Premises De-identification**. Upon termination, expiration, or non-renewal of the Lease Agreement, Tenant may de-identify the Franchise Premises. If Tenant fails to do so, Landlord gives Franchisor the express right to de-identify. De-identification consists of removal of all signs; modification or remodeling of all identifying architectural features; repainting as necessary to no longer use the cooler scheme used by Franchisor; and any other steps necessary (in Franchisor's reasonable discretion) to effectively distinguish the Franchise Premises from Franchisor's proprietary designs and marks.

6. **Renewal, Extension, or Cancellation of the Lease Agreement**. Landlord will not extend, renew, or cancel the Lease Agreement without Franchisor's prior written consent, which consent will not be unreasonably withheld.

7. **Third Party Beneficiary**. Tenant and Landlord acknowledge and agree that Franchisor is a third party beneficiary of this Rider, and Franchisor is entitled to all rights and remedies conferred upon Franchisor under this Rider (which Franchisor may enforce directly against Tenant or Landlord, with or without the consent or joinder of Tenant). Notwithstanding anything contained in this Rider, Franchisor will have no liability under the Lease Agreement or this Rider unless Franchisor expressly enters into a written agreement with Landlord.

8. **Signatures**.

IN WITNESS, the parties have executed this Rider on the day and year first above written.

("Landlord"): ______________________

By: ____________________________
Name: ____________________________
Title: ____________________________

("Tenant"): ______________________

By: ____________________________
Name: ____________________________
Title: ____________________________

EXHIBIT K

STATE EFFECTIVE DATES

State Effective Dates

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

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

STATE	EFFECTIVE DATE
CALIFORNIA	PENDING
FLORIDA	EFFECTIVE
HAWAII	NOT REGISTERED
ILLINOIS	PENDING
INDIANA	PENDING
MARYLAND	PENDING
MICHIGAN	EFFECTIVE
MINNESOTA	PENDING
NEW YORK	PENDING
NORTH DAKOTA	PENDING
RHODE ISLAND	PENDING
SOUTH DAKOTA	PENDING
UTAH	EFFECTIVE
VIRGINIA	PENDING
WASHINGTON	PENDING
WISCONSIN	PENDING

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

EXHIBIT L
RECEIPT

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

If Three Dog Bakery, LLC, offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Three Dog Bakery, LLC, or its affiliates in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Three Dog Bakery, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit E.

The following is the name, principal business address and telephone number of each franchise seller offering this franchise:

☐ Joe Dent, President, Three Dog Bakery, LLC, 6131 Deramus Avenue Kansas City, MO 64120.

☐ ____

Date of Issuance: June 30, 2023, as amended November 6, 2023. See state cover page for effective dates in registration states.

See Exhibit E for our registered agents authorized to receive service of process.

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

A	Financial Statements	G	General Release
B	Franchise Agreement	H	State Required Addenda
C	System Information	I	Table of Contents of Manuals
D	State Administrators	J	Lease Rider
E	Agents for Service of	K	State Effective Dates
F	[Process Reserved]	L	Receipt

Date:________________________

Signatures of All Prospective Franchisees:

Signature: __________________________ Signature: _____________________________

Print Name: __________________________ Print Name: _______________________________

Name of Corporation/LLC/Partnership: _______________________________________

By: __________________________ Title: __________________________

KEEP THIS COPY FOR YOUR RECORDS.

RECEIPT

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E	Agents for Service of Process	K	State Effective Dates
F	[Reserved]	L	Receipt

Date:________________________

Signatures of All Prospective Franchisees:

Signature: ____________________________ Signature: _______________________________

Print Name: ____________________________ Print Name: _______________________________

Name of Corporation/LLC/Partnership: _______________________________________

By: __________________________ Title: __________________________

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO THREE DOG BAKERY, LLC