

## FRANCHISE DISCLOSURE DOCUMENT

Ben's Soft Pretzels Franchising Corporation  
1119 S. Indiana Avenue  
Goshen, Indiana 46526  
(574) 970-2188  
scott@benspretzels.com  
www.benspretzels.com

# BEN'S SOFT PRETZELS®

We grant you the right to operate a BEN'S SOFT PRETZELS® Store. Your Store will offer soft pretzels, pretzel pockets and soft drinks products and other current menu items.

The total investment necessary to begin operation of a BEN'S SOFT PRETZELS Store is \$122,200 to \$344,500 for a traditional store and \$90,000 to \$246,500 for a mobile store. This includes \$31,000 that must be paid to the 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 government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Scott A. Jones at 1119 S. Indiana Avenue, Goshen, Indiana 46526; (574) 970-2188.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://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.

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## 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
<b>How much can I earn?</b>	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 B.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only BEN'S SOFT PRETZELS business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a BEN'S SOFT PRETZELS franchisee?</b>	Item 20 or Exhibit B lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Indiana. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Indiana than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its 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.

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

**NOTICE REQUIRED  
BY  
STATE OF MICHIGAN**

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the Franchise Agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

**The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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## EXHIBITS

- Exhibit A List of State Agencies and Agents for Service of Process
- Exhibit B List of Current and Former Franchisees
- Exhibit C Franchise Agreement (Schedules A-H and Acknowledgement Addendum)
- Exhibit D Financial Statements
- Exhibit E Manual Table of Contents
- Exhibit F Sample Release
- Exhibit G State Addenda
- Exhibit H State Effective Dates
- Exhibit I Receipts



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

To simplify the language in this Disclosure Document, “we” or “us” means Ben’s Soft Pretzels Franchising Corporation, the Franchisor. “You” means the person or entity that buys the franchise. If the franchisee is a corporation, partnership or other entity, “you” also may mean its owners.

**The Franchisor**

We are an Indiana corporation formed on November 1, 2012. Our principal place of business is 1119 S. Indiana Avenue, Goshen, Indiana 46526; (574) 970-2188; www.benspretzels.com. We do business under our company name, Ben’s Soft Pretzels Franchising Corporation, and the tradename “BEN’S SOFT PRETZELS.” Our agents for service of process are listed in Exhibit A.

**Our Parents, Predecessors and Affiliates**

We do not have any predecessors nor any parent. Live Large Distribution Inc. is our affiliate that has made BEN’S SOFT PRETZELS pretzel mix and distributed products, equipment and supplies to franchisees since 2014. Live Large Distribution Inc. has a principal business address of 1119 S. Indiana Avenue, Goshen, Indiana 46526. We have two other affiliates, Evan Jones Management Inc., which has sublet space to franchisees since 2014 and Ben’s Soft Pretzels LLC, which has owned stores since 2008 and sublet space to franchisees since 2013. Evan Jones Management Inc. and Ben’s Soft Pretzels LLC share our same principal place of business. None of our affiliates offer or have offered franchises in any line of business.

**Our Business Experience**

We began offering franchises in January 2013. We have not offered franchises in other lines of business. We have not operated a BEN’S SOFT PRETZELS store; however, affiliates related to us by common ownership have operated BEN’S SOFT PRETZELS stores since 2008. We focus on franchising independently owned stores and providing franchise support to franchisees. We also have a license program we offer to certain qualifying operators who have been in the food service business at least 2 years and our BEN’S SOFT PRETZELS business will be less than 20% over their overall business with that business arrangement qualifying as a fractional franchise under state and federal law (“BSP License Program”). We have no other business activities.

**The Franchise**

We grant you the right to operate a BEN’S SOFT PRETZELS Store (the “Store”) at a designated location under the terms of the BEN’S SOFT PRETZELS Franchise Agreement (“Franchise Agreement”) (a copy of which is attached as Exhibit C). Your Store will offer soft pretzels, pretzel pockets and other food items and soft drinks (the “Menu Items”) using certain procedures, techniques, business methods, business forms, business policies and a body of knowledge pertaining to the establishment and operation of the Stores (the “System”). You must prepare the Menu Items in accordance with our recipes, specifications and requirements and serve in accordance with our specified standards. Each Franchised Store operates under the name BEN’S SOFT PRETZELS and other marks as we designate (“Marks”). BEN’S SOFT PRETZELS Stores are typically 290 to 1,100 square feet, depending on the location of your Store.

In certain circumstances, your location may be within a captive venue, such as an airport, sports arena, stadium or venue, or major retailer. We or one of our affiliates may have entered into arrangements with such captive venue spaces. In these circumstances, you will enter into the Franchise

Agreement attached at Exhibit C, as well as the appropriate Captive Venue Addendum attached to the Franchise Agreement, which may be in the form of a sublease or sublicense, depending on the captive venue.

We offer a program which allows for deferred payment of part of the Initial Franchise Fee to franchisees willing to commit to open up to three Stores (“3-Pack”) at three designated locations. You do not sign any form of development agreement for the three Stores, although you will sign a “3-Pack” Addendum, included as Schedule E to the Franchise Agreement.

In addition, we offer the opportunity to operate a BEN’S SOFT PRETZELS business through the operation of a food truck, trailer or other approved mobile vehicle (“Mobile Store”) that may operate and sell products within a non-exclusive designated area. In the event you qualify, you must sign the Franchise Agreement as well as the Mobile Store Addendum attached to the Franchise Agreement.

You must adhere to the System regardless of the size, location and type of your Store.

### The Market and Competition

The Menu Items your Store will offer will not be impacted by seasonality. Your competitors include other stores, including quick service stores and businesses, particularly those offering similar food products, including national or regional franchise systems and other chains. We believe that the market for retail businesses offering similar Menu Items is developing. The ability of each BEN’S SOFT PRETZELS franchisee to compete depends on various market conditions, including location, co-tenants, traffic patterns, ingress and egress to the location, parking, service, product quality, advertising, employees, overhead, any applicable state or local regulations or licensing requirements, changes in local market and economic conditions, inflation, changes in food, labor and energy costs, fluctuating insurance and interest rates, as well as other factors both within and outside of a franchisee’s control.

### Licenses and Permits

In addition to laws and regulations that apply to businesses generally, your Store is subject to federal, state and local regulations and guidelines governing the food service industry (including health, sanitation and safety regulations regarding food storage, preparation and safety, “Truth in Menu” concerning menu item names and product labeling, nutritional claims, and access to your Store by persons with disabilities (under the federal Americans with Disabilities Act)). For a Mobile Store, you will need to consider other laws like those that require certain state and local areas to meet air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation, as well as any driving and sanitation laws. The details of state, county and local laws and regulations vary from place to place.

## **ITEM 2** **BUSINESS EXPERIENCE**

### Director, President and Chief Executive Officer: Scott A. Jones

Mr. Jones has been Director, President and Chief Executive Officer of Ben’s Soft Pretzels Franchising Corporation since its inception in November 2012. From February 2008 to the present, Mr. Jones has been Member, Director, Executive Vice President, Secretary and Treasurer of Ben’s Soft Pretzels LLC, a Store development business in Goshen, Indiana which operates Ben’s Soft Pretzels stores and sublets space to franchisees. From March 2014 to the present, he has been Director, Secretary and Treasurer of Evan Jones Management Inc., which sublets space to franchisees since 2014. From February

2014 to the present, he has been Director, Secretary and Treasurer of Live Large Distribution Inc., which makes pretzel mix and distributes products, equipment and supplies in Goshen, Indiana.

Director, Vice President, Secretary and Treasurer: Brian B. Krider

Mr. Krider has been Director, Vice President, Secretary and Treasurer of Ben's Soft Pretzels Franchising Corporation since its inception in November 2012. From February 2008 to the present Mr. Krider has been Member, Director, President and Chief Executive Officer of Ben's Soft Pretzels LLC, a Store development business in Goshen, Indiana which operates Ben's Soft Pretzels stores and sublets space to franchisees. From March 2014 to the present, he has been Director and President of Evan Jones Management Inc., which sublets space to franchisees since 2014. From February 2014 to the present, he has been Director and President of Live Large Distribution Inc., which makes pretzel mix and distributes products, equipment and supplies in Goshen, Indiana.

Unless otherwise stated above, the location of each of the positions described above is Goshen, Indiana.

### **ITEM 3** **LITIGATION**

No litigation is required to be disclosed in this Item.

### **ITEM 4** **BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

### **ITEM 5** **INITIAL FEES**

#### **Initial Franchise Fee**

The initial franchise fee for a single Store is \$30,000. It is paid to us as a lump sum upon signing the Franchise Agreement, is earned upon receipt and is not refundable.

We also offer a program which allows for deferred payment of part of the initial franchise fee to franchisees willing to commit to open up to 3 Stores. The total initial franchise fee for this program is \$65,000 (*i.e.*, \$30,000 initial franchise fee for the first Store, \$20,000 initial franchise fee for the second Store and \$15,000 for the third Store). You will sign all 3 franchise agreements at the same time and pay \$47,500 at the time of signing (\$30,000 for the initial franchise fee for the first Store, \$10,000 for the first installment of the second Store, and \$7,500 for the first installment of the third Store). You will be required to open your second Store 12 months after the opening of your first Store. You will be required to pay an additional \$10,000 of the initial franchise fee at the time you sign a lease or otherwise secure a site for the location of your second Store. You will be required to open your third Store 18 months after the opening of your first Store. You will be required to pay the remaining \$7,500 of the initial franchise fee at the time you sign a lease or otherwise secure a site for the location of your third Store. If you enter into multiple franchise agreements in order to defer portions of the initial franchise fee, as described in this paragraph, the initial franchise fee is not refundable under any circumstances.

In addition to the above program, we will reduce the initial franchise fee for existing franchisees if they decide, during the term of a franchise agreement with us, to open one or more additional Stores. If an existing franchisee seeks to open an additional Store, we will reduce the initial franchise fee to \$5,000-

\$25,000 for the franchisee’s second and subsequent Stores, depending on factors like whether the Store is a Mobile Store or Captive Venue. These subsequently paid initial franchise fees are payable in lump sum upon execution of the then-current form of franchise agreement and are not refundable under any circumstances.

Finally, we offer a program for honorably discharged veterans, where the initial franchise fee for the first Store is \$15,000. If an honorably discharged veteran franchisee seeks to open one additional Store, we will reduce this initial franchise fee to \$10,000 for the franchisee’s second Store. To qualify for these reduced initial franchise fees, the veteran must own 50% or more of the franchisee entity that enters into each franchise agreement. Further, for honorably discharged veterans these reduced initial franchise fees are for the first two stores only, and the fee deferral program described above is not reduced in any further amount. These initial franchise fees are payable in lump sum upon execution of the then-current form of franchise agreement and are not refundable under any circumstances.

During 2023 the initial franchise fees ranged from \$0 (for an existing franchisee adding a Mobile Store) to \$30,000.

Initial Equipment and Inventory Purchases

You also must purchase from our affiliate, Live Large Distribution Inc., inventory at a cost of approximately \$1,000. These payments are not refundable and paid in lump sum prior to delivery.

**ITEM 6**  
**OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee	6% of Gross Sales.	Payable weekly.	See Notes 1 and 8.
Advertising Fund Fee	Up to 4% of Gross Sales. Currently, 1.5% of Gross Sales.	Payable weekly.	See Notes 1, 2 and 8.
Ongoing Training	Currently \$500 per day plus cost of transportation, lodging and other expenses.	As incurred.	See Note 3
Additional Assistance	Additional assistance is currently \$500 per day plus cost of transportation, lodging and other expenses.	As incurred.	See Note 4 and Item 12.
Transfer Fee	One-half of the then current initial franchise fee for a non-discounted first franchise; as well as any third-party broker fees that are due in connection with the proposed transfer.	At time of transfer.	If you transfer your franchise to your corporation or limited liability company or partnership, we charge for our legal expenses and related costs, but no transfer fee is due.
Audit	Cost of inspection or audit; currently \$3,500.	As incurred.	Payable only if you fail to furnish reports or records or if the audit

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
			reveals you have understated your Gross Sales by more than 5%.
Interest	12% per annum or the maximum contract rate of interest permitted by governing law, whichever is less.	As incurred.	The maximum late fee interest rate in the state of California is 10% annually.
Late Fee	\$100.	As incurred.	Applies to each demand for payment, non-sufficient funds checks, violation of Franchise Agreement, and the failure to provide reports and financial statements in a timely manner.
Telephone Service Cost	Reimburse our costs of maintaining telephone service at the Store, if applicable.	Monthly.	See Note 5.
Equipment, Inventory and Pretzel Mix	At the then-current charge.	As incurred.	You purchase some of your equipment and inventory from our affiliate. Gordon Food Service Inc. is an independent distributor who buys pretzel mix from our affiliate and sells it to you. See Item 8.
Sublease/Sublicense Rent	The amount specified in the respective lease, plus \$200 for a Lease Administration Fee	Payable monthly.	A security deposit in an amount that varies is due at the time of signing the Sublease. Such amounts do not apply to a Mobile Store. Except for the \$200 Lease Administration Fee, the rent is passed through to the landlord.
Lease Renewal Fee	Reimburse our costs. Currently does not exceed \$2,500.	As incurred.	See Item 11. Such amounts do not apply to a Mobile Store.
Regional Advisory Council Assessments	None currently.	As incurred.	The Regional Advisory Council would determine its own assessments.

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Point of Sale (POS)/Technology Fees	Currently \$205 per month fee to cover the cost of the approved POS.	As incurred.	The POS/Technology fees can increase based on POS/Technology changes. Additional fees also may apply by the amount of credit card transactions. See Item 11.
Evaluation of Suppliers	Currently \$500 per day, plus reasonable expenses	As incurred.	Applies only if you want us to evaluate unapproved items or suppliers for the Store.
Insurance	Reimburse the insurance premiums and other expenses incurred by us.	As incurred.	See Note 5. You may incur additional insurance expense if operating a Mobile Store.
Management Fee	To be determined under circumstances. Currently \$500 per day, plus reasonable expenses.	As incurred.	Payable during period that our appointed manager manages the Store upon your default, death or disability.
Fines for Non-Compliance	Currently range from \$25 to \$500.	As incurred.	
Costs and Attorneys' Fees	Will vary under circumstances.	As incurred.	Payable upon your failure to comply with the Franchise Agreement.
Indemnification	Will vary under circumstances.	As incurred.	You have to reimburse us if we are held liable for claims arising from your operations.
Operating Outside Designated Area Fine	\$1,000 per violation	As incurred	If you operate a Mobile Store and make sales outside your Designated Area, you must pay this fee for each violation.
Convention/National Conference Fee	Currently \$500	When Invoiced	You must pay a convention registration fee of \$500 regardless of whether you attend.

Unless otherwise noted, the fees noted above apply to a Traditional Store, Captive Venue Store or Mobile Store.

- (1) "Gross Sales" means all sales or revenues, derived directly or indirectly from the Store, including on-premises sales and monies derived at or away from the Store, whether from cash, check, credit and debit card, trade credit or credit transactions, including business interruption insurance

proceeds and service charges in lieu of gratuity, but excluding (i) sales taxes collected from customers and paid to the appropriate taxing authority and (ii) the amount of all coupons redeemed at the Store.

- (2) We have the right to increase the Advertising Fund Fee up to 4% upon 90 days' advance written notice, although if we increase the Advertising Fund Fee to 3% or 4%, we will reduce the local advertising requirements accordingly.
- (3) Ongoing Training. You must participate, if we require, in up to five days per calendar year of refresher training in the operations and marketing of the Store. The refresher training may or may not take place at an annual convention or business meeting of franchisees which we can require you to attend once per calendar year. Currently there is a required \$500 fee for the annual convention per franchisee. There is no fee for additional training programs or meetings, but you must pay all your travel and living expenses.
- (4) Additional Assistance. At your request, we will provide additional assistance beyond our standard support, at a cost to you based on our then current fee for the respective personnel performing this assistance plus other reasonable expenses including all transportation, lodging and other expenses.
- (5) We may, at our option, maintain one or more telephone number(s) for the Store and, if we do maintain the number(s), you will be authorized and required to use the number(s) during the term of the Franchise Agreement. You acknowledge that we will have the sole rights to and interest in all the telephone number(s). We will notify you monthly of the cost of the telephone service and you must, within five days of your receipt of the bill, reimburse us for our costs in maintaining telephone number(s) for the Store. In the event that you do not so reimburse us, we may, at our option, instruct the telephone service provider to terminate the telephone number(s) or to transfer the number(s) to us or our designee.
- (6) If you do not maintain insurance on the Store as we require, we may, at our option and in addition to our other rights and remedies, obtain the insurance and keep the same in full force and effect on your behalf, and you shall reimburse us for all premiums and other expenses incurred by us in connection with obtaining such insurance.
- (7) The above fees are non-refundable and imposed and collected by us. Amounts due will be withdrawn by ACH (attached as a Schedule to the Franchise Agreement) from your designated bank account. Except as described above, all fees are uniformly imposed, although we may reduce, defer, or waive such fees, if and when we determine that it is warranted by a unique or compelling situation.
- (8) Currently, the week ends on Sunday, and the Royalty Fee and Advertising Fund fee are due on Monday the following week, through electronic funds transfer.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**  
**(for a Traditional or Captive Venue Store)**

<b>Type of Expenditure*</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Initial Franchise Fee (1)	\$30,000	Lump sum.	Due upon signing the Franchise Agreement.	Us.
Travel and Living Expenses During Training	\$1,000 to \$10,000	As incurred.	Before opening.	Airlines, hotels and Stores.
Office Equipment and Supplies	\$500 to \$1,000	As incurred.	Before opening.	Other suppliers.
Business Insurance	\$1,000 to \$4,000	As incurred.	Before opening.	Other suppliers.
Professional Fees (2)	\$5,000 to \$10,000	As incurred.	Before opening.	Other suppliers or us.
Initial Inventory	\$2,150 to \$6,500	As incurred.	Before opening.	Other suppliers.
Live Large Initial Inventory	\$350 to \$1,000	As incurred.	Before opening.	Our affiliate Live Large Distribution Inc.
Security Deposit	\$1,600 to \$12,000	As incurred.	Before opening.	Landlord and our affiliates Ben's Soft Pretzels LLC and Evan Jones Management Inc.
First 3 Month's Rent	\$3,600 to \$18,000	As incurred	Before opening for the first month, monthly thereafter.	Landlord and our affiliates Ben's Soft Pretzels LLC and Evan Jones Management Inc.
Leasehold Improvements	\$25,000 to \$125,000	As incurred.	Before opening.	Other suppliers.
Equipment, including Starter Kit, Display Cabinets and Countertops and POS	\$27,500 to \$65,000 (with \$4,500 to \$11,500 potentially payable to our affiliate)	As incurred.	Before opening.	Other suppliers and our affiliate Live Large Distribution Inc.
Signage	\$1,000 to \$10,000	As incurred.	Before opening.	Other suppliers and our affiliate Live Large Distribution Inc.
Furniture and Fixtures	\$2,000 to \$5,000	As incurred	Before opening	Other suppliers.
Business Licenses and Permits	\$500 to \$2,000	As incurred.	Before opening.	Other suppliers.
Grand Opening Advertising	\$1,000 to \$5,000	Lump sum.	Within three months of the opening of your Store.	Other suppliers.
Additional Funds for First 3 Months (3)	\$20,000 to \$40,000	As incurred.	As incurred.	Third parties.



Type of Expenditure*	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
TOTAL (4)	\$122,200 to \$344,500	---	---	---

**YOUR ESTIMATED INITIAL INVESTMENT  
(for a Mobile Store)**

Type of Expenditure*	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (1)	\$30,000	Lump sum.	Due upon signing the Franchise Agreement.	Us.
Vehicle (5)	\$27,000 to \$94,500	As arranged	Supplier's terms	Other suppliers.
Travel and Living Expenses During Training	\$1,000 to \$10,000	As incurred.	Before opening.	Airlines, hotels and Stores.
Office Equipment and Supplies	\$500 to \$1,000	As incurred.	Before opening.	Other suppliers.
Business Insurance	\$1,000 to \$4,000	As incurred.	Before opening.	Other suppliers.
Professional Fees (2)	\$5,000 to \$10,000	As incurred.	Before opening.	Other suppliers or us.
Initial Inventory	\$1,650 to \$4,000	As incurred.	Before opening.	Other suppliers.
Live Large Initial Inventory	\$350 to \$1,000	As incurred.	Before opening.	Our affiliate Live Large Distribution Inc.
Equipment (including POS System)	\$12,000 to \$65,000 (with \$1,000 to \$11,500 potentially payable to our affiliate)	As incurred.	Before opening.	Other suppliers and our affiliate Live Large Distribution Inc.
Signage	\$1,000 to \$5,000	As incurred.	Before opening.	Other suppliers and our affiliate Live Large Distribution Inc.
Business Licenses and Permits	\$500 to \$2,000	As incurred.	Before opening.	Other suppliers.
Additional Funds for First 3 Months (3)	\$10,000 to \$20,000	As incurred.	As incurred.	Third parties.
TOTAL (4)	\$90,000 to \$246,500	---	---	---

\* Amounts paid to us are not refundable. Amounts paid to others may not be refundable.

(1) **Initial Franchise Fee.** The initial franchise fee is \$30,000. For an additional franchise, the initial franchise fee is \$25,000. For an honorably discharged veteran, the initial franchise fee is \$15,000 for a first franchise and \$10,000 for an additional franchise. We also offer a program which allows for

deferred payment of part of the initial franchise fee to franchisees willing to commit to open up three Stores. As noted in Item 5, the total initial franchise fee for this program is \$65,000, \$47,500 of which is due when you sign the franchise agreements for the three Stores. The program is not offered at further reduced fees for honorably discharged veterans. You will sign all three franchise agreements at the same time.

(2) Professional Fees. Accountant, attorney and architect fees are included. We require that you have CAD drawings and 2D development of your space. If you are opening a Mobile Store, you will not incur architect expenses.

(3) Additional Funds. This item estimates your initial start-up expenses. These expenses do not include any draw or salary for you nor any repayment of debt obligations. We relied on our officers' pretzel store experience since 2008 to compile these estimates.

(4) We do not generally offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have, and lending policies of financing institutions.

(5) If you will operate a Mobile Store, you will need a truck or a trailer that meets our standards and specifications. We worked with vendors to establish the cost estimate. Our estimate assumes you will lease or buy a basic truck and it does not include the costs to brand the vehicle, which is included in Signage in the table above. The low estimate assumes that you finance the truck. The high estimate reflects anticipated costs if you purchase the truck.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

In order to ensure a uniform image and uniform quality of products and services throughout the BEN'S SOFT PRETZELS system, you must maintain and comply with our quality standards. Although you are not required to purchase or lease real estate from us or our affiliates, we must accept the location of your Store (see Item 11). Further, if you choose to operate in a captive venue location for which we or our affiliates have entered into an arrangement, you will enter into an addendum to your Franchise Agreement in either the form of a sublease or sublicense as applicable, both of which are included as a Schedule to your Franchise Agreement. You must construct and equip your Store in accordance with our then current approved design, specifications and standards. In addition, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state and local laws.

We reserve the right to designate a primary or single source of supply for certain products and supplies, and we or an affiliate may be that single source. For example, as of the date of this Disclosure Document, you must purchase your loyalty cards, gift cards, starter kit, some flavor toppings and some of the equipment and signage for your Store solely from our affiliate, Live Large Distribution Inc. You will purchase proprietary goods from Gordon Food Services if your store is in their service area. You must participate in our national Pepsi contract unless your store is inside a designated area for a different soda brand.

If you intend to operate the Store at a space within a Meijer store for which we have entered into a Master In-Store License, then you must enter into the Sublicense which is attached to your Franchise Agreement as a Schedule. The sublicensor on the Sublicense for a space within a Meijer store is our affiliate, Evan Jones Management Inc.

If you intend to operate the Store at a space within a Walmart store (or within any other store, or at any location) for which we have entered into a Master Lease Agreement, then you must enter into the Sublease which is attached to your Franchise Agreement as a Schedule. The sublessor on the Sublease for a space within a Walmart store is our affiliate, Ben's Soft Pretzels LLC.

Additionally, you must purchase your food, Ben's Soft Pretzels pretzel mix and proprietary goods such as your cups, lids, pretzel sleeves, imported German salt, and take-home kits from Gordon Food Service, Inc. In limited instances when these items are not available from Gordon Food Service, you will purchase such items from Live Large Distribution, Inc. You must purchase and serve Pepsi soft drinks. You must obtain your point of sale hardware and software system from Square and your payments processing system from Square

Other than the products listed above, you have no other obligation to purchase or lease products, goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Store from us, our affiliates or designated third parties, currently.

#### Approved Supplies and Suppliers

We provide you with a list of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and approved inventory products, food products, uniforms, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Store ("Approved Supplies List"). The Approved Supplies List may identify the specific manufacturer or supplier of a specific product or piece of equipment.

Our Approved Supplies List also may include other specific products without reference to a particular manufacturer or supplier, or it may set forth the specifications and/or standards for other approved products. We may revise the Approved Suppliers List and Approved Supplies List. We give you the approved lists as we deem advisable. We generally do not give these lists to approved suppliers. As of the date of this Disclosure Document you are not required to purchase any products, supplies or materials from us or our affiliates, but we reserve this right in the future.

Except for any products, supplies or materials for which we designate a single source approved supplier, if you wish to purchase products, supplies, materials or equipment from other suppliers not approved by us, you must submit to us a written request to approve the proposed supplier, together with any background documents or evidence we may require. We will have the right to require you to obtain permissions from the supplier to allow our representatives to inspect the supplier's facilities and that you deliver samples from the supplier for evaluation and testing either to us or to an independent testing facility that we designate. To have an alternate supplier approved, you must first notify us in writing, submit sufficient specifications, samples and information, along with our then current fee (which is currently \$500 per day) for each person we provide for this determination plus reasonable expenses. Our criteria for approving suppliers is confidential and is not available to franchisees. You may contract only with suppliers whom we have approved. We will notify you of our approval or disapproval within 30 days of our receiving all requested information. We may revoke our approval of a supplier at any time for any reason. Upon receipt of our revocation of approval, you must cease to use or sell any disapproved products and cease to purchase from any disapproved supplier.

Other than Live Large Distribution Inc., Ben's Soft Pretzels LLC, Evan Jones Management Inc. and us, there is no supplier in which an officer of ours owns an interest.

You must deliver to us upon execution of the lease or purchase agreement for the Authorized Location, but before commencing construction of your Store, and thereafter annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph. The insurance certificate must show our and our affiliates' status as an additional insured and provide that we will be given 30 days' prior written notice of material change in or termination or cancellation of the policy. The insurance policy or policies must be written in accordance with the standards and specifications (including minimum coverage amounts) set forth in writing by us from time to time, and, at a minimum, must include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing): (i) "special" causes of loss coverage forms (sometimes called "All Risk Coverage" or "All Peril Coverage") on the Store, store improvements and all furniture, fixtures, equipment, supplies and other property used in the operation of the Store, for full repair and replacement value, except that an appropriate deductible clause is permitted; (ii) business interruption insurance covering a minimum of 12 months loss of income, including coverage for our Royalty Fees (for example, in the event of a fire or destruction of the premises, the insurance must cover our average royalty payments (based on the previous 12-month timeframe, or if a shorter timeframe, the total operating timeframe for the store) during the rebuilding process); (iii) comprehensive general liability insurance including product liability insurance and contractual liability insurance, with minimum limits of \$2,000,000 per occurrence and \$2,000,000 to \$5,000,000 annual aggregate; (iv) personal and advertising injury insurance with minimum limits of \$2,000,000 per occurrence; (v) fire damage coverage in an amount sufficient to cover the replacement costs of the Store equipment, improvements and betterments; (vi) medical expense coverage in the amount of \$10,000 to \$25,000; (vii) workers' compensation insurance covering all of your employees; (viii) employers liability insurance with contingent liability; (ix) umbrella liability insurance; (x) automobile liability insurance; (xi) "Per Location" aggregate limits when multiple store locations are insured under one comprehensive general liability and umbrella liability policy (cies); (xii) Ben's Soft Pretzels Franchising Corporation and its affiliates are named as additional insureds on all liability policies required by this subparagraph; (xiii) severability of interest and/or separation of insureds provisions must be included in the liability policies and an endorsement is required providing that the franchisee's insurance is primary with respect to any insurance policy carried by Ben's Soft Pretzels Franchising Corporation and its affiliates and any insurance maintained by Ben's Soft Pretzels Franchising Corporation or its affiliates is excess and non-contributing; (xiv) a waiver of subrogation endorsement must be obtained; and (xv) any other such insurance coverages or amounts as required by law or other agreement related to the Store. If you do not procure and maintain the required insurance coverage (including any modifications referenced in the preceding sentence), we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so. You must pay these amounts to us immediately upon written notice. Although we require certain insurance coverage and have recommended other coverages, we do not guarantee that the required or recommended insurance will be adequate to fully protect your assets. You should therefore consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Store. We may from time to time modify the required minimum limits and require additional insurance coverages by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the BEN'S SOFT PRETZELS system, standards of liability and higher damage awards. If you will operate a Mobile Store, you must also maintain the insurance coverages we require for the vehicle. Although we do not do so as of the date of this Disclosure Document, we reserve the right to designate a single source from which you must purchase or renew insurance.

If you operate a Mobile Store, the vehicle must conform to our specifications as set for in the Manual or otherwise in writing including, but not limited to, model, make, age, appearance (including any wrapping or other branding), equipment, fixtures, cleanliness, display of the Marks, maintenance

and repair and notice of your ownership and operation of the vehicle. We may also place GPS or other tracking devices on the vehicle.

We and our affiliates reserve the right to receive rebates or other consideration from suppliers in connection with your purchase of goods, products and services as described in this Item 8, as well as in connection with any future purchase of any goods, products or services. Most of these payments are calculated on an amount based on products sold. We will retain and use such payments as we deem appropriate or as required by the vendor. We also may derive revenue from any items we sell directly to you in the future by charging you more than our cost.

According to our audited financial statements, for our most recently concluded fiscal year ending December 31, 2023, during 2023 we received rebates related to franchisee purchases of Pepsi soft drinks and certain post mix products, totaling \$49,217.55, which was 3.32% of our total revenue of \$1,479,284.11.

Our affiliate, Live Large Distribution Inc., will derive revenue from selling loyalty cards, gift cards, starter kits, some flavor toppings and some equipment and signage to you. According to its internal financial reports, in 2023 it received \$568,380.32 of revenue related to franchisee purchases to franchisees, which was 27.4% of its total revenue in 2023 of \$2,073,871.76. Live Large Distribution Inc. also will derive revenue from selling certain products such as Ben's Soft Pretzels pretzel mix and proprietary goods such as your cups, lids, pretzel sleeves, imported German salt, and take-home kits to Gordon Food Service, Inc. which then sells such items to you. According to its internal financial reports, in 2023 it received \$533,661.57 of revenue selling products to Gordon Food Service, Inc., which was 25.7% of its total revenue in 2023 of \$2,073,871.76. Further, Live Large Distribution Inc., also will receive a rebate based on franchisee purchases from Gordon Food Service, Inc. equal to 0.25% to 0.50% of your purchases. According to its internal financial reports, during 2023, it received \$4,752.58 in rebate revenue.

Our affiliate, Evan Jones Management Inc., will derive revenue from subleasing space to you. According to its internal financial reports, in 2023 it received \$19,200.00 of revenue subleasing space to franchisees (which includes the \$200 monthly Lease Administration Fee and the rent Evan Jones Management Inc., passes through to the landlord), which was 2.048% of its total revenue in 2023 of \$527,822.76.

Our affiliate, Ben's Soft Pretzels LLC, will derive revenue from subleasing space to you. According to its internal financial reports, in 2023 it received \$31,300.00 of revenue subleasing space to franchisees (which includes the \$200 monthly Lease Administration Fee and the rent Evan Jones Management Inc., passes through to the landlord), which was 2.048% of its total revenue in 2023 of \$1,527,822.76.

Other than as described above, we and/or our affiliates may but do not currently derive revenue or other material consideration from your required purchases or leases.

We estimate that your required purchases and leases in compliance with the above specifications of goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate and comparable items will represent 90 to 95% of your overall purchases and leases in establishing the Store and 50 to 60% operating the Store.

We may negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. Currently, there is no purchasing or distribution cooperative but we reserve the right to create a cooperative and require you to participate. We may receive volume discounts for the

System which we will pass through to our franchised Stores. Beyond these discounts, we do not provide material benefits to you because of your use of approved suppliers.

**ITEM 9**  
**FRANCHISEE'S OBLIGATIONS**

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

	<b>Obligation</b>	<b>Section in Agreement*</b>	<b>Item in Disclosure Document</b>
a.	Site selection and acquisition/lease	Sections 2A and 5A; Section 4	Items 7 and 11
b.	Pre-opening purchases/leases	Sections 5A, 6A-6E	Items 6, 7 and 8
c.	Site development and other pre-opening requirements	Sections 5A and 5B; Sections 2 and 4	Items 7, 8 and 11
d.	Initial and ongoing training	Sections 7B, 7C and 7F; Section 6	Items 6 and 11
e.	Opening	Sections 2B and 5A; Section 4	Item 11
f.	Fees	Sections 9A-9C; Section 3	Items 5, 6 and 7
g.	Compliance with standards and policies/Operations Manual	Sections 6A-6O; Sections 4 and 6A	Items 6, 7, 8, 11, 14 and 16
h.	Trademarks and proprietary information	Sections 3A-3F and 6J; Section 6B	Items 13 and 14
i.	Restrictions on products/services offered	Sections 2D and 6A-6C	Items 6, 7, 8, 11, and 16
j.	Warranty and customer services requirements	Section 6L	Items 6 and 11
k.	Territorial development and sales quotas	Sections 2A – 2D; Section 4; Schedule A	Item 12
l.	Ongoing product/service purchases	Sections 6A-6D	Items 6, 7 and 8
m.	Maintenance, appearance and remodeling requirements	Sections 5C-5F	Items 8 and 11
n.	Insurance	Section 10C	Items 6, 7 and 8
o.	Advertising	Sections 8A-8F and 9C	Items 6, 7 and 11
p.	Indemnification	Section 10B	Not Applicable
q.	Owner's participation/management/staffing	Sections 7A-7F; Section 6; Addendum	Items 11 and 15
r.	Records and reports	Sections 9D, 9G and 9H	Item 11
s.	Inspections and audits	Sections 5A-5C, 6G and 9H	Items 6 and 11
t.	Transfer	Sections 11A-11G; Section 9	Items 6 and 17
u.	Renewal	Section 4B	Items 6 and 17
v.	Post-termination obligations	Sections 14A-C; Sections 8A-F	Item 17
w.	Non-competition covenants	Section 10D	Item 17

	<b>Obligation</b>	<b>Section in Agreement*</b>	<b>Item in Disclosure Document</b>
x.	Dispute resolution	Section 12; Section 10N	Item 17
y.	Other	Not Applicable	Not Applicable

\* Unless otherwise noted, Section references are to the Franchise Agreement.

**ITEM 10**  
**FINANCING**

We do not offer direct or indirect financing. We do not guarantee your notes, leases or obligations.

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

**Except as listed below, the Franchisor is not required to provide you with any assistance:**

Pre-Opening Assistance: Before you open your Store, we will:

1. Provide you with site selection criteria and general building, design and construction requirements for your Store (Franchise Agreement, Sections 5A and B).
2. Provide you with the Approved Suppliers and Approved Supplies List (Franchise Agreement, Section 6C).
3. Provide you with either a written copy or an electronic copy of the Manual (or electronic access to the Manual) (Franchise Agreement, Section 6I).
4. Provide the training programs described below (Franchise Agreement, Sections 7B and 7C).
5. Provide you with opening support for your Store and any additional support we determine necessary (Franchise Agreement, Sections 7B and 7C).

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

1. Maintain the Advertising Fund (Franchise Agreement, Section 8A).
2. Provide updates to the Approved Suppliers and Approved Supplies Lists and continue to research and develop new products (Franchise Agreement, Section 6C).
3. Make periodic visits to your Store as we reasonably determine to be necessary to provide consultation and guidance (Franchise Agreement, Section 6G).
4. Provide refresher training courses, and regional meetings and conventions as we determine necessary and require you to attend. We will not charge franchisees and managers to attend regularly scheduled refresher training courses. We may charge you a fee to attend (and for your employees to attend) regional meetings or conventions that we deem necessary. In this event, you must pay all expenses for you and your employees, including travel and living expenses (Franchise Agreement, Section 7E).

5. Provide ongoing communication and support and updates to the Manual (Franchise Agreement, Section 6C).
6. Provide technical assistance and support through the telephone (Franchise Agreement, Section 6C).

We will administer an advertising and marketing fund (the "Advertising Fund") for the advertising and marketing programs as we may deem necessary or appropriate. You must contribute to the Advertising Fund up to 4% (currently 1.5%) of the Gross Sales of your Store, as determined by us, payable together with the Royalty Fee due under the Franchise Agreement. The Advertising Fund Fee is separate from any local marketing requirements. We have the right to increase the Advertising Fund Fee up to 4% upon 90 days' advance written notice, although if we increase the Advertising Fund Fee to 3% or 4% we will reduce the local advertising requirements accordingly such that your total required marketing expenditure does not exceed 4% of Gross Sales.

We will direct all advertising and marketing programs financed by the Advertising Fund, with sole discretion over the creative concepts, materials and endorsements used, and the geographic, market and media placement and allocation. Currently the sources of our marketing and advertising programs are our in-house personnel and an external marketing firm. The Advertising Fund may be used to pay the costs of preparing advertising materials and administering national, regional and local advertising programs and public relations activities including creating direct mail and media materials which may include print, television, radio and billboards, formulating advertising and marketing programs, developing and maintaining website and internet based advertising and marketing programs, intranet development and ongoing operation, toll-free locator services, employing advertising agencies, providing brochures and other advertising and marketing materials, and participating in national or regional trade shows.

The Advertising Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for reasonable salaries, administrative costs and overhead as we may incur in activities reasonably related to the administration of the Advertising Fund and its advertising and marketing programs including conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to the Advertising Fund. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all stores to the Advertising Fund in that year and the Advertising Fund may borrow from us or other lenders to cover deficits of the Advertising Fund or cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. A report of receipts and disbursements of the Advertising Fund, which may be audited, will be prepared annually by us and will be furnished to you upon written request. Currently, The Advertising Fund is not audited.

We will have the right to cause the Advertising Fund to be incorporated or operated through an entity separate from us at the time as we deem appropriate, and the entity will have the same rights and duties as we do. Although we will endeavor to utilize the Advertising Fund to develop advertising and marketing materials and programs, and to place advertising that will benefit all stores, we undertake no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Advertising Fund by stores operating in that geographic area or that any store will benefit directly or in proportion to its contribution to the Advertising Fund from the development of advertising and marketing materials or the placement of advertising.



We will have the right to suspend contributions to and operation of the Advertising Fund for one or more periods that we determine to be appropriate and the right to terminate the Advertising Fund upon 30 days written notice to you. All unspent monies on the date of termination will be distributed to us, our affiliates and our franchisees in proportion to their respective contributions to the Advertising Fund during the preceding 12 month period. We will have the right to reinstate the Advertising Fund upon the same terms and conditions set forth in the Franchise Agreement upon 30 days prior written notice to you.

Except for two units owned by one of the owners of the franchisor, the stores owned by us or companies related to us by common ownership contribute on the same basis to the Advertising Fund as franchisees.

For the year ending December 31, 2023, the Advertising Fund was spent as follows: 20% on production, 45.89% on media placement, 4.3% on administrative expenses and 0.05% on other uses (dues, subscriptions, meals, entertainment, meetings, training, supplies, travel and lodging). Currently, we do not use any part of the Advertising Fund for uses principally to solicit new franchise sales.

We may, at our option, maintain one or more telephone numbers for the Store and, if we do maintain this number(s), you will be authorized and required to use this number(s) during the term of the Franchise Agreement. You must acknowledge that we have the sole rights to and interest in all these telephone number(s). We will notify you monthly of the cost of the telephone service and you must, within five days of your receipt of this bill, reimburse us for our costs in maintaining telephone numbers for the Store. In the event that you do not so reimburse us, we may, at our option, instruct the telephone service provider to terminate or transfer this telephone number(s) to us or our designee.

Before your use of them, samples of all local advertising, promotion and public relations materials not prepared or previously approved by us must be submitted to us for approval, which will not be unreasonably withheld. If you do not receive written disapproval within fourteen days after the date of receipt by us of the materials, we will be deemed to have given approval. You may not use any advertising, promotion or public relations materials that we have disapproved.

Within three months of the opening of your Store, you must spend a minimum of \$1,000-\$5,000 on local advertising, marketing and promotion of the opening of the Store in accordance with an opening marketing plan approved by us. These grand opening expenditures are in addition to the Advertising Fund contributions specified above. You also are required to spend 2% of the Gross Sales of your Store on local advertising. Upon our request, you must provide us with itemization and proof of marketing and an accounting of the monies that you have spent for approved grand opening advertising and ongoing local marketing. If you fail to make the required expenditure, we have the right to collect and contribute the deficiency to the Advertising Fund.

We may establish, acquire, or host any website(s) to advertise, market, and promote BEN'S SOFT PRETZELS stores, the products and services that they offer and sell, and/or a BEN'S SOFT PRETZELS franchise opportunity (each a "Franchise System Website"). We may (but are not required to) provide you with a webpage on a Franchise System Website that references your Store for informational purposes only. If we provide you with a webpage on a Franchise System Website, you must: (i) provide us the information and materials we request to develop, update, and modify your webpage; (ii) notify us whenever any information on your webpage is not accurate; and (iii) if we give you the right to modify your webpage, notify us whenever you change the content of your webpage. We will own all intellectual property and other rights in all Franchise System Websites, including your webpage and all information it contains (including the domain name, any associated URL or email address, any website analytical data, and any personal or business data that visitors supply).

We may use Advertising Fund assets to develop, maintain and update any Franchise System Website. We periodically may update and modify any Franchise System Website (including your webpage). You acknowledge that we have final approval rights over all information on any Franchise System Website (including your webpage). We may implement and periodically modify system standards relating to any Franchise System Website.

Even if we provide you a webpage on a Franchise System Website, we will only maintain this webpage while you are in full compliance with this Agreement and all system standards we implement (including those relating to Franchise System Websites). If you are in default of any obligation under this Agreement or our system standards, then we may temporarily remove your webpage from any Franchise System Website (or all Franchise System Websites) until you fully cure the default. We will permanently remove your webpage from all Franchise System Websites upon this Agreement's expiration or termination.

We may require you to provide notice of any Franchise System Website in the advertising, marketing, and promotional materials that you develop for your Store in the manner we designate. We reserve the sole right to sell the products sold by BEN'S SOFT PRETZELS stores on the internet through Franchise System Websites. You agree that you will not sell any BEN'S SOFT PRETZELS store products or services to customers on a website through the internet or through any alternative channels of distribution.

We reserve the right to require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current terms and conditions.

Except as provided above, or as approved by us in writing, you may not develop, maintain or authorize any website, domain name, URL address, email address, other online presence or other electronic medium that mentions your Store, links to any Franchise System Website or displays any of the Marks, or engages in any promotional or similar activities, whether directly or indirectly, through or on the internet, or any other similar proprietary or common carrier electronic delivery system. If we approve the use of any such websites, other online presences or electronic mediums, including social networking websites (such as LinkedIn<sup>®</sup>, Twitter<sup>®</sup>, Instagram<sup>®</sup>, Facebook<sup>®</sup>, or YouTube<sup>®</sup>) in the operation of your Store, or the posting of messages relating to your Store on other websites, you will do so only in accordance with our guidelines. We reserve the right to require our approval of any message you compose for a social networking website or commentary for any other website before you post such message or commentary.

There are currently no advertising councils or local or regional advertising cooperatives.

#### Computer System

You must keep your books and business records according to our formats. To facilitate your reporting to us and other communications, you must maintain certain systems in operating the Store. You must obtain a POS system that complies with our standards and requirements, including all future updates, supplements and modifications (the "POS System") and sign any related agreements, attached as Schedule G to the Franchise Agreement.

The POS System includes all hardware and software used in the operation of the Store, including electronic point-of-sale cash registers and any designated software used to record and analyze sales, customer count, average check amount, customer data, labor, inventory, product usage, employee information and tax information. The POS System also will include any credit card processing system and/or gift card processing system we designate. We require that you use the complete Square/Goparrot

bundle including point of sale hardware and software system for collecting detailed sales information and generating various sales reports and the payments processing system provided by Square that we have been using since August 2022. We have independent access to the information and data you maintain; and there are no contractual limitations on our right to access the information and data. We are not obligated to repair the computer system or any of the hardware associated with the point of sale system.

You will be required to pay certain fees to Square on a monthly basis, which at the time of this Disclosure Document are approximately \$205. You also pay an initial implementation fee of \$1,568 for the purchase of hardware. You do not pay any separate amount for the cost of purchasing or leasing the systems nor is there any separate amount you pay for any optional or required maintenance, updating, upgrading or support contracts. You may be required to upgrade or update any computer hardware or software program during the term of the Franchise Agreement. There are no contractual limitations on the frequency or costs associated with this obligation, although we estimate your total annual costs of maintenance and repair costs of your POS System to be approximately \$200 to \$400.

### Site Selection

You select the site for the Store with site selection guidelines we provide. You must obtain our approval of the site location and the lease. We will use our reasonable best efforts to review a site you have selected in order to evaluate and approve the location of your Store within thirty days after you provide us the information about the site. Additional sites are considered until our approval is reached. The factors which we may (but are not required to) consider for our approval include demographic radius characteristics and growth factors in the area, traffic patterns, ease of access, parking, visibility, allowed signage, competition from other businesses providing similar products and services, the proximity to other businesses, the nature of the businesses in proximity to the proposed site, and other commercial characteristics (including rental obligations and other lease terms for the proposed site) and the size, appearance and other physical characteristics of the proposed site location. We recommend that the size of the location be 600 to 2,100 square feet.

We approve or disapprove locations or leases by a written notice which is delivered to you. You must lease the premises for your location in the form and manner required by us and deliver a copy of the signed lease to us immediately after its signing. You must not sign any lease which has not been approved in writing by us. If your business premises is to be leased, you must submit the lease to us for written approval at least fifteen days before it is scheduled to be executed. If you lease your business premises, the lease must include language contained in the Lease Rider which is attached to your Franchise Agreement as Schedule C. The lease shall give us, our agents or designees the right to enter the premises to conduct inspections at any time during regular business hours, the right to receive notices of default directly from the lessor and the right, but not the duty, to assume the lease for all or any part of the term, if you default under the lease, are evicted or if your Franchise Agreement expires or is terminated.

If you intend to operate the Store at a space within a Meijer store for which our affiliate Evans Jones Management Inc. has entered into a Master In-Store License, then you must enter into the Sublicense which is attached to your Franchise Agreement as a Schedule. If you intend to operate the Store at a space within a Walmart store (or within any other store, or at any location) for which our affiliate Ben's Soft Pretzels LLC has entered into a Master Lease Agreement, then you must enter into the Sublease which is attached to your Franchise Agreement as a Schedule. With respect to premises to be located within a Walmart store, you should be aware that the Walmart Master Lease Agreement allows the Walmart lessor (and thereby the sublessor which is our affiliate pursuant to the sublease) to declare in default and to terminate not only the lease (and the sublease) for the one store where a default occurs but also all the leases (and subleases) for all other stores which are occupied by you. Under either the

Sublicense or Sublease, you are required to make all payments due in connection with the space or Store premises and may not alter or sublet the space or Store premises for any reason.

You must not lease or sublet all or any part of your business premises to others or use any portion of the premises for any purpose other than conducting business pursuant to your Franchise Agreement without our prior written consent. If you want to relocate, you must notify us in writing 60 days before the relocation. We reserve the right to refuse to approve a proposed relocation if we believe that the proposed relocation is for any reason not acceptable to us. Our judgment may be based on factors such as the proximity to existing or proposed locations owned by other franchisees or us, the suitability of the proposed facilities, compliance with our then current franchise location requirements, the competitiveness within the marketplace or other factors. We recommend that you employ the services of a real estate attorney for legal advice regarding the terms of the lease.

Typical Length of Time Before You Open Your Store

The typical length of time between the signing of the Franchise Agreement and the start of your Store is four to nine months. Some of the factors affecting this length of time include obtaining a satisfactory site, negotiating a lease, your financing arrangements, completion of leasehold improvements, delivery and installation of equipment and signage, weather conditions, employee hiring and training, and your own timetable. You must provide to us a copy of the fully signed lease for your Store within 180 days after the date of the Franchise Agreement and commence operating the Store within 365 days after the date of the Franchise Agreement, otherwise the Franchise Agreement will automatically terminate. We will have no obligation to refund any portion of the initial franchise fee.

Manual

Attached as Exhibit E to this Disclosure Document is the table of contents for our Manual. You must treat the Manual, and other written materials created for or approved for use in the operation of the Store, and the information contained in them, as confidential. The Manual will remain our sole property. We may, from time to time, revise the contents of the Manual and you must comply with each new or changed standard. The Manual includes 121 pages.

Training

Your first BEN’S SOFT PRETZELS franchise training occurs within one month after the date of your Franchise Agreement. You are required to attend the training program and pay your own travel and living expenses during the training. There are no additional fees for this training. The training program consists of the following twenty-four hours of training (with virtual training and scheduled weekly/bi-weekly calls available for many of the subjects):

**TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location for Each Subject</b>
Orientation	1	0	Goshen, Indiana/Virtual Training
Franchise Overview / Store Pre-opening Book Review	1	0	Goshen, Indiana/Virtual Training
Bookkeeping / Budgeting / Royalty Review	1.5	0	Goshen, Indiana/Virtual Training

Signage Review / Marketing Review	4	0	Goshen, Indiana/Virtual Training
Lease Review / Build-out Review	2	0	Goshen, Indiana/Virtual Training
Equipment Review / Product Ordering Review	2	0	Goshen, Indiana/Virtual Training
Payroll	1	0	Goshen, Indiana/Virtual Training
Staffing	1	0	Goshen, Indiana/Virtual Training
Training Overview / Store Opening Overview	1	0	Goshen, Indiana/Virtual Training
Pepsi Orientation	1	0	Goshen, Indiana/Virtual Training
Point of Sale (POS) Overview	2	0	Goshen, Indiana/Virtual Training
Laptop Orientation / Website Backend	1	0	Goshen, Indiana/Virtual Training
Vendor Overview and Orientation	2	0	Goshen, Indiana/Virtual Training
Strive 4 Five Customer Service Overview	.5	0	Goshen, Indiana/Virtual Training
Product Information Showcase	1	0	Goshen, Indiana/Virtual Training
Q and A	2	0	Goshen, Indiana/Virtual Training
<b>TOTAL</b>	<b>24</b>	<b>0</b>	

### Training Program.

Before the start of your Store, we will provide five days of initial training on the operation of a Store for up to three people. Although there are no additional fees for this training, you must pay for all travel and living expenses which you and any of your employees incur in connection with training. You and your manager must pass the training program to our satisfaction. If you do not pass the training program, we can terminate your Franchise Agreement. We will not be liable to return any franchise fee or pay any costs or expenses you incur if we terminate your Franchise Agreement because you do not pass the training program. If you will operate a Mobile Store, you must also complete any training relating to mobile units that we require.

We expect that training will be conducted for you and your employee within one month preceding the opening of your store approximately three to eight months after you sign your Franchise Agreement. We plan to be flexible in scheduling training to accommodate our personnel, you and your personnel. There currently are no fixed (i.e., monthly or bimonthly) training schedules. The training program consists of the following:

#### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location for Each Subject</b>
Point of Sale	1	5	Goshen, Indiana
Procurement	3	2	Goshen, Indiana

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location for Each Subject</b>
Marketing & Promotions	2	0	Goshen, Indiana
Customer Service	2	0	Goshen, Indiana
Reality Night	0	3	Goshen, Indiana
Store Opening	1	2	Goshen, Indiana
Product Knowledge I	3	3	Goshen, Indiana
Product Knowledge II	0	3	Goshen, Indiana
Questions & Answers. Resources.	3	3	Goshen, Indiana
Store Management	0	5	Goshen, Indiana
Graduation	0	2	Goshen, Indiana
<b>TOTAL</b>	<b>15</b>	<b>28</b>	

All training in this Item 11 The training is provided by Scott Jones and by Brian Krider who each have over 5 years of soft pretzel store experience. Mr. Jones who has been our President and Mr. Krider who has been our Vice President have each trained BEN’S SOFT PRETZELS personnel since 2008. The Manual will be used as the principal instructional manual.

In addition to the above training, we provide you pre-opening and opening on-the-job supervision and assistance at the premises of your Store for approximately five days near the time of the opening of your Store.

**Ongoing Training.** You must participate in, if we require, up to five days per calendar year of refresher training in the operations and marketing of the Store. The refresher training may or may not take place at an annual convention or business meeting of franchisees which we can require you to attend once per calendar year. The fee for additional training programs or meetings is provided in Item 6 plus you pay all your travel and living expenses.

## **ITEM 12** **TERRITORY**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control. You receive the right to operate a BEN’S SOFT PRETZELS Store at a specific location described in the Franchise Agreement (the “Authorized Location”).

For a Mobile Store, the Authorized Location will be where you park the truck or trailer when it is not in use. After we designate the Authorized Location for your Mobile Store, we will determine a non-exclusive geographic area of operation for the Mobile Store (“Designated Area”). We base the size of the Designated Area generally on population density, income level and the number of households and businesses in the area. Your Designated Area may be defined using zip codes, a map or a radius around the Location and will be identified on Schedule A to your Franchise Agreement. A description of the Designated Area will be inserted in Schedule A to the Franchise Agreement. The Mobile Store may offer and sell food products and merchandise only from locations within the Designated Area as we specify and may be prohibited from selling from locations within a certain proximity of a traditional non-mobile location (including a captive venue). You must follow any policies and procedures for the operation of your Mobile Store, which we may establish from time to time. There may be more than one Mobile Store granted the right to operate in the same or similar non-exclusive Designated Area, including operating or granting a third party the right to operate a BEN’S SOFT PRETZELS Store from a fixed, non-mobile location (including captive venue), operating or granting a third party the right to operate from a

temporary location within a captive venue or selling BEN'S SOFT PRETZELS Store food products or merchandise using any channel of distribution other than a truck or trailer. Further, we reserve the right to operate or grant others the right to operate in any and all university locations, sports venues and any venue that seats above 5,000 people, regardless if they fall inside of a non-exclusive Designated Area.

We retain all rights that are not expressly granted to you under the Franchise Agreement. The license granted to you under the Franchise Agreement does not include (i) any right to sell products and Menu Items at any location outside your Store, except for any catering or delivery services we permit, (ii) any right to sell products and Menu Items through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), (iii) any right to sell products and Menu Items to any person or entity for resale or further distribution, except as we may establish from time to time, or (iv) any right to exclude, control or impose conditions on our development of future franchised, company- or affiliate-owned Stores at any time or at any location regardless of the proximity to your Store.

Further, we and our affiliates may, among other things, on any terms and conditions we deem advisable, without compensation to any franchisee, and without granting you any rights therein:

- (i) establish and/or license others to establish franchised or company-owned or affiliate-owned Stores at any location regardless of the proximity to your Store;
- (ii) merge with, acquire or become associated with any businesses or Stores of any kind (including those in competition with BEN'S SOFT PRETZELS) under other systems and/or other marks, which businesses and Stores may convert to or operate under the Marks and may offer or sell menu items, products and services that are the same as or similar to the Menu Items offered at or from the Store, and which may be located anywhere; and
- (iii) sell and distribute for ourselves and/or license others to sell and distribute through Stores or any other method of distribution, menu items the same as or different from the Menu Items offered under the System, and which are offered and distributed under marks different than the Marks.

In addition, we and our affiliates have the right to offer, sell or distribute any proprietary items or other products or services associated with the System (now or in the future) or identified by the Trademarks, or any other trademarks, service marks or trade names through any distribution channels or methods ("Alternative Methods of Distribution") including, without limitation, grocery stores, club stores, convenience stores, wholesale, business or industry locations (e.g. manufacturing site, office building), military installations, military commissaries or the Internet.

You may not offer catering and delivery services unless we authorize in writing.

Continuation of your right to operate a BEN'S SOFT PRETZELS Store does not depend on the achievement of a certain sales volume, market penetration or other contingency. You do not receive any rights of first refusal or the right to acquire additional franchises unless you sign another franchise agreement with us.

There are no restrictions on the customers you may solicit. You do not, however, have the right to use other channels of distribution, including the Internet, to make sales.

Our affiliate, Live Large Distribution Inc., has prepared BEN'S SOFT PRETZELS take home kits which contain all the materials needed to bake a pretzel; Live Large Distribution Inc. can sell the kits to you, to Gordon Food Service, Inc. and to anyone else.

Neither the franchisor nor any affiliate operates, franchises, or has plans to operate or franchise a business under a different trademark which sells or will sell goods or services similar to those the franchisee will offer.

If you want to relocate the Store, you must notify us in writing 60 days before the relocation. We reserve the right to refuse to approve a proposed relocation if we believe that the proposed relocation is for any reason not acceptable to us. Our judgment may be based on factors such as the proximity to existing or proposed locations owned by other franchisees or us, the suitability of the proposed facilities, compliance with our then current franchise location requirements, the competitiveness within the market place or other factors. You do not receive any options, rights of first refusal or similar rights to acquire additional franchises.

### **ITEM 13** **TRADEMARKS**

The Franchise Agreement licenses you to use the trademark BEN'S SOFT PRETZELS, as well as other trademarks, service marks, trade names and commercial symbols (collectively, the "Marks"). We also claim common law trademark rights for all of the Marks. We have filed or intends to file all required affidavits and renewals for the Mark listed below.

<b>Trademark</b>	<b>Registration Number</b>	<b>Registration Date</b>
BEN'S SOFT PRETZELS (word mark)	4066810	December 6, 2011

Schedule B to your Franchise Agreement identifies the Marks that you are licensed to use. We have the right to change Schedule B from time to time. Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement.

You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks including the adoption of new Marks, new Menu Items, new products, new equipment or new techniques and you must adopt the changes in the System, as if they were part of the Franchise Agreement at the time of its execution. For example, we may require you to cease all use of the BEN'S SOFT PRETZELS Mark at any time and require you to use a different Mark as we may designate in connection with the operation and identification of your Store. There are no limitations on our right to change or modify the Marks and we may change or modify the Marks for any reason including, but not limited to, any challenge to our ownership of the Marks, a change in market conditions, or any claimed or actual infringement of our Marks. We will provide you with written notice of any changes or modifications to the Marks. Upon receipt of our written notice you will have a reasonable amount of time, not to exceed six (6) months, to change or modify your use of the Marks consistent with the terms contained in the written notice. By way of example only, if we require you to change or modify the Marks, you may be required to do any of the following: (i) change all signage (interior and exterior) used in connection with the operation or identification of your Store, (ii) cease all use of any products, serving and/or convenience items



containing the Marks, (iii) cease all use of any advertising or marketing materials containing the former Marks, and (iv) change your letterhead, business cards and any other items containing the former Marks. All changes or modifications to the Marks will be at your sole expense. We will have no liability or obligation as to your modification or discontinuance of any Mark.

There are currently no effective material determinations by the United States Patent and Trademark Office (the “USPTO”), the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks. Except as noted above, there are no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the Marks.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. We reserve the right to control any litigation (including any administrative proceedings) related to the Marks and we have the sole right to decide whether to pursue, settle or take any other action with respect to any infringement actions related to the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you must make the changes or substitutions at your own expense.

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

There are no patents, patent applications or copyrights currently pending or registered that are material to the franchise, although we do claim copyright ownership and protection for our BEN’S SOFT PRETZELS Franchise Agreement, Manual, website and for various sales promotional and other materials published from time to time.

There are no currently effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of the patents or copyrights of which you become aware.

You must keep confidential during and after the term of the Franchise Agreement all trade secret and proprietary information, including the Manual and the care and preparation of the Menu Items. Upon termination of your Franchise Agreement, you must return to us all proprietary information, including but not limited to any writing relating to the care and preparation of the Menu Items, the Manual and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and we have the sole right to decide the appropriate

response to any unauthorized use of proprietary information. You must comply with all changes to the Manual at your cost.

All ideas, concepts, procedures, techniques or processes concerning the BEN'S SOFT PRETZELS Store, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you will assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

#### **ITEM 15**

#### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

During the term of the Franchise Agreement, you (if franchisee is an individual), or one of your owners (if franchisee is a legal entity), or your Store manager must devote full time and best efforts to the management of the Store and provide direct, on-site supervision of the Store. If you hire a manager to provide direct, on-site supervision of the Store, the manager need not have any equity ownership in you.

Any manager(s) or replacement manager(s) you hire must complete our training course. If any person fails to satisfactorily complete the training program, you may designate a different individual, who must then satisfactorily complete the training program. The use of a manager in no way relieves you of your obligations to comply with the Franchise Agreement and to ensure that the Store is properly operated.

You must attend any annual meeting, convention or conference of franchisees and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, Store management, sales or sales promotion, or similar topics, that we offer, at your own expense.

All shareholders, officers, directors, partners, members and all managers and other employees having access to our proprietary information must execute non-disclosure agreements in a form we accept. If we so require, your managers and supervisory personnel and other employees receiving training from us must execute covenants not to compete in a form that we approve.

Additionally, each of your Owners (as the term is defined in the Franchise Agreement) and your spouse, even if not an Owner, must sign the Personal Guarantee in the form attached to the Franchise Agreement.

#### **ITEM 16**

#### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer for sale at the Store all of the Menu Items and related products that we periodically require and you may not offer at the Store any unapproved products or use the premises for any purpose other than the operation of a Store. We have the unlimited right to change the types of authorized products and services you may offer.

You may not offer any delivery service or engage in catering services without our prior written approval. You also may not offer for sale any Menu Items or other products through the Internet or other

online programming or marketing. See Item 12 for additional information. You are not otherwise limited in the customers to whom you may sell products or services.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

	<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Section 4A	5 years
b.	Renewal or extension	Section 4B	If you have substantially complied with the Franchise Agreement, you can renew for two additional 5 year terms.
c.	Requirements for franchisee to renew or extend	Section 4B	Written notice of intent to renew, sign new franchise agreement and release, refurbish or remodel the premises, and replace the vehicles and equipment to be in compliance with our then current standards. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d.	Termination by franchisee	Section 13C	If we breach a material provision of the Franchise Agreement, and do not cure within a reasonable time, which in no event will be less than 90 days, after your notice to us, you may terminate 10 days after delivery of notice of termination.
e.	Termination by franchisor without cause	Not Applicable	Not applicable.
f.	Termination by franchisor with cause	Sections 13A and 13B	We can terminate only if you commit any one of several listed violations.
g.	“Cause” defined – curable defaults	Sections 13A and 13B	You have 10 days to cure for non-payment of sums to us, affiliates, suppliers, lessors or landlords; 30 days for failure to submit reports or financial data; 30 days for all other curable breaches of the Franchise Agreement or the Operations Manual or other operational memoranda or use of bad faith in carrying out terms of these franchise provisions.
h.	“Cause” defined – non-curable defaults	Sections 2A, 5A, 5D, 13A, 13B and 15P	Non-curable defaults: failure to pass the training program; failure to provide us with a copy of your fully signed lease within 90 days after the date of the Franchise Agreement; failure to commence operating the Store within 365 days after the date of the Franchise Agreement; insolvency; abandonment; termination of lease; under reporting Gross Sales twice in a two year period; conviction of a felony; impairment of Marks or System; loss of business license; unsafe business operation; unauthorized transfer; breach of other agreements with us or our affiliates; and repeated non-sufficient funds payments by check

	<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
			or electronic transfer or defaults even if cured.
		Section 4C	
i.	Franchisee's obligations on termination/non-renewal	Section 14A-14C	Pay amounts owed; return the Operations Manual and Software Program and return or destroy all other materials; stop using Marks, System and confidential information; de-identify yourself from us; cancel assumed names; return to us any signs utilizing the Marks; provide us with the names, addresses, telephone numbers and email addresses of all customers; assign to us your telephone and facsimile numbers, and email and internet addresses, websites, domain names, social media sites and search engine identifiers; assign your lease to us, at our option; adhere to non-competition provisions. (also see r, below)
j.	Assignment of contract by franchisor	Section 11G	No restriction on our right to assign.
k.	"Transfer" by franchisee – defined	Section 11A	Includes any type of transfer of the Franchise Agreement or assets or any ownership change.
l.	Franchisor approval of transfer by franchisee	Section 11B	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Sections 11B-11D	Transferee qualifies; all amounts due are paid in full; you are not in default; the transferee complies with training requirements; transferee has received required disclosure documents; then current form of Franchise Agreement signed; transferee assumes remaining obligations under your agreements; transfer fee paid; assets have been refurbished, remodeled or replaced; lessor consent to lease assignment, if necessary; general releases signed; guaranty of performance may be required; and right of first refusal declined by us. (also see r below).
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 11F	We can match any offer for your business, except broker's fees are excluded. Cash may be substituted for any form of payment proposed.

	<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
o.	Franchisor's option to purchase franchisee's business	Section 14B	Option to purchase some or all equipment, supplies, inventory, advertising materials and any items with our logo, for cash at fair market value, exercisable up to 90 days after termination or expiration. If no agreement on fair market value, an appraiser appointed by us will decide.
p.	Death or disability of franchisee	Section 11E	You must assign franchise to an approved buyer within 180 days. All transfer provisions of section 8 of the franchise agreement apply.
q.	Non-competition covenants during the term of the franchise	Section 10D	No store or food business which includes the sale of pretzels where the sale of pretzels is more than 10% of the overall revenue of the business, nor an organization franchising a similar business.
r.	Non-competition covenants after the franchise is terminated or expires	Section 10D	No store or food business which includes the sale of pretzels where the sale of pretzels is more than 10% of the overall revenue of the business for 1 year within 5 miles of your former store location, or within 5 miles of any other BEN'S SOFT PRETZELS store. No organization franchising a similar business for 1 year. No solicitation or acceptance of business from former customers for 1 year.
s.	Modification of agreement	Section 15B	Modification by written agreement signed by you and us. The Operations Manual can be revised and modified by us.
t.	Integration/merger clause	Section 15B	Only the terms of the Franchise Agreement (including System Standards in the Operations Manual) are binding (subject to state and federal law). Any statements or promises not in the Franchise Agreement and this disclosure document and may not be enforceable. No claim made in any franchise agreement is intended to disclaim the representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Section 12	Except for certain claims, all disputes must be mediated and arbitrated in the city where our headquarters is located when the proceedings are conducted, currently Goshen, Indiana (subject to state law).
v.	Choice of forum	Section 15I	Court litigation must be in any state or federal court of general jurisdiction over Goshen, Indiana (or where our headquarters is located when the proceedings are conducted). (subject to state law).
w.	Choice of law	Section 15H	Except for the Federal Arbitration Act and other federal law, Indiana law applies (subject to state law).

**ITEM 18**  
**PUBLIC FIGURES**

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

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise 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.

This financial performance representation discloses historical information regarding (i) the actual annual Gross Sales (defined below) for the stores that were open and operated at least one year as of the end of 2021 (the “2021 Operating Stores”), (ii) the actual annual Gross Sales (defined below) for the stores that were open and operated at least one year as of the end of 2022 (the “2022 Operating Stores”) and (iii) the actual annual Gross Sales (defined below) for the stores that were open and operated at least one year as of the end of 2023 (the “2023 Operating Stores”).

We have included the 2021 Gross Sales for the period January 1, 2021-December 31, 2021 (the “2021 Measurement Period”), Gross Sales for the January 1, 2022-December 31, 2022 (the “2022 Measurement Period”), and Gross Sales for the January 1, 2023-December 31, 2023 (the “2023 Measurement Period”). The Operating Stores are separated for Franchisee Owned Operating Stores and Company Owned Operating Stores. For the Franchisee Owned Operating Stores, we obtained these sales figures from information provided to us by our franchisees for the periods noted.

The Operating Stores do not include the 2 franchises which are for baseball parks and only sell pretzels when a game is played at the park. The Operating Stores also do not include any new store that was opened during the year but was not open for the entire Measurement Period. If a store transferred as between two franchisees during a year, the results are included for that store.

The term “Gross Sales” means all sales or revenues, derived directly or indirectly from the business, including on-premises sales and monies derived at or away from the business, whether from cash, check, credit and debit card, trade credit or credit transactions, including without limitation business interruption insurance proceeds and service charges in lieu of gratuity, but excluding (i) sales taxes collected from customers and paid to the appropriate taxing authority and (ii) the amount of all coupons redeemed.

“Franchisee-Owned Operating Store” means a store operated under a franchise agreement that is not a Company-Owned store.

“Company-Owned Operating Store” means a store owned by us or any of our affiliates who are related to us by common ownership.

“Stand Alone” store as used in the table below means a store operated at a street front or similar location rather than a location within a mall or a Walmart or Meijer store.

References in the table to Walmart or Meijer means that the store is located in a Walmart or Meijer store. For a multiple store operator, we have included the Gross Sales for each store.

### **Franchisee-Owned and Company-Owned Operating Stores:**

The historical Gross Sales for the 2021 Measurement Period, the 2022 Measurement Period and the 2023 Measurement Period for the Franchisee-Owned Operating Stores is provided in the following table (with the Company-Owned Operating Stores at the end of the table:

Franchisee-Owned Operating Stores  
Gross Sales, except as noted at the end of the Table

Type of Business Unit	Type of Operator	Total \$ (Per Store if more than one Store)				
		SS	Single Store Operators	Total 2021	Total 2022	Total 2023
SS1	1 Mall		\$251,590.00	\$323,204.00	\$346,072.00	Closed 12/23/2023
SS2	1 Stand Alone		\$142,878.00	\$406,496.00	\$585,209.00	
SS3	1 Walmart				\$18,801.00	Closed 1/2023
SS4	1 Mall		\$336,564.00	\$156,226.00	\$187,267.00	
SS5	1 Walmart		\$143,055.00	\$44,978.00	\$21,989.00	Closed 6/11/23
SS6	1 Walmart		\$34,373.00	\$93,012.00	\$125,905.00	Opened 4/1/23
SS7	1 Stand Alone		\$120,777.00	\$137,544.00	\$217,611.00	
SS8	1 Stand Alone		\$154,126.00	\$136,782.00	\$146,803.00	
SS9	Walmart		\$209,011.00	\$202,710.00	\$101,980.00	Closed 9/18/23
SSM	Single store with Mobile/Venue	Total 2021	Total 2022	Total 2023	Notes	
SSM1	1 Walmart with Mobile Addendum	\$173,118.00	\$158,303.00	\$163,270.00		
SSM2	1 Walmart with 1 Mobile 1 venue	\$301,971.00	\$342,716.00	\$394,821.00		
	Walmart	\$213,871.00	\$184,439.00	\$233,581.14		
	mobile	\$49,150.00	\$49,194.00	\$18,765.00		
	mobile	\$18,162.00	\$58,397.00	\$87,732.00		
	Venue	\$20,788.00	\$50,685.77	\$54,742.69		
SSM3	1 Walmart with Mobile	\$79,257.00	\$66,893.00	\$75,827.00		
	Walmart	\$79,257.00	\$66,893.00	\$73,534.81		
	Mobile	\$0.00	\$0.00	\$2,292.15		
SSM4	1 Walmart and 1 Venue	\$134,290.00	\$155,651.00	\$142,424.00		
	Walmart	\$89,765.00	\$89,676.00	\$46,996.67		
	Venue	\$44,525.00	\$65,975.00	\$95,427.50		
SSM5	1 Stand Alone and 1 Mobile	\$185,358.00	\$260,692.00	\$235,504.00		
	Stand Alone	\$185,358.00	\$260,692.00	\$235,504.00		
	Mobile			\$62,761.84		
SSM6	1 Stand Alone 2 Venue		\$402,996.00	\$463,550.00	Opened in 2022	
	Mall		\$230,864.00	\$298,259.00	"	
	Venue		\$96,423.00	\$97,994.45	"	
	Venue		\$64,237.55	\$67,296.82	"	
	mobile		\$11,471.00	\$0.00		
SSM7	1 Mall Location 1 Venue	\$66,285.00	\$200,395.00	\$532,736.00		
	Mall		\$51,395.00	\$291,984.85		
	Venue	\$66,285.00	\$149,000.00	\$240,750.75		
SSM8	2 Walmarts 1 Mobile	\$200,233.00	\$219,856.00	\$315,890.00		

Type of Business Unit	Type of Operator	Total \$ (Per Store if more than one Store)			
	Walmart	\$219,161.00	\$155,062.00	closed 12.31.22	Closed 12/31/2022
	Walmart	\$200,233.00	\$181,020.00	\$221,716.55	
	Mobile		\$38,836.00	\$94,173.54	
<i>MS</i>	<i>Multi-Store Operator</i>	<i>Total 2021</i>	<i>Total 2022</i>	<i>Total 2023</i>	<i>Notes</i>
MS1	2 Walmarts Total	\$418,619.00	\$491,539.00	\$531,240.45	
	Walmart	\$167,029.00	\$203,545.00	\$246,517.00	
	Walmart	\$251,590.00	\$287,994.00	\$284,723.45	
MS2	2 Walmarts Total	\$474,804.00	\$504,045.00	\$535,870.00	
	Walmart	\$167,029.00	\$262,843.00	\$284,635.00	
	Walmart	\$307,775.00	\$241,202.00	\$251,235.00	
<i>MSM</i>	<i>Multi-Store Operator with Mobile/Venue</i>	<i>Total 2021</i>	<i>Total 2022</i>	<i>Total 2023</i>	<i>Notes</i>
MSM1	2 Meijer Total with Mobile addendum	\$371,048.00	\$332,200.00	\$344,343.00	
	Meijer with mobile addendum	\$193,982.00	\$192,625.00	\$212,211.00	
	Meijer	\$177,066.00	\$139,575.00	\$132,131.75	
MSM2	1 Meijer 1 Mall1 Mobile 3 Venue Total	\$1,639,696.00	\$1,659,784.00	\$1,853,415.00	
	Meijer changed to a Mall	\$300,363.00	\$320,159.00	\$344,342.00	
	Meijer	\$179,077.00	\$173,026.00	\$180,366.00	
	Mobile Trailer	\$127,044.00	\$148,708.00	\$173,435.00	
	Venue	\$44,870.00	\$56,217.00	\$67,196.00	
	Venue	\$85,586.00	\$112,328.00	\$139,251.00	
	Venue	\$902,756.00	\$849,346.00	\$948,825.00	
MSM3 ***	2 Walmart 3 Stand Alone 1 mobile addendum	\$2,063,700.00	\$2,113,413.00	\$2,596,973.00	
	Walmart	\$422,934.00	\$400,895.00	\$402,784.70	
	Walmart	\$527,999.00	\$555,554.00	\$538,518.49	
	Stand Alone	\$888,894.37	\$854,371.00	\$1,088,131.10	
	Stand Alone	\$130,132.00	\$80,629.00	\$129,292.39	
	Mobile and one location open x1 per week	\$93,741.00	\$221,964.00	\$438,246.00	
MSM4	2 Meijer 1 Mobile Addendum Total	\$594,995.00	\$764,870.00	\$881,409.00	
	Meijer	\$250,252.00	\$240,221.00	\$347,497.00	
	Meijer	\$207,845.00	\$250,965.00	\$387,318.00	
	Mobile Trailer	\$136,898.00	\$158,911.00	\$104,254.00	
	Mobile Trailer opened		\$114,773.00	\$42,340.00	
MSM5	1 Walmart 1 Meijer 1 mobile 2 venue	\$559,417.00	\$568,803.00	\$789,583.00	
	Walmart	\$230,953.00	\$204,480.00	\$284,029.00	
	Meijer	\$214,698.00	\$198,381.00	\$251,981.00	



Type of Business Unit	Type of Operator	Total \$ (Per Store if more than one Store)			
	Mobile	\$18,606.00	\$43,449.00	\$39,929.00	
	venue	\$64,752.00	\$82,504.00	\$115,094.00	
	venue	\$30,408.13	\$39,989.00	\$98,550.00	
	Venue			\$19,589.00	
SSM6	1 Walmart with Mobile	\$298,862.00	\$289,155.00	\$491,031.00	
	Walmart	\$243,974.00	\$240,657.00	\$242,481.00	
	Mobile	\$54,888.00	\$48,498.00	\$80,703.00	
	Walmart	\$257,847.00	\$186,855.00	\$167,847.00	
<b>M</b>	<b>Venue/Mobile only</b>	<b>Total 2021</b>	<b>Total 2022</b>	<b>Total 2023</b>	<b>Notes</b>
M1	1 Venue 2 Mobile Total	\$384,285.00	\$388,714.00	\$449,939.00	
	Mobile	\$216,112.00	\$155,353.00	xfer to other	
	Mobile	\$168,173.00	\$233,361.00	\$449,939.00	
M2	1 Mobile 1 Venue	\$298,055.00	\$355,938.00	\$588,726.00	
	Venue	\$263,199.00	\$355,938.00	\$458,681.00	
	Mobile	other operator	other operator	\$130,045.00	
M3	1 Venue Total	\$71,186.00	\$351,945.00	\$358,144.00	
	Venue	\$71,186.00	\$351,945.00	\$358,143.52	
M4	1 Venue Total	\$86,188.00	\$170,076.00	\$227,463.00	
	Venue	\$86,188.00	\$170,076.00	\$227,462.94	
M5	1 Venue 1 Mobile	\$211,865.00	\$394,621.00	\$497,065.00	
	Venue	\$201,859.00	\$351,815.00	\$449,022.00	
	Mobile	\$10,006.00	\$42,806.00	\$48,043.00	
M6	1 Venue	\$52,725.00	\$69,247.00	\$124,363.00	
M7	1 venue total	\$33,374.00	\$43,052.00	\$28,276.00	
M8	1 venue	\$45,321.00	\$157,113.00	\$123,433.00	
	Venue	\$45,321.00	\$157,113.00	\$123,433.00	
M9	1 Mobile Total	\$34,856.00	\$89,300.00	\$157,534.00	
	Mobile	\$34,856.00	\$89,300.00	\$157,534.00	
M10	1 Mobile Total			\$37,606.00	
	Mobile			\$37,606.00	
M11	2 Venue	under corporate	\$341,251.00	\$848,735.00	
	Venue	\$70,738.00	\$341,251.00	\$817,923.00	
	Venue			\$30,812.00	Opened 2023
M12	1 Mobile 1 Venue			\$120,905.00	
	Mobile		\$34,092.77	\$120,905.00	
	Venue			\$23,619.00	opened 2023
M13	1 Mobile 1 Venue			\$123,906.00	
	Mobile			\$86,580.00	
	Venue			\$37,326.00	opened 2023
M14	1 Venue		\$86,995.49	\$74,303.00	
<b>Corporate</b>	<b>Corporate Locations including Venue and Mobile</b>	<b>Total 2021</b>	<b>Total 2022</b>	<b>Total 2023</b>	<b>Notes</b>
	Corporate Locations Total	\$2,069,215.00	\$2,201,017.00	\$2,640,384.00	

Type of Business Unit	Type of Operator	Total \$ (Per Store if more than one Store)			
	Mall	\$688,950.00	\$718,195.00	\$860,846.00	
	Mall	\$547,078.00	\$550,619.00	\$603,118.00	
	Mobile	\$159,752.00	\$176,925.00	\$240,061.00	
	Venue	\$309,597.00	\$502,574.00	\$617,725.00	
	venue	\$105,991.00	\$102,266.00	\$133,482.00	
	1 Walmart	\$257,847.00	\$150,438.00	\$185,152.00	
	Venue	\$70,738.00	xfer to franchisee		

\*\*\*The owner of this Store also has an ownership interest in Ben's Soft Pretzel's

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

Our management prepared this financial performance representation based on information provided by our affiliates. This financial performance representation was prepared without an audit. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, Ben's Soft Pretzels Franchising Corporation does 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 outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Scott A. Jones at Ben's Soft Pretzels Franchising Corporation, 1119 S. Indiana Avenue, Goshen, Indiana 46526 (574) 970-2188, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**

**Systemwide Outlet Summary**  
**For Years 2021 to 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
<b>Franchised</b>	2021	63	69	+6
	2022	69	77	+8
	2023	77	75	-2
<b>Company-Owned</b>	2021	7	6	-1
	2022	6	5	-1
	2023	5	6	+1

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
<b>Total Outlets</b>	2021	70	75	+5
	2022	75	82	+7
	2023	82	81	-1

**Table No. 2**

**Transfers of Outlets from Franchisees to New Owners  
(other than the Franchisor or an Affiliate)  
For Years 2021 to 2023**

State	Year	Number of Transfers
<b>Florida</b>	2021	0
	2022	1
	2023	2
<b>Illinois</b>	2021	0
	2022	1
	2023	0
<b>Indiana</b>	2021	4
	2022	4
	2023	6
<b>Ohio</b>	2021	0
	2022	2
	2023	0
<b>Texas</b>	2021	1
	2022	0
	2023	0
<b>Wisconsin</b>	2021	0
	2022	1
	2023	2
<b>Total</b>	<b>2021</b>	<b>5</b>
	<b>2022</b>	<b>9</b>
	<b>2023</b>	<b>10</b>

**Table No. 3**

**Status of Franchise Outlets  
For Years 2021 to 2023\***

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at the End of the Year
<b>Alabama</b>	2021	1	1	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 the End of the Year
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Arizona	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	1	4
Illinois	2021	3	1	0	0	0	1	3
	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Indiana	2021	38	3	0	0	0	1	40
	2022	40	2	0	0	0	0	42
	2023	42	1	0	1	1	2	39
Kentucky	2021	3	1	0	0	0	1	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Michigan	2021	7	2	0	0	0	3	6
	2022	6	3	0	1	0	0	8
	2023	8	1	0	1	0	0	8
North Carolina	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Ohio	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	1	2
	2023	2	1	0	0	0	0	3
Texas	2021	1	2	0	0	1	0	2
	2022	2	4	0	0	0	0	6

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at the End of the Year
	2023	6	1	0	0	0	0	7
Wisconsin	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	1	3
	2023	3	0	0	0	0	0	3
Totals	2021	63	13	0	0	1	6	69
	2022	69	11	0	1	0	2	77
	2023	77	4	0	2	1	3	75

Table No. 4

Status of Company and Affiliate-Owned Outlets  
For Years 2021 to 2023\*

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Illinois	2021	2	0	0	1	1	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Indiana	2021	5	0	0	0	0	5
	2022	5	0	0	0	0	5
	2023	5	0	1	0	0	6
Texas	2021	0	0	1	0	0	1
	2022	1	0	0	0	1	0
	2023	0	0	0	0	0	0
Totals	2021	7	0	1	1	1	6
	2022	6	0	0	0	1	5
	2023	5	0	1	0	0	6

**Table No. 5**

**Projected Openings  
As of December 31, 2023**

<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Projected New Company-Owned Outlets in the Next Fiscal Year</b>
<b>Alabama</b>	0	1	0
<b>Alaska</b>	1	1	0
<b>Indiana</b>	1	1	0
<b>Kentucky</b>	0	1	0
<b>Nevada</b>	0	1	0
<b>Ohio</b>	0	1	0
<b>Texas</b>	0	1	0
<b>Wisconsin</b>	1	1	0
<b>Total</b>	<b>3</b>	<b>8</b>	<b>0</b>

Exhibit B lists the names of all of our operating franchisees and the addresses and telephone numbers of their Stores as of December 31, 2023, and the franchisees who have signed Franchise Agreements for Stores which are not yet operational as of December 31, 2023. Exhibit B also lists the franchisees who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within ten weeks of the issuance of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. 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.

There is no trademark-specific franchisee organization associated with the franchise system which the franchisor has created, sponsored or endorsed. There is no independent trademark-specific franchisee organization which has asked to be included in the disclosure document.

**ITEM 21  
FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit D are our audited financial statements for our fiscal years ending December 31, 2023, December 31, 2022, and December 31, 2021, and an unaudited balance sheet and income statement for the period ending March 31, 2023. Our fiscal year end is December 31.

**ITEM 22**  
**CONTRACTS**

This Disclosure Document includes a sample of the following contracts:

- Exhibit C - Franchise Agreement, including Schedules: A-Data Sheet, Mobile Store Addendum/Captive Market Addendum; B-Trademarks; C-Addendum to Lease; D- (E.1-Sublease; E.2-Sublicense); E- 3-Pack Addendum; F-ACH Authorization Forms; G-POS Agreements; H-Personal Guarantee and Acknowledgement Addendum.
- Exhibit F - Sample Release
- Exhibit G - State Addenda

**ITEM 23**  
**RECEIPTS**

Attached to this Disclosure Document as Exhibit I is a detachable acknowledgment of receipt.

**EXHIBIT A**

**LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS**



## LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

### CALIFORNIA

California Commissioner of  
Financial Protection &  
Innovation  
Department of Financial  
Protection & Innovation  
State of California  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013  
Telephone: 1-866-275-2677

### HAWAII

Commissioner of Securities of  
the State of Hawaii  
335 Merchant Street  
Room 203  
Honolulu, HI 96813

### ILLINOIS

Attorney General State of Illinois  
500 South Second Street  
Springfield, Illinois 62706

### INDIANA

Agent for Service of Process  
Indiana Secretary of State  
201 State House  
200 West Washington Street  
Indianapolis, Indiana 46204

State Administrator  
Securities Commissioner  
Indiana Securities Division  
302 West Washington, Room E-  
111  
Indianapolis, Indiana 46204

### MARYLAND

Agent to Receive Process  
Securities Commissioner  
Division of Securities  
200 St. Paul Place  
Baltimore, Maryland 21202-2020

### State Authority

Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202

### MICHIGAN

Michigan Department of  
Attorney General  
Consumer Protection Division  
Attn.: Franchise Section  
G. Mennen Williams Bldg, 1<sup>st</sup> Fl  
525 W. Ottawa Street  
Lansing, Michigan 48933

### MINNESOTA

Commissioner of Commerce  
Minnesota Department of  
Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101  
Telephone: (651) 539-1600

### NEW YORK

Agent to Receive Process  
New York Secretary of State  
New York Department of State  
One Commerce Plaza,  
99 Washington Avenue, 6<sup>th</sup> Floor  
Albany, New York 12231-0001  
Telephone: (518) 473-2492

State Administrator  
New York State Department of  
Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, NY 10005-1495  
Telephone: (212) 416-8236  
Fax: (212) 416-6042

### NORTH DAKOTA

North Dakota Securities  
Department  
600 East Boulevard Avenue  
State Capital Fifth Floor,  
Bismarck, North Dakota 58505  
Telephone: (701) 328-4712

### RHODE ISLAND

Rhode Island Department of  
Business Regulation  
Securities Section  
1511 Pontiac Avenue  
John O. Pastore Complex  
Building 69-1  
Cranston, RI 02920

### SOUTH DAKOTA

Division of Insurance  
Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501

### VIRGINIA

Agent to Receive Process  
Clerk of the State Corporation  
Commission  
1300 East Main Street, 1<sup>st</sup> Floor  
Richmond, Virginia 23219

State Administrator  
State Corporation Commission,  
Division of Securities and Retail  
Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, Virginia 23219

### WASHINGTON

Securities Administrator  
Washington State Department of  
Financial Institutions  
150 Israel Rd. SW  
Tumwater, WA 98501

### WISCONSIN

Division of Securities  
Department of Financial  
Institutions  
4822 Madison Yards Way, North  
Tower  
Madison, Wisconsin 53705

**EXHIBIT B**

**LIST OF CURRENT AND FORMER FRANCHISEES**

### List of Current Franchisees at December 31, 2023

Name	Address	City	St	Zip	Telephone
<b>ALABAMA</b>					
Barnett, Mike and Emily	Auburn University, 251 S Donahue Dr	Auburn	AL	36849	(334) 850-1046
Barnett, Mike and Emily	120 Sycamore Drive	Prattville	AL	36066	(334) 850-1046
<b>ARIZONA</b>					
Olmedo, Jose and Yolette	2976 E. Page Ave.	Gilbert	AZ	85234	(480) 209-3094
<b>FLORIDA</b>					
Sapp, Randall and Catherine	Lakeland Walmart, 5800 US Highway 98 N	Lakeland	FL	33809	(863) 858-4379
Medvedev, Artem	Orange Park Walmart, 1505 County Road 220	Orange Park	FL	32003	(904) 553-4365
Dallaire, Gerald	54 St. George Street	St Augustine	FL	32084	(904) 201-9809
Medvedev, Artem	Florida State University, 403 Stadium Dr	Tallahassee	FL	32304	(904) 602-5625
<b>ILLINOIS</b>					
Brown, Lisa	Homer Glen Meijer, 14169 Bell Road	Homer Glen	IL	60491	(708) 879-0515
Brown Lisa	Machesney Park Meijer, 1770 W. Lane Rd.	Machesney Park	IL	61115	(815) 721-8700
Cunningham, Meg	MOBILE TRAILER, 3801 Pinecrest Rd.	Rockford	IL	61107	(815) 847-9272
Salvi, Patrick	Schaumburg Boomers, 1999 Springinsguth Road	Schaumburg	IL	60193	(847) 461-3695
<b>INDIANA</b>					
Williams, Robert	IU University, 1001 E 17th St	Bloomington	IN	47408	(812) 240-2655
Damler, Charles and Marie	Brownsburg Walmart, 400 West Northfield	Brownsburg	IN	46112	(317) 456-7673
Damler, Charles and Marie	MOBILE TRAILER	Brownsburg	IN	46237	(317) 281-4363
Damler, Charles and Marie	MOBILE TRAILER	Brownsburg	IN	46237	(317) 281-4363
Damler, Charles and Marie	Lucas Oil Raceway, 10267 East	Brownsburg	IN	46234	(317) 281-4363
Negron, Edwin and Ashley	MOBILE TRAILER, 210 Fairchild Ave.	Burns Harbor	IN	46304	(219) 763-6276
Negron, Edwin and Ashley	MOBILE TRAILER, 210 Fairchild Ave.	Burns Harbor	IN	46304	(219) 763-6276
Miller, Ben and Liz*	Elkhart Walmart, 175 CR 6 West	Elkhart	IN	46514	(574) 264-2020
Williams, Ronald and Tamara	Eastland Mall, 800 N Green River Rd.	Evansville	IN	47715	(270) 313-2005
Williams, Ronald and Tamara	Bosse Field, 23 Don Mattingly Way	Evansville	IN	47711	(270) 313-2005
Mullins, Amy & Brad	13380 Templin Ave	Fishers	IN	46037	317-677-5694
Salvi, Patrick	Gary Railcats, One Stadium Plaza	Gary	IN	45406	(219) 882-2255
Miller, Ben and Liz*	Goshen Walmart, 4024 Elkhart Rd	Goshen	IN	46526	(574) 312-5170
Coblentz, Steve	1965 North State Street	Greenfield	IN	46140	(317) 318-2234
Goshay, David / Perkins, Jacqueline	Hammond Walmart, 1100 5 <sup>th</sup> Ave.	Hammond	IN	46320	(219) 730-0639
Negron, Edwin and Ashley	Highland Meijer, 10138 Indianapolis Boulevard	Highland	IN	46322	(219) 513-6853

Name	Address	City	St	Zip	Telephone
Damler, Charles and Marie	5325 E. Southport Rd	Indianapolis	IN	46237	317-281-4363
Damler, Charles and Marie	4600 Sunset Ave	Indianapolis	IN	46208	317-281-4363
Renken, Terri & Mark	Gainbridge Fieldhouse, 125 S Pennsylvania St.	Indianapolis	IN	46204	(574) 215-8178
Baker, Amee	Lucas Oil Stadium, 500 S Capitol Ave	Indianapolis	IN	46225	(812) 249-9257
Nibert, Wesley	LaPorte Walmart, 333 Boyd Blvd.	LaPorte	IN	46350	(219) 324-8593
Bratcher, Ryan & Jamie	611 US 30.	Merrillville	IN	46410	(219-650-3700
Coblentz, Steve	Muncie Walmart, 4801 W. Clara Lane	Muncie	IN	47304	(765) 216-1358
Vanlue, Krista and Kevin	Plymouth Walmart, 2505 N. Oak Road	Plymouth	IN	46563	(574) 935-0965
Vanlue, Krista and Kevin	MOBILE TRAILER, 1245 King Rd	Plymouth	IN	46503	(574) 935-0965
Negron, Edwin and Ashley	Portage Meijer, 6050 US Highway 6	Portage	IN	46368	(219) 763-6276
Goshay, David / Perkins, Jacqueline	MOBILE TRAILER, 2700 Costello	Portage	IN	46368	(219) 730-0639
Williams, Ronald and Tamara	Holiday World, 452 E Christmas Blvd.	Santa Claus	IN	47579	(270) 313-2005
Miller, Ben and Liz*	Shipshewana Amish Barn, 100 East Berkshire	Shipshewana	IN	46565	(260) 768-4939
Miller, Ben and Liz*	Shipshewana Flea Market, 345 S. Van Buren Street	Shipshewana	IN	46565	(574) 312-5170
Miller, Ben and Liz*	South Bend Farmer's Market, 1105 Northside Blvd.	South Bend	IN	46615	(574) 312-5170
Melnik, Yuriy	501 W South St	South Bend	IN	46601	(574) 215-8178
Williams, Robert	Terre Haute Walmart, 5555 South U.S. Highway 41	Terre Haute	IN	47802	(812) 298-9633
Williams, Robert	MOBILE TRAILER, 10001 Struble Ave.	Terre Haute	IN	47803	(812) 240-2655
Williams, Robert	MOBILE TRAILER, 10001 Struble Ave.	Terre Haute	IN	47803	(812) 240-2655
Pavlou, Chris	151 Lincolnway	Valparaiso	IN	46383	(219) 286-3622
Nibert, Wesley	Valpraiso Walmart, 2400 Morthland Drive	Valparaiso	IN	46383	(219) 476-1721
Vanlue, Krista and Kevin	Warsaw Walmart, 2501 Walton Blvd.	Warsaw	IN	46582	(574) 267-5225
Damler, Charles and Marie	Purdue, 610 Purdue Mall	West Lafayette	IN	47907	(317) 281-4363
<b>KENTUCKY</b>					
Williams, Ronald and Tamara	Cardinal Stadium, 2800 S Floyd St	Louisville	KY	40209	(270) 313-2005
Williams, Ronald and Tamara	Owensboro Meijer, 2951 Heartland Crossings	Owensboro	KY	42303	(270) 313-2005
Williams, Ronald and Tamara	MOBILE TRAILER, 2421 Allen St.	Owensboro	KY	42303	(270) 313-2005
<b>MICHIGAN</b>					
Smith-Marski, Audra	500 S State St	Ann Arbor	MI	48109	734-764-1817
Weckel, Pat & Julie	136 Territorial Rd. (Mobile)	Benton Harbor	MI	49022	(269) 252-5091
Weckel, Pat & Julie	136 Territorial Rd. (Stand Alone)	Benton Harbor	MI	49022	(269) 252-5091
James, Brian & Amber	Ford Field, 2000 Brush St.	Detroit	MI	48226	(313) 262-2000
Cozzolino, Anthony and Stephanie	Michigan State University, 325 W Shaw Ln	East Lansing	MI	48824	(616) 422-2597
Wilson, Keith and Melissa	MOBILE – 1241 Jenna Ct.	Kalamazoo	MI	49009	(517) 462-1849
Wilson, Keith and Melissa	Kalamazoo Walmart, 501 N. 9th Street	Kalamazoo	MI	49009	(517) 462-1849

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>St</b>	<b>Zip</b>	<b>Telephone</b>
James, Brian & Amber	Oakland Mall, 412 W 14 Mile Road	Troy	MI	48083	(248) 585-6000
<b>NORTH CAROLINA</b>					
Lakhani, Himanshu	Greensboro Mall, 410 Four Seasons Town Centre	Greensboro	NC	27407	(336) 299-9230
<b>OHIO</b>					
Mullins, Amy & Brad	U of Cincinnati, 13380 Templin Ave.	Fishers	IN	46037	(617) 677-5694
Seedorf, Matt and Amy	Ohio State University, 411 Woody Hayes Dr	Columbus	OH	43210	(419) 579-0899
Roman, Stacey	Rossford Meijer, 10055 Meijer Drive	Rossford	OH	43460	(419) 378-3416
<b>TEXAS</b>					
Enrique Antunano	University of Texas, 100 Inner Campus Drive	Austin	TX	78712	(512) 736-3782
Reynolds, Ken and Kimberly	Texas A&M, 400 Bizzell St.	College Station	TX	77843	(979) 845-3211
Freeman, Gary	Will Rogers Arena, 3401 Lancaster Ave.	Fort Worth	TX	76104	(817) 392-7469
Freeman, Gary	Texas Christian University, 2850 Stadium Dr	Fort Worth	TX	76109	(216) 203-1864
Freeman, Gary	Mobile, 1404 Warren Parkway	Frisco	TX	75034	(512) 704-5980
Freeman, Gary	Grandscape Mall, 5752 Grandscape Blvd, Suite 115	The Colony	TX	75056	(216) 203-1864
Reynolds, Ken and Kimberly	1001 S MLK Jr Blvd.	Waco	TX	76704	(254) 710-1000
<b>WISCONSIN</b>					
Kath, JD	University of Wisconsin, 1440 Monroe St	Madison	WI	53711	(608) 833-3119
Kath, JD	143 N. Main St.	Pardeeville	WI	53954	(608) 697-7298
Mullet, John and Rose	505 N Lincoln St – Trailer 1	Poynette	WI	53955	(608) 833-3119
<i>*Owned in part by Ben Miller who is a shareholder of the franchisor</i>					

**List of Franchisees Who Left The System between January 1 - December 31, 2023**

Name	City	State	Telephone
<b>FLORIDA</b>			
Goldsmith, Dean & Michelle	Gainesville	FL	
Goldsmith, Dean & Michelle	Orange Park	FL	
Motta, Markus & Christine	Sarasota	FL	(941) 351-0682
<b>INDIANA</b>			
Hall, Kandi & Marvin	Angola	IN	(260) 665-5552
Jacob Hancock	Greenfield	IN	(317) 318-2234
Stech, Anthony & Judy	Kendallville	IN	(260) 599-0666
Hyde, Jason & Chris	Merrillville	IN	(219) 650-3700
Chrissy Ennis	Michigan City	IN	(219) 879-5557
Stech, Anthony & Judy	Mobile	IN	(260) 599-0666
Cox, Candy & Dan	South Bend	IN	574-215-8178
Jack Hines	Valparaiso	IN	
Lisa Richardson	Wabash	IN	(260) 563-5050
Lisa Richardson	Wabash	IN	(260) 563-5050
<b>MICHIGAN</b>			
Wilson, Keith & Melissa	Coldwater	MI	(517) 462-1849
<b>WISCONSIN</b>			
John & Rose Mullet	Madison	WI	574-354-1903
John & Rose Mullet	Mobile	WI	574-354-1903

**List of Franchisees Who Have Signed A Franchise Agreement But Were Not Yet Operating at December 31, 2023**

Name	Address	City	State	Zip	Telephone
<b>ALASKA</b>					
Maracle, Bryan and Toby	4720 Gruman St.	Anchorage	AK	99507	(907) 750-6789
<b>INDIANA</b>					
Rob Williams	MOBILE	Terre Haute	IN	47803	(812) 298-9633
Wesley Nibert	2400 Morthland Dr.	Valparaiso	IN	46383	(219) 363-9552

**EXHIBIT C**  
**FRANCHISE AGREEMENT**

FRANCHISE AGREEMENT

BETWEEN

Ben's Soft Pretzels Franchising Corporation  
1119 S. Indiana Avenue  
Goshen, Indiana 46526

AND

---

Name of Franchisee

---

Street

---

City

State

Zip Code

---

( )

Area Code Telephone



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BEN'S SOFT PRETZELS® FRANCHISE AGREEMENT

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## BEN'S SOFT PRETZELS® FRANCHISE AGREEMENT

This Franchise Agreement is made on the Effective Date designated on the Data Sheet attached as Schedule A by and between Ben's Soft Pretzels Franchising Corporation, an Indiana corporation with its principal business located at 1119 S. Indiana Avenue, Goshen, Indiana 46526 ("we" or "us"), and "Franchisee" or "you" as identified on the Data Sheet attached as Schedule A (the "Data Sheet"). If the franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners.

### RECITALS

- A. We have developed a unique system for a soft pretzel store that features pretzels, pretzel pockets and other food and beverage related products using certain standards and specifications;
- B. Many of the food products are prepared according to specified recipes, methods and procedures;
- C. We own the BEN'S SOFT PRETZELS Trademark and other trademarks used in connection with the operation of a BEN'S SOFT PRETZELS store;
- D. You desire to develop and operate a BEN'S SOFT PRETZELS store; and
- E. We have agreed to grant you a franchise subject to the terms and conditions of this Agreement.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

### DEFINITIONS

- 1. For purposes of this Agreement, the terms below have the following definitions:
  - A. "Gross Sales" means all sales or revenues, derived directly or indirectly from the Store, including on-premises sales and monies derived at or away from the Store, whether from cash, check, credit and debit card, trade credit or credit transactions, including business interruption insurance proceeds and service charges in lieu of gratuity, but excluding (i) sales taxes collected from customers and paid to the appropriate taxing authority and (ii) the amount of all coupons redeemed at the Store.
  - B. "Manual" or "Operations Manual" means any collection of written, video, audio and/or software media (including materials distributed electronically), regardless of title and consisting of various subparts and separate components, all of which we or our agents produce and which contain specifications, standards, policies, procedures and recommendations for your BEN'S SOFT PRETZELS Store, all of which we may change from time to time.
  - C. "Menu Items" means the pretzels, pretzel pockets, soft drinks and all other food and beverage products prepared according to our specified recipes and procedures, as we may modify and change from time to time.

D. “Owner” means any person or entity who, now or hereafter, directly or indirectly owns an interest in the franchisee when the franchisee is a corporation, limited liability company, or a similar entity other than a partnership entity. If the franchisee is a partnership entity, then each general partner is an Owner, regardless of the percentage of ownership interest. If the franchisee is one or more individuals, each individual is an Owner of the franchisee. Your Owner(s) are identified on the Data Sheet. Every time there is a change in the persons who are your Owners, you must, within 10 days from the date of each such change, update the Data Sheet. As used in this Agreement, any reference to Owner includes all Owners.

E. “Store” means the BEN’S SOFT PRETZELS Store you develop and operate pursuant to this Agreement.

F. “System” means the BEN’S SOFT PRETZELS System, which consists of distinctive food selection and presentation, unique recipes, methods and procedures, equipment, interior and exterior accessories, color schemes, products, services, method of operation, marketing and advertising programs, management programs, standards, specifications and proprietary information, all of which we may change modify and change from time to time.

G. “Trademarks” means the BEN’S SOFT PRETZELS Trademark that has been registered in the United States and elsewhere and the trademarks, service marks and trade names set forth on Schedule B, as we may modify and change from time to time, and the trade dress and other commercial symbols used in the Store. Trade dress includes the designs, color schemes and image we authorize you to use in the operation of the Store from time to time.

#### GRANT OF LICENSE

2. The following provisions control with respect to the license granted hereunder:

A. Store. We grant to you the right and license to establish and operate a retail Store identified by the BEN’S SOFT PRETZELS Trademarks or such other marks as we may direct (the “Store”), at the location identified on the Data Sheet, which location must be designated within 90 days from the date of this Agreement (the “Authorized Location”). When a location has been designated by you and approved by us, it will become part of this subparagraph 2.A as if originally stated. If a Store is not “under control” within 180 days from the date of this Agreement (as defined in subparagraph 5.A), we may grant you an extension of time to locate a Store or terminate this Agreement. You accept the license and undertake the obligation to operate the Store using the Trademarks and the System in compliance with the terms and conditions of this Agreement.

B. Opening. You agree that the Store will be open and operating in accordance with the requirements of subparagraph 5.A within 365 days from the date of this Agreement, unless we authorize in writing an extension of time.

C. Nonexclusivity; Our Reservation of Rights. The license is limited to the right to develop and operate one Store at the Authorized Location only. The license granted to you does not include (i) any right to sell products and Menu Items outside the Store, except for authorized catering and delivery services as noted in subparagraph 2.E, (ii) any right to sell products and Menu Items through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), (iii) any right to sell products and Menu Items identified by the Trademarks to any person or entity for resale or further distribution, or (iv) any right to exclude, control or impose conditions on our development of future franchised, company or affiliate owned stores at any time or at any location regardless of the proximity to your Store, including Mobile

Stores, which are BEN'S SOFT PRETZELS stores that operate and sell product out of a vehicle (generally a food truck or trailer). There are no restrictions or limitations from where consumer business may be generated. You are not provided consumer protections to the extent that consumers can visit any BEN'S SOFT PRETZELS store that they desire regardless of where they reside or any other factor. We will not be required to pay you any compensation for any Mobile Stores that conduct business near your Store.

We and our affiliates retain all rights that are not expressly granted to you under this Agreement. Further, we and our affiliates may, among other things, on any terms and conditions we deem advisable, without compensation to any franchisee, and without granting you any rights therein:

(i) establish and/or license others to establish franchised or company-owned or affiliate-owned Stores at any location, regardless of the proximity of such stores to your Designated Area;

(ii) merge with, acquire or become associated with ("Merger/Acquisition Activity") any businesses or stores of any kind (including those in competition with BEN'S SOFT PRETZELS) under other systems and/or marks, which businesses and stores may convert to or operate under the Trademarks and may offer or sell menu items, products and services that are the same as or similar to the Menu Items offered at or from the Store, and which may be located anywhere; and

(iii) sell and distribute for ourselves and/or license others to sell and distribute through franchised businesses or any other method of distribution menu items the same as or different from the Menu Items offered under the System, and which are offered and distributed under marks different than the Trademarks.

We and our affiliates also have the right to offer, sell or distribute any proprietary items or other products or services associated with the System (now or in the future) or identified by the Trademarks, or any other trademarks, service marks or trade names through any distribution channels or methods, without compensation to any franchisee. The distribution channels or methods ("Alternative Methods of Distribution") include, without limitation, grocery stores, club stores, convenience stores, wholesale, business or industry locations (e.g. manufacturing site, office building), military installations, military commissaries or the Internet (or any other existing or future form of electronic commerce).

You acknowledge and agree that certain locations are by their nature unique and separate in character from sites generally developed as BEN'S SOFT PRETZELS stores. As a result, you agree that we have the right to develop or franchise Special Site locations ("Special Sites") which include, but are not limited to the following locations regardless of their location and their proximity to your Store: (1) military bases; (2) public transportation facilities (including airports); (3) sports facilities (including hockey arenas); (4) student unions or other similar buildings on college or university campuses; (5) amusement and theme parks; (6) malls or enclosed shopping centers; and (7) community and special events.

Finally, we may operate or license others the right to operate a Mobile Store business that offers the same or different Menu Items than you offer at your Store under the Trademarks or any other marks (a "Mobile Store Business"). The Mobile Store Business may offer and sell products at more than a location within a Designated Area as further noted in the Mobile Store Addendum attached as a schedule to this Agreement, although we will establish other operational guidelines

in the Manuals which define minimal boundaries and related procedures regarding a Mobile Store Business. You only have the right to operate a Mobile Store Business if we license that right to you and you and we sign a Mobile Store Addendum in addition to this Agreement.

E. Catering and Delivery. You may not engage in catering and delivery services and activities, unless we authorize you. If you want to offer catering or delivery service to customers, you must obtain our prior written approval. Any catering or delivery services must meet our written standards. Any income from catering or delivery services must be included in Gross Sales for purposes of your Royalty and Advertising Fund Fees (as defined below in this Agreement).

### TRADEMARK STANDARDS AND REQUIREMENTS

3. You acknowledge and agree that the Trademarks are our property and we have licensed the use of the Trademarks to you and others. You further acknowledge that your right to use the Trademarks is specifically conditioned upon the following:

A. Trademark Ownership. The Trademarks are our valuable property, and we are the owner of all right, title and interest in and to the Trademarks and all past, present or future goodwill of the Store and of the business conducted at the Store that is associated with or attributable to the Trademarks. Your use of the Trademarks will inure to our benefit. You may not, during or after the term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm or contest our rights in any of the Trademarks or the goodwill associated with the Trademarks, including any use of the Trademarks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media.

B. Trademark Use. You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the Store except those set forth in Schedule B or except as we otherwise direct in writing. You may use the Trademarks only in connection with such products and services as we specify and only in the form and manner we prescribe in writing. You must comply with all trademark, trade name and service mark notice marking requirements. You may use the Trademarks only in association with products and services approved by us and that meet our standards or requirements with respect to quality, mode and condition of storage, production, preparation and sale, and portion and packaging.

C. Store Identification. You must use the name BEN'S SOFT PRETZELS as the trade name of the Store and you may not use any other mark or words to identify the Store without our prior written consent. You may not use any of the words BEN'S SOFT PRETZELS or any of the other Trademarks or any names or words that are substantially similar as part of the name of your corporation, partnership, limited liability company or other similar entity. You may use the Trademarks on various materials, such as business cards, stationery and checks, provided you (i) accurately depict the Trademarks on the materials as we prescribe, (ii) include a statement on the materials indicating that the business is independently owned and operated by you, (iii) do not use the Trademarks in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and (iv) make available to us, upon our request, a copy of any materials depicting the Trademarks. You must post a prominent sign in the Store identifying you as an BEN'S SOFT PRETZELS franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently own and operate the Store and that the BEN'S SOFT PRETZELS Trademark is owned by us and your use is under a license we have issued to you. All your internal and external signs must comply at all times with our outdoor/indoor guidelines and practices, as they are modified from time to time.

D. Litigation. In the event any person or entity improperly uses or infringes the Trademarks or challenges your use or our use or ownership of the Trademarks, we will control all litigation and we have the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Trademark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Trademarks in violation of this Agreement, in which case you must reimburse us for our fees and expenses.

E. Changes. You may not make any changes or substitutions to the Trademarks unless we direct in writing. We reserve the right to change or modify the Trademarks, including the BEN'S SOFT PRETZELS Trademark, at any time. For example, we may require you to cease all use of the BEN'S SOFT PRETZELS Trademark at any time and require you to use a different Trademark as we may designate in connection with the operation and identification of your Store. There are no limitations on our right to change or modify the Trademarks and we may change or modify the Trademarks for any reason including, but not limited to, any challenge to our ownership of the Trademarks, a change in market conditions, or any claimed or actual infringement of our Trademarks. We will provide you with written notice of any changes or modifications to the Trademarks. Upon receipt of our written notice you will have a reasonable amount of time, not to exceed six (6) months, to change or modify your use of the Trademarks consistent with the terms contained in the written notice. By way of example only, if we require you to change or modify the Trademarks, you may be required to do any of the following: (i) change all signage (interior and exterior) used in connection with the operation or identification of your Store, (ii) cease all use of any products, serving and/or convenience items containing the Trademarks, (iii) cease all use of any advertising or marketing materials containing the former Trademarks, and (iv) change your letterhead, business cards and any other items containing the former Trademarks. All changes or modifications to the Trademarks will be at your sole expense.

F. Creative Works. All ideas, concepts, techniques, or materials concerning the BEN'S SOFT PRETZELS Store, whether or not protectable intellectual property and whether created by or for you or one of your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you must assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

#### TERM AND RENEWAL

4. The following provisions control with respect to the term of this Agreement and any successor rights:

A. Term. The initial term of this Agreement begins on the Effective Date as defined in subparagraph 15.P below and the Data Sheet and ends 5 years from the date you open your Store, subject to any modifications in the Data Sheet to take into account the term of the lease for your Authorized Location. We may renew this term in writing for an additional two 5-year renewal terms, taking into account the term of any applicable lease for the Authorized Location.

B. Renewal. You will have the option to renew your rights under this Agreement for two (2) renewal terms of 5 years each. We may grant you the option to enter into a renewal

agreement for your Store provided that with respect to the renewal agreement: (i) you have given us written notice of your intent to enter into a renewal agreement at least 6 months but not more than 12 months prior to the end of the expiring term; (ii) you sign our then-current form of franchise agreement (modified to reflect that the agreement relates to a renewal agreement), the terms of which may differ from this Agreement, including higher fees; (iii) you have complied with the provisions of subparagraph 5.E regarding modernization and you perform any further items of modernization and/or replacement of the building, premises, trade dress, equipment and grounds as may be necessary for your Store to conform to the standards then applicable to new BEN'S SOFT PRETZELS stores, regardless of the cost of such modernizations and/or replacements; (iv) you are not in default of this Agreement or any other agreement pertaining to the franchise granted, you have not been in default of this Agreement on three or more occasions during the term of this Agreement, regardless of whether any cure has been effectuated, have satisfied all monetary and material obligations on a timely basis during the term, and are in good standing; (v) if leasing the Store premises, you have renewed the lease and have provided written proof of your ability to remain in possession of the premises throughout the renewal period; (vi) you comply with our then-current training requirements; and (vii) you and your owner(s) and guarantors execute a general release of claims in a form we prescribe.

C. Interim Period. If you do not exercise your option to enter into a renewal agreement prior to the expiration of this Agreement and continue to accept the benefits of this Agreement after the expiration of this Agreement, then at our option, this Agreement may be treated either as (i) expired as of the date of expiration with you then operating a franchise without the right to do so and in violation of our rights; or (ii) continued on a month-to-month basis ("Interim Period") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. In the latter case, all of your obligations shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Period.

#### FACILITY STANDARDS AND MAINTENANCE

5. You acknowledge and agree that we have the right to establish, from time to time, quality standards regarding the business operations of BEN'S SOFT PRETZELS stores to protect the distinction, goodwill and uniformity symbolized by the Trademarks and the System. Accordingly, you agree to maintain and comply with our quality standards and agree to the following terms and conditions:

A. Store Facility; Site Under Control. You are responsible for leasing a site that meets our site selection guidelines. We must consent to the site in writing. You may not use the Store premises for any purpose other than the operation of a BEN'S SOFT PRETZELS Store during the term of this Agreement or any Interim Period. We make no guarantees concerning the success of the Store located on any site to which we consent.

You may not open your Store for business until we have notified you in writing that you have satisfied your pre-opening obligations as set forth in subparagraphs 5.A and 5.B and we have consented to your opening date. We are not responsible or liable for any of your pre-opening obligations, losses or expenses you might incur for your failure to comply with these obligations or your failure to open by a particular date. We also are entitled to injunctive relief or specific performance under subparagraph 12.C for your failure to comply with your obligations.

If your Store is located in a leased space other than space where we may have arrangement with retailers as noted below, you and your landlord must sign the Lease Addendum attached as Schedule C. We recommend you submit the Lease Addendum to the landlord at the beginning of your lease review and negotiation, although the terms of the Lease Addendum may not be negotiated without our prior approval. If the landlord requires us to negotiate the Lease Addendum, we reserve the right to charge you a fee, which will not exceed our actual costs associated with the negotiation. You must provide us a copy of the executed lease and Lease Addendum within 5 days of its execution. We have no responsibility for the lease; it is your sole responsibility to evaluate, negotiate and enter into the lease for the Store premises.

You must execute and provide us an executed copy of your lease (including an executed copy of the Lease Addendum) or the purchase agreement for the selected and approved site for your Store within 180 days from the date of execution of this Agreement. If you fail to have your “site under control” (you and we agree on a site and you execute a lease or purchase agreement for the site) within 180 days after the date of execution of this Agreement, we will have the right to terminate this Agreement without opportunity to cure pursuant to subparagraph 13.B.2.

In certain circumstances we have entered into arrangements with regional or national retailers and if you will locate your Store in these premises, you must enter into additional documentation, attached to this Agreement as a Schedule. In the case of Meijer stores, we have entered into a master in-store license, and you must enter into a Sublicense Agreement, attached as Schedule E1. In the case of Walmart stores (or any other store chain for which we have entered into a master lease agreement), you must enter into a Sublicense, attached as a Schedule.

B. Construction; Future Alteration. You must construct and equip the Store in strict accordance with our current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, furnishings, and design and layout of the building. You may not commence construction of the Store until you have received our written consent to your layout plans.

Without limiting the generality of the prior paragraph, you must promptly after obtaining possession of the site for the Store: (i) contact and retain an architect that meets our approval and have prepared and submitted for our approval a site survey and basic architectural plans and specifications consistent with our general atmosphere, image, color scheme and décor requirements as set forth from time to time in the Manuals for a BEN’S SOFT PRETZELS store (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture and signage); (ii) purchase or lease and then, in the construction of the Store, use only the approved building materials, equipment, fixtures, audio visual equipment, furniture and signage; (iii) complete the construction and/or remodeling, equipment, fixtures, furniture and sign installation and decorating of the Store in full and strict compliance with plans and specifications we approve and all applicable ordinances, building codes and permit requirements without any unauthorized alterations; (iv) obtain all customary contractors’ sworn statements and partial and final waivers, obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Act; and (v) obtain and maintain all required zoning changes, building, utility, health, sanitation, and sign permits and licenses and any other required permits and licenses. It is your responsibility to comply with the foregoing conditions.

Any change to the plans or any replacement, reconstruction, addition or modification in the space, interior or exterior decor or image, equipment or signage of the Store to be made after our consent is granted for initial plans, whether at the request of you or of us, must be made in



accordance with specifications that have received our prior written consent. You may not commence such replacement, reconstruction, addition or modification until you have received our written consent to your revised plans.

C. Maintenance. The building, equipment, fixtures, furnishings, signage and trade dress (including the interior and exterior appearance) employed in the operation of your Store must be maintained and refreshed in accordance with our requirements established periodically and any of our reasonable schedules prepared based upon periodic evaluations of the premises by our representatives. Within a period of 30-60 days (as we determine depending on the work needed) after the receipt of any particular report prepared following such an evaluation, you must effect the items of maintenance we designate, including the repair of defective items and/or the replacement of irreparable or obsolete items of equipment and interior signage. If, however, any condition presents a threat to customers or public health or safety, you must effect the items of maintenance immediately, as further described in subparagraph 6.G.

D. Relocation. If you need to relocate because of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach, we will grant you authority to do so at a site acceptable to us; provided that the new Store is under construction within 90 days after you discontinue operation of the Store at the Authorized Location, and the new Store is open and operating within 120 days after construction commences, all in accordance with our then-current standards. If you voluntarily decide to relocate the Store, your right to relocate the Store will be void and your interest in this Agreement will be voluntarily abandoned, unless you have given us notice of your intent to relocate not less than 60 days prior to closing the Store, have procured a site that we accept within 60 days after closing the prior Store, have opened the new Store for business within 120 days of such closure and complied with any other conditions that we reasonably require.

In the event your Store is destroyed or damaged and you repair the Store at the Authorized Location (rather than relocate the Store), you must repair and reopen the Store in accordance with our then-current standards for the destroyed or damaged area within 120 days of the date of occurrence of the destruction or damage.

You do not have the right to relocate in the event you lose the right to occupy the Store premises because of the cancellation of your lease due to your breach. The termination or cancellation of your lease due to your breach is grounds for immediate termination under subparagraph 13.B.2.

E. Modernization or Replacement. From time to time as we require, you must modernize and/or replace the building, premises, trade dress, equipment, fixtures and improvements as may be necessary for your Store to conform to the standards for similarly situated new BEN'S SOFT PRETZELS stores. Furthermore, in addition to performing general continued maintenance and refreshing of the Store premises whenever necessary as set forth in subparagraph 5.C, you must make any required expenditures for equipment or leasehold improvements necessary to prepare new menu items or products.

Each and every transfer of any interest in this Agreement or your business governed by Paragraph 11 or any renewal agreement covered by Paragraph 4 is expressly conditioned upon your compliance with these modernization or replacement requirements at the time of transfer or renewal.

You acknowledge and agree that the requirements of this subparagraph 5.E are both reasonable and necessary to ensure continued public acceptance and patronage of BEN'S SOFT PRETZELS stores and to avoid deterioration or obsolescence in connection with the operation of the

Store. If you fail to make any improvement as required by this subparagraph or perform the maintenance described in subparagraph 5.C, we may, in addition to our other rights in this Agreement, effect such improvement or maintenance and you must reimburse us for the costs we incur.

F. Signage. All signage at your Store must comply with our then current specifications, which we may modify and change from time to time due to modifications to the System, including changes to the Trademarks. You must make such changes to the outdoor signage as we require and at your cost.

#### PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS

6. You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity and protecting the goodwill of the Trademarks. The following provisions control with respect to products and operations:

A. Authorized Menu. Your business must be confined to the preparation and sale of only such Menu Items and other food and beverage products as we designate and approve in writing from time to time for sale by your Store. You must offer for sale from the Store all items and only those items listed as Menu Items and other approved food and beverage products. We have the right to make modifications to these items from time to time, and you agree to comply with any modifications. You may not offer or sell any other product or service at the Store without our prior written consent.

B. Authorized Products and Ingredients. You must use in the operation of the Store and in the preparation of Menu Items and other food and beverage products only the proprietary and non-proprietary ingredients, recipes, formulas, preparation techniques and processes and supplies we designate, and prepare and serve the Menu Items and products in such portions, sizes, appearance, taste and packaging, all as we specify in our Manuals or otherwise in writing. We will supply to you a copy of the current Manuals prior to opening the Store. You acknowledge and agree that we may change these periodically and that you are obligated to conform to the requirements. All supplies, including containers, cups, plates, wrapping, eating utensils, and napkins, and all other customer service materials of all descriptions and types must meet our standards of uniformity and quality. You acknowledge that the Store must at all times maintain an inventory of ingredients, food and beverage products and other products, material and supplies that will permit operation of the Store at maximum capacity.

C. Approved Supplies and Suppliers. We will furnish to you from time to time lists of approved supplies or approved suppliers. You must only use approved products, services, inventory, equipment, fixtures, furnishings, signs, advertising materials, trademarked items and novelties, and other items or services (collectively, "approved supplies") in connection with the design, construction and operation of the Store as set forth in the approved supplies and approved suppliers lists, as we may amend from time to time. Although we do not do so for every item, we have the right to approve the manufacturer, distributor and/or supplier of approved supplies. You acknowledge and agree that certain approved supplies may only be available from one approved supplier source, and we or our affiliates may be that source. You will pay the then-current price in effect for any approved products and supplies purchased from us or our affiliates. All inventory, products, materials and other items and supplies used in the operation of the Store that are not included in the approved supplies or approved suppliers' lists must conform to the specifications and standards we establish from time to time. **ALTHOUGH APPROVED OR DESIGNATED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL**

WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM SHALL NOT CREATE ANY LIABILITY TO US.

Except for any products, supplies or materials for which we designate a single source approved supplier, if you wish to purchase products, supplies, materials or equipment from suppliers not approved by us, you must submit to us a written request to approve the proposed supplier, together with any background documents or evidence we may require. We will have the right to require you to obtain permission from the supplier to allow our representatives to inspect the supplier's facilities and that you deliver samples from the supplier for evaluation and testing to us or to an independent testing facility that we designate. We may charge you an evaluation fee to conduct our evaluation and testing. We will, within 30 days after our receipt of your evaluation request, notify you in writing of our approval or disapproval of your proposed supplier. We may revoke our approval of particular products, equipment or suppliers when we determine that such products, equipment or suppliers no longer meet our standards. Upon receipt of our revocation of approval, you must cease to use or sell any disapproved products and cease to purchase from any disapproved supplier.

D. POS System. You must purchase a POS system that complies with our standards and requirements, including all future updates, supplements and modifications (the "POS System") and sign any related agreements (now or in the future; current forms attached as a Schedule to this Agreement). The POS System is a tool for you to use in the operation of your Store and not as a means for us to exercise control over the day-to-day operation of your Store. The POS System includes all hardware and software used in the operation of the Store, including electronic point-of-sale cash registers and any designated software used to record and analyze sales, customer count, average check amount, customer data ("Customer Information" as further defined below), labor, inventory, product usage, employee information and tax information. The POS System also will include any credit card processing system and/or gift card processing system we designate. It is your responsibility to make sure that you are in compliance with all laws that are applicable to the POS System or other technology used in the operation of your Store, including all data protection or security laws as well as PCI compliance. The computer software package developed for use in the Store may include proprietary software. You may be required to license the software from us, an affiliate or a third party and you also may be required to pay a software licensing or user fee in connection with your use of software and all other fees associated with the POS System or any other technology used in the operate of the Business. All right, title and interest in the software will remain with the licensor of the software. You shall not use or download any software on your computer unless it has been authorized by us in writing. In the event that you use or download any unauthorized software, you shall be liable for all damages and problems caused by the unauthorized software in addition to the other remedies provided under this Agreement. You acknowledge and agree that we will have full and complete access to the information and data entered and produced by the POS System. You must, at all times, have at the Store Internet access with a form of high speed connection as we require and you must maintain an email account for the Store.

E. Serving and Promotional Items. All sales promotion material, customer goodwill items, cartons, containers, wrappers and paper goods, eating and serving utensils and other items, and

customer convenience items used in the sales promotion, sale and distribution of products covered by this Agreement are subject to our approval and must, where practicable, contain one or more of the Trademarks. You must purchase these items from our approved suppliers.

F. Health and Sanitation. Your Store must be operated and maintained at all times in compliance with any and all applicable health and sanitary standards prescribed by governmental authority. You also must comply with any standards that we prescribe. In addition to complying with such standards, if the Store is subject to any sanitary or health inspection by any governmental authorities under which it may be rated in one or more than one classification, it must be maintained and operated so as to be rated in the highest available health and sanitary classification with respect to each governmental agency inspecting the same. In the event you fail to be rated in the highest classification or receive any notice that you are not in compliance with all applicable health and sanitary standards, you must immediately notify us of such failure or noncompliance.

G. Evaluations. We or our authorized representative have the right to enter your Store at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by you, to inspect and evaluate your building, land and equipment, and to test, sample, inspect and evaluate your supplies, ingredients and products, as well as the storage, preparation and formulation and the conditions of sanitation and cleanliness in the storage, production, handling and serving. We and our representative also have the right to interview you, your employees and subcontractors, marketing contacts and customers pertaining to matters of compliance with this Agreement and the System and to photograph, videotape or audiotape any such interviews and/or observation/inspection of the operation of the Store with or without your knowledge and without prior notice to you. You hereby consent to our use of any such audio or video recording for training, marketing or any other purpose. Any evaluation or inspection we conduct is not intended to exercise control over your day-to-day operation of the Store or to assume any responsibility for your obligations under this Agreement.

Any failure of an inspection is a default under Section 13.A of this Agreement. Further, if we determine that any condition in the Store presents a threat to customers or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the Store until the situation is remedied to our satisfaction. Our inspections and evaluations may include a “mystery shopper” program from time to time throughout the term of this Agreement. If you fail an evaluation by us or by a mystery shopper or if we receive a specific customer complaint, you must pay the costs and expenses of subsequent “mystery shopper” visits.

H. Period of Operation. Subject to any contrary requirements of local law, your Store must be opened to the public and operated during the days and times set forth in the Operations Manual. You acknowledge and agree that if your Store is closed for a period of 5 consecutive days without our prior written consent, such closure constitutes your voluntary abandonment of the franchise and business and we have the right, in addition to other remedies provided for herein, to terminate this Agreement. Acts of force majeure, as defined in subparagraph 16.M, preventing you temporarily from complying with the foregoing will suspend compliance for the duration of such interference.

I. Operating Procedures. You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques and management systems described in our Manuals or other written materials relating to product preparation, menu, storage, uniforms, financial management, equipment, facility and sanitation. We will revise the Manual and these standards, procedures, techniques and management systems periodically to meet changing conditions of retail operation in the best interest of stores operating under the Trademarks. Any

required standards exist to protect our interests in the System and the Trademarks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the Operations Manual as defined in subparagraph 1.C or other written materials. The Operations Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and Trademarks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

You acknowledge having received one copy of the Operations Manual on loan from us for the term of this Agreement. The Operations Manual is at all times our sole property. You must at all times treat the Operations Manual, and the information it contains, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential. We may from time to time revise the contents of the Operations Manual and you expressly agree to comply with each new or changed requirement. You must at all times ensure that your copy of the Operations Manual is kept current and up to date, and in the event of any dispute as to the contents of said Operations Manual, the terms of the master copy of the Operations Manual that we maintain are controlling. You acknowledge and agree that in the future the Operations Manual and other system communications may only be available on the Internet or other online or computer communications.

J. Confidential Information. You, your owners, and your manager may not, during the term of this Agreement or thereafter, disclose, copy, reproduce, sell or use for the benefit of any other person or entity Confidential Information, except to such employees that must have access to it to operate the Store. For purposes of this Agreement, "Confidential Information" means the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors and any proprietary information contained in the Operations Manual or otherwise communicated to you in writing, verbally or through the Internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Store, as well as the content of this Agreement and any other document executed in connection with this Agreement. Any and all Confidential Information, including, without limitation, proprietary ingredients, sauces and mixes, secret formulas and recipes, methods, procedures, suggested pricing, specifications, processes, materials, techniques and other data, may not be used for any purpose other than operating the Store. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning an interest in you, the Owners, your manager and other key employees. You must provide executed copies of these agreements to us upon our request. Notwithstanding the foregoing, you are authorized to disclose the terms of this Agreement to any lender providing you financing for the Store as well as to your landlord.

K. Customer Information. We own all Customer Information and may use the Customer Information as we deem appropriate (subject to applicable law), including sharing it with our affiliates for cross-marketing or other purposes. "Customer Information" means any contact information (including name, address, phone and fax numbers, and e-mail addresses), sales and payment history, and all other information about any customer. You may only use Customer Information to the extent necessary to perform your obligations under this Agreement during the term hereof and subject to such restrictions as we may from time to time impose and in compliance with all data privacy, security and other applicable laws. Without limiting the

foregoing, you agree to comply with applicable law in connection with your collection, storage and your use and our use of such Customer Information, including, if required under applicable law, obtaining consents from Customers to our and our affiliates' use of the Customer Information. You must comply with all laws and regulations relating to data protection, privacy and security, including data breach response requirements ("Privacy Laws"), as well as data privacy and security policies, procedures and other requirements we may periodically establish. You must notify us immediately of any suspected data breach at or in connection with the Store or the business operated at the Store. You must fully cooperate with us and our counsel in determining the most effective way to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You are responsible for any financial losses you incur or remedial actions that you must take as a result of breach of security or unauthorized access to Customer Information in your control or possession.

If the California Consumer Privacy Act ("CCPA"), Cal. Civ. Code § 1798.100, et seq., or any federal or state Privacy Law applies to the Store or the business operated at the Store, whenever and to the extent you operate as a "Service Provider" under the CCPA or in a similar capacity under any federal or state Privacy Law, you represent, warrant, and covenant that:

(1) You will not sell, make available or otherwise disclose any Customer Information to any third party for valuable consideration;

(2) You will retain, use, or disclose Customer Information only for the specific purpose of operating the Store as specified in this Agreement, and not any commercial or noncommercial purpose other than operating the Store as specified in this Agreement;

(3) You will not retain, use, or disclose Customer Information outside of the direct business relationship between you and us;

(4) You will delete any Customer Information upon our request unless you can prove that such request is subject to an exception under applicable law; and

(5) If you receive a Customer Information data request (e.g. a request to delete Customer Information) directly from a consumer (e.g., a California resident under the CCPA, or a resident of another jurisdiction under other applicable Privacy Law), you shall inform us of that request within one business day and cooperate with us to ensure that the consumer receives an appropriate and timely acknowledgement and response. As an example, currently under the CCPA, an acknowledgement is typically required within 10 business days and a final response is required within 45 calendar days.

You certify that you understand the restrictions in Paragraphs (1) – (5) of this section and will comply with them. You also acknowledge and agree that we may modify these restrictions from time to time by written notice to you, by issuing updates to our standards and policies pertaining to Privacy Laws, including by adding other similar restrictions that may be required under other state or federal Privacy Laws, and you agree to comply with the same.

L. Compliance with Law; Licenses and Permits. You must at all times maintain your premises and conduct your Store operations in compliance with all applicable laws, regulations, codes and ordinances. You must secure and maintain in force all required licenses, permits and certificates relating to your Store and be prepared to furnish copies upon request.

You acknowledge that you are an independent business and solely responsible for control and management of your Store, including, but not limited to, the hiring and discharging of your

employees and setting and paying wages and benefits of your employees. You acknowledge that we have no power, responsibility or liability in respect to the hiring, discharging, setting and paying of wages or related matters.

You must immediately notify us in writing of any claim, litigation or proceeding that arises from or affects the operation or financial condition of your BEN'S SOFT PRETZELS business or Store, including any notices of health code violations or other license violations.

M. Participation in Internet Websites or Other Online Communications. We may require you, at your expense, to participate in our BEN'S SOFT PRETZELS website on the Internet, our intranet system or extranet system or other online communications as we may require. We have the right to determine the content and use of our website and intranet or extranet system and will establish the rules under which franchisees may or must participate. You may not separately register any domain name containing any of the Trademarks, participate in any website (including any social media platform) that markets goods and services similar to a BEN'S SOFT PRETZELS store, or operate a website or social media site for your Store that does not link to our website and/or that we do not approve. We will provide you with template websites to be used only in accordance with our standards and will list your Store on our primary website. We retain all rights relating to our website and intranet system and may alter or terminate our website, extranet system or intranet system. Your general conduct on our website and intranet and extranet systems or other online communications and specifically your use of the Trademarks or any advertising is subject to the provisions of this Agreement. In particular, you shall not either directly or indirectly create, develop, maintain, and/or use your own website, blog, vlog, social network, or other on-line venue or communication on the Internet using any of the Trademarks, or otherwise use any of the Trademarks on the Internet in any other manner including for search engine advertising purposes without our prior written consent. You acknowledge that certain information related to your participation in our website or intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our website and intranet or extranet system, or otherwise use the Trademarks or System on the Internet or other online communications, will terminate when this Agreement expires or terminates.

N. System Modifications. You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate. You must comply with these modifications, additions or rescissions at your expense, subject to any express limitations set forth in this Agreement.

O. Suggested Pricing Policies. You generally have the right to establish prices for the Menu Items and other products and services you sell. We may, from time to time, suggest prices for the Menu Items and other products and services you sell. We do, however, have the right to modify the Menu Items or System to give us the right to establish prices, both minimum and maximum, subject to applicable law. Any such modification will be in writing. Unless we so modify the Menu Items or our System, any list or schedule of prices we furnish to you is a recommendation only and any decision you make to accept or reject the suggestion will not in any way affect the relationship between you and us.

## PERSONNEL AND SUPERVISION STANDARDS

7. The following provisions and conditions control with respect to personnel, training and supervision:

A. Supervision. During the term of this Agreement, you (if Franchisee is an individual), one of your owners (if Franchisee is a legal agent), or your Store manager must devote full time and best efforts to the management and operation of your Store and provide direct, on-site supervision of the Store. Any manager or replacement manager(s) you hire must complete our training as described in subparagraphs 7.B – 7.E. Any manager(s) or replacement manager(s) you hire must meet the applicable training requirements. The use of a manager in no way relieves you of your obligations to comply with this Agreement and to ensure that the Store is properly operated.

B. Training. You must comply with all of the training requirements we prescribe for the Store to be developed under this Agreement. You (or if Franchisee is a legal entity, one of your owners) must complete our initial training program to our satisfaction prior to opening your Store. It then is solely your responsibility to ensure that your employees are properly trained.

We will provide the initial training program to a maximum of three people without charging you a fee. You, however, are responsible for paying all costs and expenses, including salaries, hotel and transportation costs, for all persons to attend our training program. You may send more than three people to our initial training program, but we reserve the right to charge you our then-current additional training fee each additional person who attends our initial training program. You will be responsible for paying all costs and other daily expenses for any additional person who attends our initial training program.

In the event you are given notice of default as set forth in subparagraphs 13.A and B, and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require as a condition of curing the default that you and your manager, at your expense, comply with the additional training requirements we prescribe. Any new manager you hire must comply with our training requirements within a reasonable time as we specify. Under no circumstances may you permit the management of the Store's operation on a regular basis by a person who has not successfully completed to our reasonable satisfaction all applicable training we require.

Additionally, prior to and after the opening of your Store, we will provide you with a total of 6 days of on-site opening assistance. If you request additional days of on-site training or if we determine that it is necessary to provide you with more on-site training we may require you to pay to us for each additional on-site training day at our then-current daily on-site training fee. You are responsible for paying all hotel and travel costs and expenses we incur in providing you with this onsite training.

C. Ongoing Training. We may require you, your manager and other key employees of the Store to attend, at your expense, ongoing training at our training facility, the Store or other location we designate. If you request training in addition to the initial training program identified above, you must pay to us our then-current daily training fee plus expenses.

We will provide you with technical assistance and support through the telephone and provide ongoing communication and support and updates to the Operations Manual.



D. Staffing. You will employ a sufficient number of competent and trained employees to ensure efficient service to your customers. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Trademarks in any way shifts any employee or employment related responsibility from you to us.

E. Attendance at Meetings. You must attend, at your expense, all annual franchise conventions we may hold or sponsor and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, store management, sales or sales promotion, or similar topics. We may charge you a fee in connection with your attendance at any convention or meetings we hold or sponsor (as of the date of this Agreement, the current registration fee is \$500 regardless of whether you attend). If you are not able to attend a meeting or convention, you must notify us prior to the meeting and must have a substitute person acceptable to us attend the meeting. Any fee we may charge shall be payable by you whether or not you or a substitute person attends the conference or meeting. If you fail to attend three (3) or more annual conventions during the term of this Agreement, we have the right to require you to attend additional training, in addition to any other rights and remedies available to us for your breach of this provision.

### ADVERTISING

8. You agree to actively promote your Store, to abide by all of our advertising requirements and to comply with the following provisions:

A. Advertising Fund. You must pay to us an Advertising Fund Fee as set forth in subparagraph 9.D. All Advertising Fund Fees will be placed in an Advertising Fund that we manage. The Advertising Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the Advertising Fund; provided, however, we will make a good faith effort to expend such fees in a manner that we determine is in the general best interests of the System. We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. Because of the methods used, we are not required to spend a prorated amount on each store or in each advertising market. We have the right to make disbursements from the Advertising Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns. The disbursements may include payments to us for the expense of administering the Advertising Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the advertising functions. If requested, we will provide you an annual unaudited statement of the financial condition of the Advertising Fund.

B. Required Local Expenditures and Grand Opening Advertising. You must use your best efforts to promote and advertise the Store and participate in any local marketing and promotional programs we establish from time to time. In addition to the Advertising Fund Fee, you are required to spend (i) between \$1,000 and \$5,000 on approved grand opening advertising and such other amounts that we may require on a monthly or quarterly basis, with the required local marketing requirements not to exceed 2% of Gross Sales. Upon our request, you must provide us with itemization and proof of marketing and an accounting of the monies that you have spent for approved grand opening advertising. If you fail to make the required expenditure, we have the right to collect and contribute the deficiency to the Advertising Fund.

C. Approved Materials. You must use only such marketing materials (including any print, radio, television, electronic, or other media forms that may become available in the future) as we furnish, approve or make available, and the materials must be used only in a manner that we

prescribe. Furthermore, any promotional activities you conduct in the Store or on its premises are subject to our approval. You must submit all advertising and promotional materials to us prior to your use. If we do not respond within 14 days after you submit the proposed advertising materials to us, the advertising materials will be deemed not approved. We will not unreasonably withhold approval of any sales promotion materials or media and activities; provided that they are current, in good condition, in good taste and accurately depict the Trademarks.

D. Advertising Cooperatives. We have the right to designate local advertising markets and if designated, you must participate in and contribute to the cooperative advertising and marketing programs in your designated local advertising market. If established, you must contribute to the advertising cooperative the amount designated by the cooperative. Each BEN'S SOFT PRETZELS store, including those operated by us or our affiliates within a designated local advertising area (except Special Sites) is a member of the local advertising cooperative and each store has one vote on all matters requiring a vote. Each advertising cooperative will be required to adopt governing bylaws that meet our approval. You must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation. Each advertising cooperative will be required to prepare annual financial statements, which must be made available to all members of the cooperative and to us upon request. Also, each advertising cooperative must submit to us its meeting minutes upon our request. We have the right to require advertising cooperatives to be formed, changed, dissolved or merged.

E. Gift Cards, Certificates and Checks. You must use and honor only system-wide gift cards, certificates and checks that we designate, and you must obtain all certificates, cards or checks from an approved supplier.

#### FEES, REPORTING AND AUDIT RIGHTS

9. You must pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. You must pay us an Initial Franchise Fee in the amount of set forth on the Data Sheet. The Initial Franchise Fee is a lump sum payment and is due when you sign this Agreement. The Initial Franchise Fee is earned upon receipt and, except as noted below, is nonrefundable.

B. Royalty Fee. In addition to the Initial Franchise Fee, during the full term of this Agreement, or any Interim Period, and in consideration of the rights granted to you, you must pay to us a weekly Royalty Fee equal to 6% of Gross Sales.

C. Advertising Fund Fee. You must pay to us a weekly Advertising Fund Fee in an amount of 1.5% of Gross Sales. The Advertising Fund Fee is separate from any local marketing requirements. We have the right to increase the Advertising Fund Fee at any level up to 4% upon 90 days' advance written notice, although if we increase the Advertising Fund Fee to 3% or 4% we will reduce the local advertising requirements accordingly. The Advertising Fund Fees are not held by us in trust and will be spent in accordance with subparagraph 8.A of this Agreement.

D. Computations and Remittances. Except as otherwise stated in this Agreement, all amounts due and owing to us weekly, and will be paid through electronic funds transfer. You also submit the reports required by subparagraph 9.H of this Agreement. We reserve the right to change the due date for any or all amounts. You must certify the computation of the amounts in the manner and form we specify, and you must supply to us any supporting or supplementary materials as we

reasonably require to verify the accuracy of remittances. You waive any and all existing and future claims and offsets against any amounts due under this Agreement, which amounts you must pay when due. We have the right to apply or cause to be applied against amounts due to us or any of our affiliates any amounts that we or our affiliates may hold from time to time on your behalf or that we or our affiliates owe to you.

E. Electronic Transfer of Funds. You must sign our electronic transfer of funds authorization forms, attached as a Schedule, to authorize and direct your bank or financial institution to transfer electronically directly to our account or our affiliates' account and to charge to your account all amounts due to us or our affiliates. You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this subparagraph.

F. Interest Charges; Late Fees. Any and all amounts that you owe to us or to our affiliates will bear interest at the rate of 12% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In addition to interest charges on late Royalty Fee and Advertising Fund Fee payments, you must pay to us a service charge of \$100 for each delinquent report or payment that you owe to us under this Agreement. A payment is delinquent for any of the following reasons: (i) we do not receive the payment on or before the date due; or (ii) there are insufficient funds in your bank account to collect the total payment by a transfer of funds on or after the date due. The service charge is not interest or a penalty, it is only to compensate us for increased administrative and management costs due to late payment.

G. Financial Planning and Management. You must keep books and records and submit reports as we periodically require, including but not limited to a monthly profit plan, monthly balance sheet and monthly statement of profit and loss, records of prices and special sales, check registers, purchase records, invoices, sales summaries and inventories, sales tax records and returns, payroll records, cash disbursement journals and general ledgers, all of which accurately reflect the operations and condition of your Store operations. You must compile, keep and submit to us the books, records and reports on the forms and using the methods of bookkeeping and accounting as we periodically may prescribe. The records that you are required to keep for your Store must include detailed daily sales, cost of sales, and other relevant records or information maintained in an electronic media format and methodology we approve. You must provide this information to us according to reporting formats, methodologies and time schedules that we establish from time to time. You also must preserve and retain the books, records and reports for not less than 36 months. You must allow us electronic and manual access to any and all records relating to your Store.

H. Reports and Audit. Each week you must submit to us a report of your Gross Sales with respect to the preceding week on the day and in the form and content as we periodically prescribe. The weekly report or other reports that we may require will include, but not be limited to, the following information for the preceding the applicable reporting period: (i) amount of Gross Sales and gross receipts of the Store, amount of sales tax and the computation of the Royalty Fee and the Advertising Fund Fee; (ii) quantities of products purchased and the sources from which each were obtained; (iii) copies of your most recent sales tax return, sales summary and monthly balance sheet and statement of profit and loss, including a summary of your costs for utilities, labor, rent and other material cost items (iv) if requested by us to verify your Gross Sales, all such books and records as we may require under our audit policies published from time to time. You also must, at your expense, submit to us within 90 days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year. We may require that the annual

financial statements be reviewed by a certified public accountant. You must certify all reports to be true and correct. You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirement on our other franchisees.

We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the Store are kept and to evaluate, copy and audit such books and records. We also have the right to request information from your suppliers and vendors. In the event that any such evaluation or audit reveals any understatement of 3% or more of your Gross Sales, you must pay for the audit, and in addition to any other rights we may have, we have the right to conduct further periodic audits and evaluations of your books and records as we reasonably deem necessary for up to 3 years thereafter and any further audits and evaluations will be at your sole expense, including, without limitation, professional fees, travel, and room and board expenses directly related thereto. Furthermore, if you intentionally understate or underreport Gross Sales at any time, or if a subsequent audit or evaluation conducted within the 3-year period reveals any understatement of your Gross Sales of 3% or more, in addition to any other remedies provided for in this Agreement, at law or in equity, we have the right to terminate this Agreement immediately. In order to verify the information that you supply, we have the right to reconstruct your sales through the inventory extension method or any other reasonable method of analyzing and reconstructing sales. You agree to accept any such reconstruction of sales unless you provide evidence in a form satisfactory to us of your sales within a period of 14 days from the date of notice of understatement or variance. You must fully cooperate with us or our representative in performing these activities and any expenses incurred by us from your lack of cooperation shall be reimbursed by you.

We will keep your financial books, records and reports confidential, unless the information is requested by tax authorities or used as part of a legal proceeding or in a manner as set forth in subparagraph 11.D.8 or where your information is grouped with similar information from other stores to produce shared results like high-low ranges or average gross sales or expenses on a system-wide or regional basis.

#### YOUR OTHER OBLIGATIONS; NONCOMPETE COVENANTS

10. You agree to comply with the following terms and conditions:

A. Payment of Debts. You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to us and our affiliates, vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your business; (ii) all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Store or business; and (iii) all accounts and other indebtedness of every kind incurred by you in operating the Store or business. In the event you default in making any such payment, we are authorized, but not required, to pay the same on your behalf and you agree promptly to reimburse us on demand for any such payment.

You also will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes, that may be imposed on us as a result of our receipt or accrual of the Initial Franchise Fee, Royalty Fee, the Advertising Fund Fees, or other fees that are referenced in this Agreement, whether assessed against you through withholding or other means or paid by us directly. In either case, you shall pay us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required.

B. Indemnification. You waive all claims against us for damages to property or injuries to persons arising out of the operation of your Store. You must fully protect, indemnify and hold us and our owners, directors, officers, insurers, successors and assigns and our affiliates harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your Store (regardless of cause or any concurrent or contributing fault or negligence of us or our affiliates) or any breach by you or your failure to comply with the terms and conditions of this Agreement. We also reserve the right to select our own legal counsel to represent our interests, and you must reimburse us for all our costs and all attorneys' fees immediately upon our request as they are incurred.

We waive all claims against you for damages to property or injuries to persons arising out of the operation of our company or affiliate owned stores. We must fully protect, indemnify and defend you and your affiliates and hold you and them harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of our company or affiliate owned stores (regardless of cause or any concurrent or contributing fault or negligence of you) or any breach by us or our failure to comply with the terms and conditions of this Agreement.

It is the intention of the parties to this Agreement that we should not be deemed a joint employer with you for any reason; however, if we incur any cost, loss or damage as a result of any actions or omissions of you or your employees, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such loss.

C. Insurance. You must purchase and maintain in full force and effect, at your expense and from a company we accept, insurance that insures both you and us, our affiliates and any other persons we designate by name. The insurance policy or policies must be written in accordance with the standards and specifications (including minimum coverage amounts) set forth in writing by us from time to time, and, at a minimum, must include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing): (i) "special" causes of loss coverage forms (sometimes called "All Risk Coverage" or "All Peril Coverage") on the Store, store improvements and all furniture, fixtures, equipment, supplies and other property used in the operation of the Store, for full repair and replacement value, except that an appropriate deductible clause is permitted; (ii) business interruption insurance covering a minimum of 12 months loss of income, including coverage for our Royalty Fees (for example, in the event of a fire or destruction of the premises, the insurance must cover our average royalty payments (based on the previous 12-month timeframe, or if a shorter timeframe, the total operating timeframe for the store) during the rebuilding process); (iii) comprehensive general liability insurance including product liability insurance and contractual liability insurance, with minimum limits of \$2,000,000 per occurrence and \$2,000,000 to \$5,000,000 annual aggregate; (iv) personal and advertising injury insurance with minimum limits of \$2,000,000 per occurrence; (v) fire damage coverage in an amount sufficient to cover the replacement costs of the Store equipment, improvements and betterments; (vi) medical expense coverage in the amount of \$10,000 to \$25,000; (vii) workers' compensation insurance covering all of your employees; (viii) employers liability insurance with contingent liability; (ix) umbrella liability insurance; (x) automobile liability insurance; (xi) "Per Location" aggregate limits when multiple store locations are insured under one comprehensive general liability and umbrella liability policy(cies); (xii) Ben's Soft Pretzels Franchising Corporation and its affiliates are named as additional insureds on all liability policies required by this subparagraph; (xiii) severability of interests and/or separation of insureds provisions must be included in the liability policies and an endorsement is required providing that the franchisee's insurance is primary with

respect to any insurance policy carried by Ben's Soft Pretzels Franchising Corporation and its affiliates and any insurance maintained by Ben's Soft Pretzels Franchising Corporation or its affiliates is excess and non-contributing; (xiv) a waiver of subrogation endorsement must be obtained; and (xv) any other such insurance coverages or amounts as required by law or other agreement related to the Store.

The insurance coverages referenced in (iii), (iv), (vi), (vii), (viii), (ix), (x), (xi), (xii) and (xiii) must commence as of the date you sign this Agreement. The insurance coverages referenced in (i), (ii) and (v) of this subparagraph must commence as of the date construction begins at the Store. You must deliver to us at commencement and annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph. The insurance certificate must show our status as an additional insured and provide that we will be given 30 days' prior written notice of a material change in or termination or cancellation of the policy. We also may request copies of all policies. We may from time to time modify the required minimum limits and require additional insurance coverages, by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the BEN'S SOFT PRETZELS system, standards of liability and higher damage awards. If you do not procure and maintain the required insurance coverage required by this Agreement, we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so. You must pay these amounts to us immediately upon written notice.

D. Noncompete Covenants. You agree that you will receive valuable training, Confidential Information and goodwill that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement. You therefore agree to the following noncompetition covenants:

1. Unless otherwise specified, the term "you" as used in this subparagraph 10.D includes, collectively and individually, all Owners, guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you and any immediate family members of same including spouses and children. We may require you to obtain from your manager and other individuals identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this subparagraph 10.D.

2. You covenant that during the term of this Agreement or during any Interim Period you will not, except as we otherwise consent to in writing, and which consent shall be unreasonably withheld, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any other store or food business other than the one authorized by this Agreement or any other agreement between us and you.

3. You covenant that you will not, for a period of one year after the expiration or termination of this Agreement, or after the expiration of any Interim Period, regardless of the cause of termination, or within one year of the sale of the Store or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in a Competing Business:

a. At the premises of the former Store;

- b. Within 5 miles of the Store; or
- c. Within 5 miles of any other business or store using the BEN'S SOFT PRETZELS System, whether franchised or owned by us or our affiliates.

For purposes of this Section 10.D, a Competing Business includes any store or food business which includes the sale of pretzels where the sale of pretzels is more than 10% of the overall revenue of the business.

4. You agree that the length of time in subpart (3) will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

#### TRANSFER OF FRANCHISE

11. You agree that the following provisions govern any transfer or proposed transfer:

A. Transfers. We have entered into this Agreement with specific reliance upon your financial qualifications, experience, skills and managerial qualifications as being essential to the satisfactory operation of the Store. Consequently, neither your interest in this Agreement nor in the Store may be transferred or assigned to or assumed by any other person or entity (the "assignee"), in whole or in part, unless you have first tendered to us the right of first refusal to acquire this Agreement in accordance with subparagraph 11.F, and, if we do not exercise such right, unless our prior written consent is obtained, the transfer fee provided for in subparagraph 11.C is paid, and the transfer conditions described in subparagraph 11.D are satisfied. Any sale (including installment sale), lease, pledge, management agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which you turn over all or part of the daily operation of the business to a person or entity who shares in the losses or profits of the business in a manner other than as an employee will be considered a transfer for purposes of this Agreement. Specifically, but without limiting the generality of the foregoing, the following events constitute a transfer and you must comply with the right of first refusal, consent, transfer fee, and other transfer conditions in this Paragraph 11:

- 1. Any change in the percentage of the franchisee entity owned, directly or indirectly, by any Owner (including any addition or deletion of any person or entity who qualifies as an Owner) that results in a 20% or more change of ownership interest;
- 2. Any change in the general partner of a franchisee that is a general, limited or other partnership entity;
- 3. For purposes of this subparagraph 11.A, a pledge or seizure of any ownership interests in you or in any Owner that affects the ownership of 20% or more of you or any Owner, which we have not approved in advance in writing; or
- 4. Any grant of a security interest in, or otherwise encumbrance of, any of the assets or securities of you, including the Store unless you satisfy our requirements. Such requirements may include execution of an agreement by the

secured party in which it acknowledges the creditor's obligations, and agrees that in the event of any default by you under any documents related to the security interest, we shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure your default; and, in the event we exercise such option, any acceleration of indebtedness due to your default shall be void.

In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in subparagraph 11.F, and if we do not exercise such right, must apply for and obtain our consent to the transfer, pay the transfer fee provided for in subparagraph 11.C, and satisfy the transfer conditions described in subparagraph 11.D. In addition, you or the assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you.

You may not place in, on or upon the location of the Store, or in any communication media or any form of advertising, any information relating to the sale of the Store or the rights under this Agreement, without our prior written consent.

B. Consent to Transfer. We will not unreasonably withhold our consent to transfer, provided we determine that all of the conditions described in this Paragraph 11 have been satisfied. Application for our consent to a transfer and tender of the right of first refusal provided for in subparagraph 11.F must be made by submission of our form of application for consent to transfer, which must be accompanied by the documents we request and other required information. The application must indicate whether you or an Owner proposes to retain a security interest in the property to be transferred. No security interest may be retained or created, however, without our prior written consent and except upon conditions acceptable to us. Any agreement used in connection with a transfer will be subject to our prior written approval, which approval will not be withheld unreasonably. You immediately must notify us of any proposed transfer and must submit promptly to us the application for consent to transfer and any other required documents and information. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void, your interest in this Agreement will be voluntarily abandoned, and it will provide us with the right to elect either to deem you in default and terminate this Agreement or to collect from you and the guarantors a transfer fee equal to two times the transfer fee provided for in subparagraph 11.C.

C. Transfer Fee. You must pay to us a transfer fee in the amount of 50% of our then-current initial franchise fee. The transfer fee is nonrefundable even if, for any reason, the proposed transfer does not occur.

D. Conditions of Transfer. We condition our consent to any proposed transfer, whether to an individual, a corporation, a partnership or any other entity upon the following:

1. Assignee Requirements. The assignee must meet all of our then-current requirements for our BEN'S SOFT PRETZELS franchise program we are offering at the time of the proposed transfer and sign our then-current form of franchise agreement modified to reflect the term remaining under this Agreement.

2. Payment of Amounts Owed. All amounts owed by you to us, or any of our affiliates, your suppliers or any landlord for the Store premises and Store, or upon which we or any of our affiliates have any contingent liability must be paid in full.



3. Reports. You must have provided all required reports to us in accordance with subparagraphs 9.G and H.

4. Modernization. You must have complied with the provisions of subparagraph 5.E.

5. Guarantee. In the case of an installment sale for which we have consented to you or any Owner retaining a security interest or other financial interest in this Agreement or the business operated thereunder, you or such Owner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be.

6. General Release. You, each Owner and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, your Store or the parties' business relationship, in the form we designate, releasing us and our affiliates.

7. Training. The assignee must, at your or assignee's expense, comply with the training requirements of subparagraph 7.B.

8. Financial Reports and Data. We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the Store and its operations reasonably necessary or appropriate for assignee and/or us to evaluate the Store and the proposed transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Store and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee. Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Store and proposed transfer and must not be construed in any manner or form whatsoever as a financial performance representation or claims of success or failure.

9. Other Conditions. You must have complied with any other conditions that we reasonably require from time to time as part of our transfer policies.

E. Death, Disability or Incapacity. If any individual who is an Owner dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as an Owner, such person or entity must apply for our consent under subparagraph 11.B, pay the applicable transfer fee under subparagraph 11.C, and satisfy the transfer conditions under subparagraph 11.D, as in any other case of a proposed transfer, all within 90 days of the death or event of disability or incapacity. During any transition period to an heir or successor-in-interest, the Store still must be operated in accordance with the terms and conditions of this Agreement. If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee will be payable to us and we will not have a right of first refusal as set forth in subparagraph 11.F.

F. Right of First Refusal. If you propose to transfer or assign this Agreement or your interest herein or in you or the business, in whole or in part, to any third party, including, without limitation, any transfer contemplated by subparagraph 11.E or any transfer described in subparagraph 11.A, you first must offer to sell to us your interest under the same general terms. In the event of a bona fide offer from such third party, you must obtain from the third-party offeror and deliver to us a statement in writing in a form that is acceptable to us, signed by the offeror and by you, of the terms of the offer. In the event the proposed transfer results from a transfer under subparagraphs 11.A.1

through 11.A.3, or your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, you first must offer to sell to us your interest in this Agreement and the land, building, equipment, furniture and fixtures, and any leasehold interest used in the operation of your Store. Unless otherwise agreed to in writing by us and you, the purchase price for our purchase of assets in the event of a transfer that occurs by a transfer under subparagraphs 11.A.1 through 11.A.3 or insolvency or bankruptcy filing will be established by a qualified appraiser selected by the parties and in accordance with the price determination formula established in subparagraph 14.B (the formula that includes the value of any goodwill of the business) in connection with an asset purchase upon expiration. In addition, unless otherwise agreed to in writing by us and you, the transaction documents, which we will prepare, will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction. If the parties cannot agree upon the selection of such an appraiser, a Judge of the United States District Court for the District in which the Store is located will appoint one upon petition of either party.

You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report and all other information we have requested. We then have 30 days from our receipt of the statement setting forth the third-party offer or the appraiser's report and other requested information to accept the offer by delivering written notice of acceptance to you. Our acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to us; provided, however, we have the right to substitute equivalent cash for any noncash consideration included in the offer. If we fail to accept the offer within the 30-day period, you will be free for 60 days after such period to effect the disposition described in the statement delivered to us provided such transfer is in accordance with this Paragraph 11. You may effect no other sale or assignment of you, this Agreement or the business without first offering the same to us in accordance with this subparagraph 11.F.

G. Transfer by Us. We have the right to sell or assign, in whole or in part, our interest in this Agreement.

## DISPUTE RESOLUTION

12. The following provisions apply with respect to dispute resolution:

A. Mediation; Arbitration.

(i) Except for disputes that involve injunctive relief or specific performance actions covered under subsection 12.B and prior to either party filing arbitration, the parties agree to mediate any dispute between you and us or any of our or your affiliates, including, without limitation, your owners and guarantors, arising under, out of, in connection with or in relation to this Agreement, any lease or sublease for the Store or Authorized Location, the parties' relationship, or the business; provided that the party seeking mediation must notify the other party of its intent to mediate prior to the termination of this Agreement. Mediation will be conducted in the county in which our headquarters are then located (currently, Goshen, Indiana), or at such other place as may be mutually agreeable to the parties, by a mediator or mediation program agreed to by the parties. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 30 days, or if one party refuses to participate in mediation as outlined herein, the parties are free to pursue arbitration. Mediation is a compromise negotiation for purposes of the federal and state rules of evidence, and

the entire process is confidential. The parties agree that each party will pay fifty percent (50%) of the total of mediation fees and all costs associated with mediation.

(ii) Except as provided in subsection 12.B., all disputes between you and us or any of our or your affiliates, including, without limitation, your owners and guarantors, that are not resolved through mediation as provided above must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association. The arbitration will be heard by a single arbitrator with at least three years' experience in franchising or franchise law and must take place in the county in which our headquarters are then located (currently, Goshen, Indiana), or at such other place as may be mutually agreeable to the parties. Any arbitration must be resolved on an individual basis and not joined as part of a class action or the claims of other parties. The arbitrator must follow the law and not disregard the terms of this Agreement. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrators may not, under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award that extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any court of competent jurisdiction.

B. Injunctive Relief. Notwithstanding subsection 12.A above, you recognize that the Restaurant is one of a large number of restaurants and stores identified by the Trademarks and similar businesses and selling to the public similar products, and the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all of our other franchisees. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, which may be brought in a court of competent jurisdiction, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. Similarly, it is mutually agreed that in the event of our breach or threatened breach of any of the terms of this Agreement, you will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, which may be brought in a court of competent jurisdiction, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party. Finally, we and our affiliates have the right to commence a civil action against you or take other appropriate action for the following reasons: to collect sums of money due to us; to compel your compliance with trademark standards and requirements to protect the goodwill of the Trademarks; to compel you to compile and submit required reports to us; or to permit evaluations or audits authorized by this Agreement.

C. Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, the parties' relationship or the business will be entitled to recover its reasonable attorneys' fees and costs.

## DEFAULT AND TERMINATION

13. The following provisions apply with respect to default and termination:

A. Defaults. You are in default if we determine that you or any Owner or guarantor has breached any of the terms of this Agreement or any other agreement between you and us or our affiliates, which without limiting the generality of the foregoing includes making any false report to us, intentionally understating or underreporting or failure to pay when due any amounts required to be paid to us or any of our affiliates, conviction of you, an Owner, or a guarantor of (or pleading no contest to) any misdemeanor that brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair your reputation or the goodwill of any of the Trademarks or the Store, any felony, filing of tax or other liens that may affect this Agreement, voluntary or involuntary bankruptcy by or against you or any Owner or guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors.

B. Termination by Us. We have the right to terminate this Agreement in accordance with the following provisions:

1. Termination After Opportunity to Cure. Except as otherwise provided in this subparagraph 13.B or elsewhere in the Agreement: (i) you will have 30 days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due or submit required reports, in which case you will have 10 days to cure those defaults; (ii) your failure to cure a default within the 30-day or 10-day period will provide us with good cause to terminate this Agreement; (iii) the termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination; and (iv) the termination will be effective immediately upon our issuance of the written notice of termination.

2. Immediate Termination With No Opportunity to Cure. In the event any of the following defaults occurs, you will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination:

- i. any material misrepresentation or omission in your franchise application;
- ii. your voluntary abandonment of this Agreement or the Store which shall include, but not be limited to, your Store being closed for a period of five consecutive days without our prior written consent;
- iii. the loss of your lease, the failure to timely cure a default under the lease, the loss of your right of possession or failure to reopen or relocate under subparagraph 5.D;
- iv. the closing of the Store by any state or local authorities for health or public safety reasons;
- v. failure to locate a site for your Store within 180 days after signing this Agreement or your failure to open the Store within 365 days after signing this Agreement;

- vi. any unauthorized use of the Confidential Information or Customer Information;
- vii. failure to maintain required insurance as required in subparagraph 10.C;
- viii. insolvency of you, an Owner, or guarantor, you, an Owner, or guarantor making an assignment or entering into any similar arrangement for the benefit of creditors;
- ix. any default under this Agreement that materially impairs the goodwill associated with any of the Trademarks;
- x. conviction of you, any Owners, or guarantors of (or pleading no contest to) any felony regardless of the nature of the charges, or any misdemeanor that brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair your reputation or the goodwill of the Trademarks or the Store;
- xi. intentionally understating or underreporting Gross Sales, Royalty Fees or Marketing Contributions or any understatement or 2% variance on a subsequent audit within a 3 year period under subparagraph 9.H;
- xii. violation by you of the provisions of subparagraph 15.Q;
- xiii. any unauthorized transfer or assignment in violation of Paragraph 11; or
- xiv. any default by you that is the second same or similar default within any 12-month consecutive period or the fourth default of any type within any 24-month consecutive period.

3. Immediate Termination After No More than 24 Hours to Cure. In the event that a default under this Agreement occurs that violates any health safety or sanitation law or regulation, violates any system standard as to food handling, cleanliness, health and sanitation, or if the operation of the Store presents a health or safety hazard to your customers or to the public: (i) you will have no more than 24 hours after we provide written notice of the default to cure the default; and (ii) if you fail to cure the default within the 24 hour period, this Agreement will terminate effective immediately on our issuance of written notice of termination.

4. Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you.

C. Termination by You. You may terminate this Agreement as a result of a breach by us of a material provision of this Agreement provided that: (i) you provide us with written notice of the breach that identifies the grounds for the breach; and (ii) we fail to cure the breach within 30 days after our receipt of the written notice. If we fail to cure the breach, the termination will be effective 60 days after our receipt of your written notice of breach. Your termination of this Agreement under this Paragraph will not release or modify your Post-Term obligations under Paragraph 14 of this Agreement.

## POST-TERM OBLIGATIONS

14. Upon the expiration or termination of this Agreement, or the expiration of any Interim Period:

A. Reversion of Rights; Discontinuation of Trademark Use. All of your rights to the use of the Trademarks and all other rights and licenses granted herein and the right and license to conduct business under the Trademarks at the Store will revert to us without further act or deed of any party. All of your right, title and interest in, to and under this Agreement will become our property. Upon our demand, you must assign to us or our assignee your remaining interest in any lease then in effect for the Store (although we will not assume any past due obligations). You must immediately comply with the post-term noncompete obligations under subparagraph 10.D, cease all use and display of the Trademarks and of any proprietary material (including the Operations Manual and the product preparation materials) and of all or any portion of point-of-sale materials furnished or approved by us, assign all right, title and interest in the telephone numbers for the Store and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities. You must pay all sums due to us, our affiliates or designees and all sums you owe to third parties that have been guaranteed by us or any of our affiliates. You must immediately return to us, at your expense, all copies of the Operations Manual, Confidential Information, and product preparation materials then in your possession or control or previously disseminated to your employees and continue to comply with the confidentiality provisions of subparagraph 6.J. You must promptly at your expense and subject to subparagraph 14.B, remove or obliterate all Store signage, displays or other materials (electronic or tangible) in your possession at the Store or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks and so alter the appearance of the Store as to differentiate the Store unmistakably from duly licensed stores identified by the Trademarks. If, however, you refuse to comply with the provisions of the preceding sentence within 30 days, we have the right to enter the Store and remove all Store signage, displays or other materials in your possession at the Store or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks, and you must reimburse us for our costs incurred. Notwithstanding the foregoing, in the event of expiration or termination of this Agreement (or the expiration of any Interim Period), you will remain liable for your obligations pursuant to this Agreement or any other agreement between you and us or our affiliates that expressly or by their nature survive the expiration or termination of this Agreement.

B. Purchase Option. We have the right to purchase or designate a third party that will purchase all or any portion of the assets of your Store that are owned by you or any of your affiliates including, without limitation, the land, building, equipment, fixtures, signage, furnishings, supplies, leasehold improvements, and inventory of the Store at a price determined by a qualified appraiser (or qualified appraisers if one party believes it is better to have a real estate appraiser appraise the value of the land and building and a business appraiser appraise the Store's other assets) selected with the consent of both parties, provided we give you written notice of our preliminary intent to exercise our purchase rights under this Paragraph within 30 days after the date of the expiration or termination of this Agreement, or the expiration of any Interim Period. If the parties cannot agree upon the selection of an appraiser(s), one or both will be appointed by a Judge of the United States District Court for the District in which the Store is located upon petition of either party.

The price determined by the appraiser(s) will be the reasonable fair market value of the assets based on their continuing use in, as, and for the operation of a BEN'S SOFT PRETZELS Store and the appraiser will designate a price for each category of asset (e.g., land, building, equipment, fixtures, etc.), but shall not include the value of any goodwill of the business, as the goodwill of the business is attributable to the Trademarks and the System.

Within 30 days after our receipt of the appraisal report, we or our designated purchaser will identify the assets, if any, that we intend to purchase at the price designated for those assets in the appraisal report. We or our designated purchaser and you will then proceed to complete and close the purchase of the identified assets, and to prepare and execute purchase and sale documents customary for the assets being purchased, in a commercially reasonable time and manner. We and you will each pay one-half of the appraiser's fees and expenses. Our interest in the assets of the Store that are owned by you or your affiliates will constitute a lien thereon and may not be impaired or terminated by the sale or other transfer of any of those assets to a third party. Upon our or our designated purchaser's exercise of the purchase option and tender of payment, you agree to sell and deliver, and cause your affiliates to sell and deliver, the purchased assets to us or our designated purchaser, free and clear of all encumbrances, and to execute and deliver, and cause your affiliates to execute and deliver, to us or our designated purchaser a bill of sale therefor and such other documents as may be commercially reasonable and customary to effectuate the sale and transfer of the assets being purchased.

If we do not exercise our option to purchase under this subparagraph, you may sell or lease the Store premises to a third party purchaser, provided that your agreement with the purchaser includes a covenant by the purchaser, which is expressly enforceable by us as a third party beneficiary, pursuant to which the purchaser agrees, for a period of 2 years after the expiration or termination of this Agreement, or the expiration of any Interim Period, not to use the premises for the operation of a store business that has a menu or method of operation similar to that employed by our company-owned or franchised stores.

C. Claims. You and your Owners and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement or the BEN'S SOFT PRETZELS business after the shorter period of the applicable statute of limitations or one year following the date upon which a party discovered or should have discovered the facts giving rise to the claim,; provided that where the one-year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations.

## GENERAL PROVISIONS

15. The parties agree to the following provisions:

A. Severability. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. Waiver/Integration. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify the Schedules and/or standards and as otherwise

provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us.

This Agreement together with all schedules, addenda and appendices to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document we furnished to you.

C. Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and if such notice is a notice of default or termination, by registered or certified mail, and addressed as follows:

1. If intended for us, addressed to:

Ben's Soft Pretzels Franchising Corporation  
1119 S. Indiana Avenue  
Goshen, Indiana 46526

2. If intended for you, addressed to you at the address set forth on the Data Sheet or at the Store; or,

in either case, to such other address as may have been designated by written notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subparagraph.

D. Authority. Any modification, consent, approval, authorization or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents.

E. References. If the franchisee is 2 or more individuals, the individuals are jointly and severally liable, and references to you in this Agreement includes all of the individuals. Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement.

F. Guarantee. All persons owning an interest in Franchisee that is a corporation, limited liability company, partnership or other legal entity must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement that becomes an owner pursuant to the provisions of Paragraph 11 or otherwise must execute the form of undertaking and guarantee at the end of this Agreement.

G. Successors/Assigns. Subject to the terms of Paragraph 11 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

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



1. Applicable Law and Waiver. Subject to our rights under federal trademark laws, including the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.) or other federal law and the parties' rights under the Federal Arbitration Act in accordance with Paragraph 12 of this Agreement, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state of Indiana, except that any Indiana franchise laws apply only in the event you are an Indiana resident or the Store is in Indiana.

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the requirements of subparagraph 5.E and other express limitations set forth in this Agreement.

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

I. Venue. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Paragraph 12, must be brought in the state or federal district court with jurisdiction over the city of our then current headquarters (currently Goshen, Indiana). Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this subparagraph will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this subparagraph, and with a complete understanding thereof, agree to be bound in the manner set forth.

J. Jury Waiver. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.

K. Waiver of Punitive Damages. You and your affiliates and us and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.

L. Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither

party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. Without limiting the generality of the foregoing, we shall have no liability in connection with or related to the products or services rendered to you by any third party, even if we required, approved or consented to the product or service or designated or approved the supplier.

M. Force Majeure. In the event of any failure of performance of this Agreement according to its terms by any party, the same will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of said party. Such causes include, but are not limited to, strikes, wars, riots and acts of government except as may be specifically provided for elsewhere in this Agreement.

N. Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the Menu Items and other standards, specifications, and requirements for any franchised store or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such store, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard menus, specifications or requirements granted to any other franchisee. You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement.

O. Notice of Potential Profit. We and/or our affiliates may from time to time make available to you or require you to purchase goods, products and/or services for use in your Store on the sale of which we and/or our affiliates may make a profit. Further, we and/or our affiliates may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our affiliates are entitled to said profits and/or consideration.

P. Effective Date. We will designate the "Effective Date" of this Agreement in the space provided on the Data Sheet. If no Effective Date is designated on the Data Sheet, the Effective Date is the date when we sign this Agreement. However, as described in subparagraph 5.A, you do not have the right to, and may not, open and commence operation of a Store at the Authorized Location until we notify you that you have satisfied all of the pre-opening conditions set forth in this Agreement.

Q. Anti-Terrorism Laws. You agree to comply with and/or assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, you certify, represent and warrant that none of your property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that you are not otherwise in violation of any of the Anti-Terrorism Laws. For purpose of this paragraph, "Anti-Terrorism Laws" means Executive Order 13244 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including,

without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorists acts and acts of war.

You certify that none of your owners, employees, or anyone associated with you is listed in the Annex to Executive Order 13224. (The Annex is available at <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>.) You agree not to hire any individuals listed in the Annex. You certify that you have no knowledge or information that, if generally known, would result in you or your owners, employees, or anyone associated with you to be listed in the Annex to Executive Order 13224. You will be solely responsible for ascertaining what actions must be taken by you to comply with the Anti-Terrorism Laws, and you specifically acknowledge and agree that your indemnification responsibilities set forth in this Agreement pertain to your obligations under this Section.

**IN WITNESS WHEREOF**, the parties have executed this Franchise Agreement on the dates written below.

FRANCHISEE: (For an Entity)

Date: \_\_\_\_\_

\_\_\_\_\_,

a \_\_\_\_\_  
(Please type or print name and type of entity)

By: \_\_\_\_\_  
(Signature of person signing on behalf of entity)

\_\_\_\_\_  
(Please type or print name of person signing on behalf of entity)

Title: \_\_\_\_\_  
(Please type or print title of person signing on behalf of entity)

Witness: \_\_\_\_\_  
(Please type or print)

Signature: \_\_\_\_\_

FRANCHISEE: (For an Individual)

Date: \_\_\_\_\_

Name: \_\_\_\_\_  
(Please type or print)

Signature: \_\_\_\_\_

Witness: \_\_\_\_\_  
(Please type or print)

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_  
(Please type or print)

Signature: \_\_\_\_\_

Witness: \_\_\_\_\_  
(Please type or print)

Signature: \_\_\_\_\_

US:

Ben's Soft Pretzels Franchising Corporation

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Schedule A to the Franchise Agreement

**Data Sheet**

1. **Franchisee:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. **Franchise Type:** \_\_\_\_\_

3. **Owner.** You represent and warrant to us that the following persons, and only the following persons, will be your Owner(s):

Name	Home Address	Percentage of Ownership

4. **Authorized Location.** As stated in subparagraph 2.A of the Franchise Agreement, the Authorized Location is: \_\_\_\_\_  
\_\_\_\_\_

If and only if Franchisee is granted the right to operate a Mobile Store pursuant to a signed Mobile Store Addendum, Franchisee's Designated Area for its Mobile Store is: \_\_\_\_\_  
\_\_\_\_\_

with no exclusive or protected territory or area of any kind, all in accordance with the Mobile Store Addendum.

5. **Adjustments to the Initial Term (if any).** As stated in subparagraph 4.A of the Franchise Agreement, the initial term will expire on the expiration date for the lease of the Authorized Location, except as follows: \_\_\_\_\_.

6. **Initial Franchise Fee.** As stated in subparagraph 9.A of the Franchise Agreement, the Initial Franchise Fee is \$ \_\_\_\_\_. **(If signing a 3-Pack, please refer to the 3-pack addendum)**

7. **Effective Date:** \_\_\_\_\_

YOU: \_\_\_\_\_

WE: Ben's Soft Pretzels Franchising Corporation

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title : \_\_\_\_\_

## Mobile Store Addendum

### MOBILE STORE PROGRAM

This Mobile Store Program Agreement (“Agreement”) dated this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, is entered into by and between Ben’s Soft Pretzels Franchising Corporation, an Indiana corporation (“Franchisor”) and \_\_\_\_\_ (“Franchisee”).

#### WITNESSETH

Franchisee desires to operate an authorized Mobile Store that is identified with the Ben’s Soft Pretzels® Trademarks (“Mobile Store”), and Franchisor is willing to grant Franchisee the right to operate the Mobile Store, subject to the terms and conditions of this Addendum and the Franchise Agreement.

Franchisor has agreed to grant to Franchisee the right to operate a Mobile Store under the following terms and conditions:

1. **Rights Granted.** Franchisor hereby agrees to grant to Franchisee the right to operate one Mobile Store for the Authorized Location and Designated Area set forth in this Schedule A to the Franchise Agreement, all in accordance with Franchisor’s then current guidelines and procedures (“Mobile Store Policies” as we establish from time to time) to request authorization to operate Franchisee’s Mobile Store at events or venues within the Designated Area. Franchisee acknowledges and agrees that Franchisee will have no exclusive or protected territory or area of any kind and Franchisee’s Mobile Store may be prohibited from selling within certain distance of any non-mobile Store, and will compete with other Stores (traditional as well as mobile). In the event that a more suitable location for the Mobile Store is made available to Franchisee, Franchisee may, at its own expense, relocate the Mobile Store with Franchisor’s written approval and within the time specified by Franchisor.
2. **Commencement Date.** The commencement date of operations of the Mobile Store shall be the date that Franchisor authorizes in writing (“Commencement Date”) that the Mobile Store is ready for operation and Franchisee has satisfied all other requirements that Franchisor has established in writing.
3. **Term.** This Agreement shall be effective and binding from the date of execution and shall until the expiration or termination of the Franchise Agreement, unless terminated earlier as set forth in Section 6 below.
4. **Franchisee Obligations.** Franchisee must provide Franchisor with the following items:
  - a. **Certificate of Insurance.** A certificate of insurance evidencing that Franchisee has added the Mobile Store to Franchisee’s existing Store insurance policy in the form and in the amounts consistent with the coverage required under the Franchise Agreement, including vandalism and theft, shall be delivered to Franchisor prior to the Commencement Date. Franchisee shall name Franchisor as an additional insured

under each insurance policy. Franchisee shall obtain and maintain any additional insurance required by any landlord for the Store.

b. Any Other Required Permits/Licenses. Franchisee, at Franchisee's expense, shall be responsible for securing and maintaining all permits/licenses necessary for the operation of the Mobile Store and must at all times provide copies of such permits/licenses to Franchisor.

5. **Operation of Mobile Store.**

a. The Mobile Store must at all times be operated and maintained according to the standards prescribed by Franchisor in the Franchise Agreement and the Manuals (as defined in the Franchise Agreement) and other written procedures and standards provided to the Franchisee from time to time by Franchisor. Franchisee shall be responsible for cleaning and maintaining the Mobile Store. At all times, Franchisee shall keep the Mobile Store in good working order and repair. The expense of all ordinary maintenance and repair of the Mobile Store due to normal wear and tear shall be borne by Franchisee. The expense of extraordinary maintenance and repair of the Mobile Store due to a relocation of the Mobile Store, damage to the Store or to the Mobile Store, or to any other cause shall be borne by Franchisee.

b. Franchisee shall sell only those products from the Mobile Store that are approved by the Franchisor from time to time.

c. Franchisee acknowledges that this Agreement does not modify or eliminate Franchisee's obligation to pay to Franchisor any royalty fees, advertising contributions, and any other fees required under the Franchise Agreement, including royalty fees and advertising/marketing contributions payable to Franchisor related to the operation of the Mobile Store.

d. Franchisee will be assessed a fee of \$1,000 for any and each time it operates the Mobile Store outside of its Designated Area or in violation of any of the policies or procedures Franchisor establishes from time to time ("Operating Outside of Designated Area Fee").

6. **Termination and Post-Termination Obligations.**

a. Notwithstanding anything to the contrary contained in this Agreement, Franchisor may terminate this Agreement upon 60 days' written notice to Franchisee for any reason. In addition, Franchisor may terminate this Agreement if Franchisee is in default under this Agreement and fails to cure the default within the applicable cure period set forth in the Franchise Agreement. Franchisee's right to operate the Mobile Store also is contingent upon Franchisee remaining in compliance with the terms of the Franchise Agreement. Notwithstanding anything to the contrary contained herein, Franchisor may terminate this Agreement if Franchisee defaults under the Franchise Agreement or any other agreement between Franchisee and Franchisor or its affiliates and such default is non-curable or, if such default is curable, Franchisee fails to cure such default within the applicable cure period.

- b. Franchisee may terminate this Agreement upon 60 days' written notice to Franchisor.
  - c. In the event of termination, Franchisee must discontinue the use of the Mobile Store at the Authorized Location, remove all Marks from the Mobile Store, and take all necessary steps to comply with the applicable post-term obligations of the Franchise Agreement that are applicable to the Mobile Store.
6. **Miscellaneous.** Unless otherwise stated in this Agreement, all of the terms and conditions of the Franchise Agreement apply to Franchisee's operation of the Mobile Store is considered part of the Franchise Agreement. Franchisee cannot assign the rights to the Mobile Stores and this Addendum separate from the Franchise Agreement.

*[SIGNATURE PAGE FOLLOWS]*



**In Witness Whereof** each of the undersigned, intending to be legally bound hereby has duly executed, sealed and delivered this Agreement the day and year first above written.

FRANCHISOR:  
BEN'S SOFT PRETZELS FRANCHISING  
CORPORATION

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**Captive Venue Addendum**

This Captive Venue Addendum (“Addendum”) dated this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, is entered into by and between Ben’s Soft Pretzels Franchising Corporation, an Indiana corporation (“Franchisor”) and \_\_\_\_\_ (“Franchisee”).

WITNESSETH

- A. The parties have entered a Franchise Agreement, dated \_\_\_\_\_, 20\_\_\_\_, relating to the development and operation of a BEN’S SOFT PRETZELS store at the following captive market location: \_\_\_\_\_ (the “Authorized Location”)
- B. The parties desire to amend the Agreement in accordance with the terms and conditions contained in this Addendum in order to reflect changes to the Agreement to take into account the captive venue nature of the Authorized Location.

AGREEMENT

Franchisor and Franchisee agree that the Agreement is hereby modified, as follows:

- 1. **Rights Granted.** Franchisor hereby agrees to grant to Franchisee the right to operate one Store at the Authorized Location. Franchisee acknowledges and agrees that Franchisee will have no exclusive or protected territory or area of any kind and Franchisee’s Store is be prohibited from selling outside of the Authorized Location.
- 2. **Commencement Date.** The commencement date of operations of the Mobile Store shall be the date that Franchisor authorizes in writing (“Commencement Date”) that the Mobile Store is ready for operation and Franchisee has satisfied all other requirements that Franchisor has established in writing.
- 3. **Additional Changes.** Franchisee and Franchisor agree to the following changes, (including any changes required by the Venue Operating Partner):
  - a. \_\_\_\_\_.
  - b. \_\_\_\_\_.
  - c. \_\_\_\_\_.
- 4. **Miscellaneous.** Unless otherwise stated in this Addendum, all of the terms and conditions of the Franchise Agreement apply to Franchisee’s operation of the Store at the Authorized Location.

**In Witness Whereof** each of the undersigned, intending to be legally bound hereby has duly executed and delivered this Addendum the day and year first above written.

FRANCHISOR:  
BEN'S SOFT PRETZELS FRANCHISING  
CORPORATION

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Schedule B to the Franchise Agreement

**Trademarks**

You have the right to use the following Trademarks in accordance with the terms of the Franchise Agreement:

<b>Trademark</b>	<b>Registration Number</b>	<b>Registration Date</b>
BEN'S SOFT PRETZELS (word mark)	4066810	December 6, 2011

From time to time, we may authorize you in writing (through the Manual or otherwise) to make available for your use additional Trademarks or to delete those Trademarks that become unavailable. You agree to use only those Trademarks that are then currently authorized.

The Trademarks must be used only in the manner that we specify. No deviations will be permitted.

Schedule C to the Franchise Agreement

Addendum to Lease

This Addendum to Lease (“Addendum”), dated \_\_\_\_\_, 20\_\_\_\_, is entered into between \_\_\_\_\_ (“Landlord”) and \_\_\_\_\_ (“Tenant”).

**R E C I T A L S**

The parties have entered into a Lease Agreement, dated \_\_\_\_\_, 20\_\_\_\_ (the “Lease”), pertaining to the premises located at \_\_\_\_\_ (the “Premises”).

The Landlord acknowledges that Tenant intends to operate a BEN’S SOFT PRETZELS™ store (“Store”) from the Premises pursuant to Tenant’s Franchise Agreement with Ben’s Soft Pretzels Franchising Corporation (“Franchisor”) dated \_\_\_\_\_ (the “Franchise Agreement”), whereby Tenant will utilize the BEN’S SOFT PRETZELS name and the BEN’S SOFT PRETZELS Marks as Franchisor may designate in the operation of the Store at the Premises.

Landlord further acknowledges that Franchisor has approved Tenant’s request to locate its Store on the Premises that is the subject of the Lease, provided that the conditions and agreements set forth in this Addendum are made a part of the Lease.

**A G R E E M E N T S**

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the Lease as follows:

1. Remodeling and Decor. Landlord agrees that Tenant has the right to remodel, equip, paint and decorate the interior of the Premises and to display such Marks and signs on the interior and exterior of the Premises as Tenant is reasonably required to do pursuant to the Franchise Agreement and any renewal Franchise Agreement under which Tenant may operate a Store on the Premises. Any remodel of the building and/or its signs shall be subject to Landlord’s prior and reasonable approval.

2. Assignment By Tenant.

(a) Tenant does not have the right to sublease or assign the Lease to any third party without Landlord’s and Franchisor’s written approval.

(b) So long as Tenant is in good standing under the Lease, Tenant has the right to assign all of its right, title and interest in the Lease to Franchisor or its affiliates during the term of the Lease, including any extensions or renewals, without first obtaining Landlord’s consent. No assignment will be effective, however, until Franchisor or its designated affiliate gives Landlord written notice of its acceptance of the assignment. Franchisor will be responsible for the Lease obligations incurred after the effective date of the assignment.

(c) If Franchisor elects to assume the Lease, Franchisor shall not be required to begin paying rent until Landlord delivers possession of the Premises to the Franchisor. At any time until the Landlord delivers possession of the Premises, Franchisor shall have the right to rescind the election to assume by written notice to Landlord.

3. Default and Notices to Franchisor.

(a) Landlord shall send Franchisor copies of all notices of default under the Lease at the same time it provides Tenant with such notice. If Tenant fails to cure any defaults within the period specified in the Lease, Landlord shall promptly give Franchisor written notice thereof, specifying the defaults that Tenant has failed to cure. Franchisor has the right to unilaterally assume the Lease if Tenant fails to cure. Franchisor shall have 15 days from the date Franchisor receives such notice to exercise, by written notice to Landlord and Tenant, its right for Franchisor or its affiliate designee (“Franchisor Entity”), to assume the Lease. Franchisor shall have an additional 30 days from the expiration of Tenant’s cure period in which to cure the default or violation.

(b) If Franchisor elects to assume the Lease, the Franchisor Entity shall not be required to cure defaults and/or to begin paying rent until Landlord delivers possession of the Premises to the Franchisor Entity. At any time until Landlord delivers possession of the Premises, Franchisor shall have the right to rescind the election to assume by written notice to Landlord.

4. Termination of Franchise Agreement; Expiration or Non-Renewal of Lease.

(a) If the Franchise Agreement is terminated for any reason during the term of the Lease or any renewal or extension thereof, and if Franchisor desires to assume the Lease, Franchisor shall promptly give Landlord written notice thereof. Within 30 days after receipt of such notice, Landlord shall give Franchisor written notice specifying any defaults of Tenant under the Lease. If Franchisor elects to assume the Lease, Franchisor must cure said defaults consistent with paragraph 3 above.

(b) If the Lease contains term renewal or extension right(s) and if Tenant allows the term to expire without exercising said right(s), Landlord shall give Franchisor written notice thereof, and a Franchisor Entity shall have the option, for 30 days after receipt of said notice, to exercise the Tenant’s renewal or extension right(s) on the same terms and conditions as are contained in the Lease. If a Franchisor Entity elects to exercise such right(s), it shall so notify Landlord in writing, whereupon Landlord and the Franchisor Entity shall promptly execute and deliver an agreement whereby the Franchisor Entity assumes the Lease, effective at the commencement of the extension or renewal term.

5. Access to Premises Following Expiration or Termination of Lease. Upon the expiration or termination of the Lease, Landlord will cooperate with and assist Franchisor in gaining possession of the Premises and, if the Franchisor Entity does not elect to assume the Lease for the Premises consistent with subparagraphs 3(a) or 4(b) above, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord except for any damages caused by Franchisor’s willful misconduct or gross negligence, to remove all signs and all other items identifying the Premises as a BEN’S SOFT PRETZELS Store and to make such other modifications (such as repainting) as are reasonably necessary to protect the BEN’S SOFT PRETZELS marks and system, and to distinguish the Premises from BEN’S SOFT PRETZELS Stores. In the event Franchisor exercises its option to purchase assets of Tenant, Landlord must permit Franchisor to remove all such assets being purchased by Franchisor.

6. Assumption and Subsequent Assignment By Franchisor. If Franchisor elects to assume the Lease under paragraph 2, or unilaterally assumes the Lease as provided for in paragraphs 3 or 4, Landlord and Tenant agree that:

(a) Tenant will remain liable for the responsibilities and obligations, including amounts owed to Landlord, prior to the date of assignment and assumption. Further, Tenant shall be and remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment or assumption of the Lease by Franchisor. Franchisor shall be entitled to recover from Tenant all amounts it pays to Landlord to cure Tenant's defaults under the Lease, including interest and reasonable collection costs.

(b) Franchisor, upon taking possession of the Premises, shall cure any default specified by Landlord within the timeframes noted herein and shall execute and deliver to Landlord its assumption of Tenant's rights and obligations under the Lease. Franchisor shall pay, perform and be bound by all the duties and obligations of the Lease applicable to Tenant, except that the Franchisor may elect not to assume or be bound by the terms of any Amendment to the Lease executed by Tenant without obtaining Franchisor's prior written approval, which shall not be unreasonably withheld or delayed.

(c) At or after the time Franchisor assumes Tenant's interests under the Lease, the Franchisor may, at any time, assign such interests or sublet the Premises to a BEN'S SOFT PRETZELS franchisee. Any such assignment shall be subject to the prior written consent of the Landlord, which Landlord shall not unreasonably withhold as it relates to a creditworthy franchisee who otherwise meets Franchisor's then-current standards and requirements for franchisees and agrees to operate the Store as a BEN'S SOFT PRETZELS Store pursuant to a Franchise Agreement with Franchisor. Upon receipt by Landlord of an assumption agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions and agreements on the part of Tenant to be performed under the Lease, the Franchisor shall thereupon be released from all liability as tenant under the Lease from and after the date of assignment, without any need of a written acknowledgement of such release by Landlord.

7. Access to Premises During Lease. As provided in the Franchise Agreement, Franchisor shall have the right to access the Premises during continuance of the Lease to ensure compliance by Tenant with its obligations under the Franchise Agreement.

8. Additional Provisions.

(a) Landlord hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Tenant plans to operate its business and the Tenant would not lease the Premises without this Addendum.

(b) Landlord further acknowledges that Tenant is not an agent or employee of Franchisor and the Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Landlord has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liability of or against Franchisor or any affiliate of Franchisor, unless and until the Lease is assigned to, and accepted in writing by, Franchisor.

(c) All notices to Franchisor required by this Addendum must be in writing and sent by registered or certified mail, postage prepaid, to the following address:

If intended for us, addressed to:

Ben's Soft Pretzels Franchising Corporation  
1119 S. Indiana Avenue  
Goshen, Indiana 46526

Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

9. Sales Reports. If requested by Franchisor, Landlord will provide Franchisor with whatever information Landlord has regarding Tenant's sales from the Store.

10. Conflicts. In the event of a conflict between the terms of the Lease and the terms set forth in this Addendum, the terms set forth herein shall govern. In the event of a conflict between notices provided to Landlord by Tenant and Franchisor, the notices of Franchisor shall prevail.

11. Miscellaneous. Any waiver excusing or reducing any obligation imposed by this Addendum shall be in writing and executed by the party who is charged with making the waiver and shall be effective only to the extent specifically allowed in such writing. The language used in this Addendum shall in all cases be construed simply according to its fair meaning and not strictly for or against any party. Nothing in this Addendum is intended, nor shall it be deemed, to confer any rights or remedies upon any person or entity not a party hereto. This Addendum shall be binding upon, and shall inure to the benefit of, the successors, assigns, heirs, and personal representatives of the parties hereto. This Addendum sets forth the entire agreement with regard to the rights of Franchisor, fully superseding any and all prior agreements or understandings between the parties pertaining to the subject matter of this Addendum. This Addendum may only be amended by written agreement duly executed by each party.

[Signature page follows]



IN WITNESS WHEREOF, this Addendum is made and entered into by the undersigned parties as of \_\_\_\_\_, \_\_\_\_\_.

**LANDLORD:** \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:** \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SUBLEASE**

**THIS SUBLEASE** is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Ben's Soft Pretzels LLC, an Indiana limited liability company, ("Sublessor"), and \_\_\_\_\_ and \_\_\_\_\_ (jointly and severally, and collectively, referred to as "Subtenant").

**WITNESSETH:**

**WHEREAS**, Sublessor is the lessee under a certain lease dated \_\_\_\_\_, entered into with \_\_\_\_\_ for approximately \_\_\_\_\_ square feet located at \_\_\_\_\_ (the "Premises"), a copy of which is attached hereto as Exhibit A and hereby made a part hereof (the "Lease"); and

**WHEREAS**, Sublessor's affiliate, Ben's Soft Pretzels Franchising Corporation, (as Franchisor) and Subtenant (as Franchisee) have entered into a Ben's Soft Pretzels Franchise Agreement dated \_\_\_\_\_ for Franchise Number \_\_\_\_\_ (the "Franchise Agreement") pursuant to which Sublessor's affiliate has granted Subtenant the right to operate a Ben's Soft Pretzels store at the Premises subject to the terms and provisions of the Franchise Agreement; and

**WHEREAS**, Sublessor and Subtenant have agreed to sublease the Premises on the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

**1. SUBLEASE**

**1.1 Incorporation of Lease.** Each and every provision of the Lease, be and hereby are incorporated herein in their entirety as if fully set forth herein.

**1.2 Sublease Subject to Lease.** This Sublease is subject to the Lease. Subtenant shall look only to Lessor and not to Sublessor for remedies of any breaches in the Lease by Lessor. Sublessor shall have no liability whatever for any breach by Lessor affecting Subtenant.

**1.3 Subtenant's Assumption of Duties under the Lease.** Subtenant agrees that as of the date of this Sublease to assume, be subject to and to perform each and every condition and obligation to be performed by Sublessor under the provisions of the Lease or to which Sublessor is subject thereunder, except that all rent and other amounts payable to Lessor under the Lease shall be paid to Sublessor in accordance with Section 2.3 hereof. Subtenant does further agree to indemnify and save Sublessor, its successors and assigns, harmless from and against any and all liability under or related to the Lease from and after said date.

**1.4 Sublessor Has Rights of Lessor.** It is further agreed, that as to Subtenant, Sublessor shall have all rights of Lessor as described in the Lease and all rights granted to Sublessor herein.

## 2. DEMISE, TERM AND RENT

**2.1 Demise of Premises.** Sublessor hereby subleases the Premises to Subtenant solely for the purpose of operating a Ben's Soft Pretzels store pursuant to the terms and provisions of the Franchise Agreement and agrees that so long as Subtenant is in compliance with the terms hereof, of the Lease, and of the Franchise Agreement Subtenant shall have the right to quiet enjoyment of the Premises without hinderance or molestation by Sublessor. By execution hereof, Subtenant accepts the Premises and acknowledges that the location and condition of the Premises is acceptable to Subtenant and hereby waives any claims or rights against Sublessor of or related to the condition or location of the Premises.

**2.2 Term.** The term of this Sublease shall be for the term commencing on the date of this Sublease and ending one day sooner than the ending date as provided in the Lease, or such earlier date as the Lease is terminated in accordance with the terms and provisions thereof or this Sublease is terminated in accordance with the terms and provisions hereof (the "Term").

**2.3 Rent.** Subtenant agrees to pay to Sublessor as rent during the term of this Sublease \$200.00 per month plus all amounts which shall become due and payable by the Sublessor under the terms of the Lease, including, without limitation, all amounts for minimum rent, percentage rent, utilities, general real estate taxes, other taxes, common area maintenance, marketing charges, tenants or merchants association dues and any and all other amounts of any kind or nature whatsoever. All such amounts shall be due and payable by Subtenant on or before ten (10) business days prior to the date upon which any such amounts are due and payable by Sublessor under the terms of the Lease at the address of Sublessor at 1119 S. Indiana Avenue, Goshen, Indiana 46526, or such other place as Sublessor may from time to time designate, except that the first (1st) month's rent shall be paid to Sublessor concurrent with the execution of this Sublease. Payment of said amounts shall be made by Subtenant by check or draft made payable to Sublessor. Sublessor agrees to remit such amounts to Lessor or any other appropriate party in a timely fashion. The Subtenant agrees to execute and deliver to Sublessor the appropriate preauthorized check and electronic funds transfer forms for his Store's checking account prior to the opening of the Store so that Sublessor will be able to deposit the Sublease payments that accrue on a timely basis. The Sublessor will then deposit the amounts due into its account by the preauthorized check or electronic funds transfer system.

**2.4 Interest and Penalties for Late Payment.** In the event any amount due hereunder is not paid when and as same becomes due, Subtenant shall pay all late charges, interest and penalties due under the Lease. In addition, Subtenant acknowledges that late payment by Subtenant to Sublessor of any amount due hereunder will cause Sublessor to incur costs not contemplated by this Sublease, the exact amount of such costs being extremely difficult and impractical to fix. Such costs include, without limitation, processing and accounting charges, in addition to other charges that may be imposed on Sublessor. Therefore, if any amount due hereunder from Subtenant is not received by Sublessor within five (5) days after its due date or, if no due date is specified in this Sublease, within five (5) days after receipt of written notice from Sublessor, Subtenant shall pay to Sublessor an additional sum of six percent (6%) of the overdue amount as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Sublessor will incur by reason of late payment by Subtenant. Acceptance of any late charge shall not constitute a waiver of Subtenant's default with respect to the overdue amount nor prevent Sublessor from exercising any of the other rights and remedies of the Sublessor under this Sublease. In addition, all amounts not paid to Sublessor when and as same become due hereunder shall bear interest from the date due until paid at the rate of one and one-half percent (1.5%) per month until paid.

### 3. USE, ALTERATIONS, INSURANCE, AND SECURITY DEPOSIT

**3.1 Use.** The Premises shall be used and occupied only for the purpose of operating a Ben's Soft Pretzels store pursuant to the terms and provisions of the Franchise Agreement.

**3.2 Alterations and Improvements.** Subtenant shall not make any alterations or improvements to the Premises without the prior written consent of Sublessor and of Lessor, if required, under the Lease. In the event that Sublessor, and if applicable, Lessor does give prior written consent for any alterations or improvements to the Premises, on request of Sublessor or Lessor, if applicable, Subtenant shall restore the Premises to the same good order and condition in which it was prior to the making of such alterations or improvements, or if not otherwise requested prior to the last day of the Term hereof, on or before said date.

**3.3 Insurance.** Subtenant will not permit the Premises to be used in any manner which would render the insurance thereon void or the insurance risk more hazardous. Subtenant shall not use or occupy the Premises, or permit the Premises to be used or occupied, contrary to any statute, rule, order, ordinance, requirement or regulation applicable thereto; or in any manner which would violate any certificate of occupancy affecting the same; or which would cause structural injury to the improvements; or cause the value or usefulness of the Premises, or any part thereof, to diminish; or which would constitute a public or private nuisance or waste. Subtenant shall keep and maintain in full force and effect throughout the term of the Sublease and at Subtenant's sole cost and expense, all insurance in the form and amounts described in the Lease and the Franchise Agreement, and naming Franchisor, Sublessor (and to the extent applicable, Lessor) as an additional insured on all of same.

**3.4 Security Deposit.** Concurrently with the signing of this Sublease, Subtenant agrees to pay to Sublessor as a security deposit on this Sublease \$\_\_\_\_\_.

### 4. REMEDIES OF SUBLESSOR

**4.1 Remedies.** In the event that Subtenant shall fail to pay rent or other amounts due hereunder on or before the date on which the same is due and payable, or in the event Subtenant shall fail in the performance or observance of any of the terms, conditions, covenants, or agreements to be kept, observed or performed by Subtenant hereunder, or the breach by Subtenant of any covenant or agreement herein contained or contained in the Lease, which failure or breach is not remedied within the applicable time period as described in the Lease, or in the event of a breach or default by Subtenant in any of the terms and conditions of the Franchise Agreement not cured as provided therein, or in the event of the repeated default by Subtenant in performing any material covenants hereunder, or under the Lease (whether or not cured in each instance), it is understood and agreed that all of the rights and remedies of the Lessor under the Lease shall be applicable to and may be exercised by Sublessor under the provisions of this Sublease. It is expressly agreed that said remedies shall include, without limitation, at the election of Sublessor, the termination of this Sublease and the leasehold estate created hereby and Sublessor shall have the right without further notice to reenter the Premises and take possession of all property thereon, to exclude the Subtenant therefrom, and to hold and possess the Premises as to its former estate therein and in addition to such other rights and remedies as Sublessor may have in law or in equity. **FOR WALMART STORES: SUBTENANT ACKNOWLEDGES, AGREES AND ACCEPTS THAT WITH RESPECT TO PREMISES LOCATED IN A WALMART STORE, THAT THE WALMART MASTER LEASE AGREEMENT ATTACHED HERETO ALLOWS THE WALMART LESSOR (AND THEREBY SUBLESSOR PURSUANT TO THIS SUBLEASE) TO DECLARE IN DEFAULT AND TO TERMINATE NOT ONLY THE LEASE (AND THIS SUBLEASE) FOR THE ONE STORE WHERE A DEFAULT OCCURS BUT ALSO ALL THE LEASES (AND SUBLEASES) FOR ALL OTHER STORES WHICH ARE OCCUPIED BY**

## **SUBTENANT.**

**4.2 Payment of Expenses.** Subtenant shall pay upon demand all of Sublessor's costs, charges and expenses including fees of attorneys, agents and others retained by Sublessor, incurred in enforcing any of the obligations of Subtenant under this Sublease or in any litigation, negotiation or transaction in which Sublessor shall, without Sublessor's fault, become involved through or on account of this Sublease.

**4.3 Lessor's Remedies.** In the event of a default in any term, covenant or condition on the Subtenant's part to be performed under the Lease, Lessor shall have the right, but not the obligation, to pursue the remedies available to it under the Lease or otherwise, directly against Subtenant without prejudice to its rights to pursue Sublessor jointly or severally in the same manner. Sublessor, at its election, may require Lessor to (a) proceed against Subtenant; (b) proceed against or exhaust any security held from Subtenant; or (c) pursue any remedy in Lessor's power whatsoever. Subtenant waives any defenses that may be acquired by reason of Lessor's election of any remedy against Subtenant, including without limitation, an election by Lessor to exercise any of its rights under the provisions of applicable law, under the Lease, or hereunder. Subtenant waives the right to require Lessor to enforce or pursue any remedy which Lessor now has or may hereafter have against Sublessor, and further hereby waives the benefit of, or any right to participate in any security now or hereafter held by Landlord from any other party except to the extent that such security remains after performance of the obligations of said other party in full. No failure, delay or election to pursue Subtenant on the part of Sublessor or Lessor or to pursue any remedy hereunder or under the Lease, shall constitute a waiver on its part of the right to pursue said remedy against the Subtenant on the basis of the same or subsequent breach.

**4.4 Cumulative Rights.** No remedy herein contained or conferred upon Sublessor, Lessor, their respective successors or assigns, is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy herein provided for or now or hereafter existing at law or in equity.

## **5. SUB-SUBLEASING AND ASSIGNMENT**

Subtenant shall not sub-sublease the Premises in whole or in part nor assign this Sublease in whole or in part without the consent in writing of Sublessor and Lessor first had and obtained which consent may be withheld in the sole discretion of Sublessor and/or Lessor; nor permit to take place by any act or default of itself, or any person within its control, any transfer by operation of law of Subtenant's interest created herein or any part thereof. In the event Subtenant shall be or become insolvent, make an assignment for the benefit of creditors, or shall file a petition to be adjudged a debtor or bankrupt, or shall have a petition filed against it to be adjudged a debtor or bankrupt, or shall become involved in debtor in possession or any other insolvency proceedings, Sublessor may, at its option, in addition to all other rights and remedies available to it at law or in equity, terminate this Sublease and Subtenant's right to occupy the Premises and in such event Subtenant shall at once pay Sublessor a sum of money equal to the entire amount of rent reserved by this Sublease for the then unexpired portion of the term hereby created as liquidated damages.

## **6. MISCELLANEOUS**

**6.1 Partial Invalidity.** If any term or provision of this Sublease, or the application thereof to any person or circumstance, shall to any extent be invalid or unenforceable, as finally determined by a court or arbitrator, as applicable, of competent jurisdiction, the remainder of this Sublease or the application of such term or provision to persons or circumstances other than those as to which it is

determined to be invalid or unenforceable, shall not be affected thereby, and each term and the provisions of this Sublease shall be valid and enforceable to the fullest extent permitted by law.

**6.2 No Other Changes.** The agreements between the parties contained in this Sublease relate only to the rights and obligations between the parties hereto and their successors, heirs, administrators and assigns, and are not intended in any way to interpret, amend or in any manner affect the terms and provisions of the Lease except as set forth herein.

**6.3 References to Number.** Whenever the context hereof requires, references herein made to the singular number shall be understood as including the plural, and likewise the plural shall be understood as denoting the singular and specific enumeration shall not exclude the general but shall be considered as cumulative.

**6.4 Choice of Law.** This Sublease is executed and delivered in the state in which the Premises are located and shall be enforced and construed according to the laws of that State.

**6.5 Binding Effect.** This Sublease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**6.6 Joint and Several.** The obligations and authorizations hereunder shall be joint and several.

**6.7 Entire Agreement.** This Sublease supersedes all prior agreements and understandings of, and constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and cannot be modified or amended except in a writing expressly referring hereto signed by the party to be bound thereby.

**6.8 Section Headings.** Article and section headings used in this Agreement are for convenience of reference only and are not part of this Agreement for any other purpose and shall not be used or referred to in interpreting any provision hereof.

**6.9 No Waiver.** The failure of either party hereto to enforce any provision of this Agreement or to restrict its performance hereunder to its obligations stated herein shall not be construed as a waiver or modification of any provision hereof nor shall it constitute a forfeiture by that party of any rights to future enforcement of, or performance in accordance with, any provisions of this Agreement.

**6.10 Waiver of Subrogation.** Notwithstanding anything in this Sublease to the contrary, Subtenant hereby waives any and all rights of recovery, claims, actions or causes of action against Sublessor and its officers, directors, managers, members, shareholders or partners, as the case may be, and the respective agents, employees, successors and assigns of each of them, for any loss or damage that may occur to the Premises or the building within which same are located or any improvements thereto or any personal property located therein by reason of fire, the elements, or any other cause insured against under valid and collectible fire and extended coverage of insurance policies under or related to the Lease and/or this Sublease, regardless of cause of origin, including negligence, except in any case which would render this waiver void under law, to the extent that such loss or damage is recoverable under said insurance policies.

**6.11 Force Majeure.** If either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder, excluding the payment of any amount due hereunder or the obtaining of insurance required hereunder, by reason of strikes, lockouts, labor troubles, inability to procure material, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or

other like reasons not the fault of the party delayed in performing work or doing acts required under this Sublease, the period of performance shall be extended for a like period as the period of the said delay.

**6.12 Broker's Commission.** Each party represents and warrants that each party shall indemnify and hold the other harmless against and from all liabilities arising from any claims for brokers or agents commissions related hereto caused or incurred by it, including costs and reasonable attorneys' fees in connection therewith.

**IN WITNESS WHEREOF,** the parties have executed this Sublease as of the date and year set forth above.

**BEN'S SOFT PRETZELS LLC**  
**Sublessor**

\_\_\_\_\_  
**Subtenant**

\_\_\_\_\_  
**Subtenant**

**By:** \_\_\_\_\_  
**Brian Krider, President/CEO**

**By:** \_\_\_\_\_  
**Name:** \_\_\_\_\_

**By:** \_\_\_\_\_  
**Name:** \_\_\_\_\_

**SUBLICENSE**

**THIS SUBLICENSE AGREEMENT** is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between Evan Jones Management Inc., an Indiana corporation, ("Sublicensor"), and \_\_\_\_\_ and \_\_\_\_\_ (jointly and severally, and collectively, referred to as "Sublicensee").

**WITNESSETH:**

**WHEREAS**, Sublicensor is the licensee under a certain Master In-Store License dated June 20, 2014 and its Exhibit C Addendum dated \_\_\_\_\_ (use date of Evan Jones Management Inc.'s signature on Exhibit C of the License) with its exhibits A and B, entered into with Meijer, Inc. and Meijer Stores Limited Partnership (together the "Licensor") for approximately \_\_\_\_\_ square feet located within Meijer store # \_\_\_\_\_, Space \_\_\_\_\_, with an address of \_\_\_\_\_ (the "Premises"), a copy of which is attached hereto as Exhibit A and hereby made a part hereof (the "License"); and

**WHEREAS**, Sublicensor's affiliate, Ben's Soft Pretzels Franchising Corporation, (as Franchisor) and Sublicensee (as Franchisee) have entered into a Ben's Soft Pretzels Franchise Agreement dated \_\_\_\_\_ for Franchise Number \_\_\_\_\_ (the "Franchise Agreement") pursuant to which Sublicensor's affiliate has granted Sublicensee the right to operate a Ben's Soft Pretzels store at the Premises subject to the terms and provisions of the Franchise Agreement; and

**WHEREAS**, Sublicensor and Sublicensee have agreed to sublicense the Premises on the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

**1. SUBLICENSE**

**1.1 Incorporation of License.** Each and every provision of the License, be and hereby is incorporated herein in its entirety as if fully set forth herein.

**1.2 Sublicense Subject to License.** This Sublicense is subject to the License. Sublicensee shall look only to Licensor and not to Sublicensor for remedies of any breaches in the License by Licensor. Sublicensor shall have no liability whatever for any breach by Licensor affecting Sublicensee.

**1.3 Sublicensee's Assumption of Duties under the License.** Sublicensee agrees that as of the date of this Sublicense to assume, be subject to and to perform each and every condition and obligation to be performed by Sublicensor under the provisions of the License or to which Sublicensor is subject thereunder, except that all license fees and other amounts payable to Licensor under the License shall be paid to Sublicensor in accordance with Section 2.3 hereof. Sublicensee does further agree to indemnify and save Sublicensor, its successors and assigns, harmless from and against any and all



liability under or related to the License from and after said date.

**1.4 Sublicensor Has Rights of Licensor.** It is further agreed, that as to Sublicensee, Sublicensor shall have all rights of Licensor as described in the License and all rights granted to Sublicensor herein.

## **2. SUBLICENSER, TERM AND LICENSE FEE**

**2.1 Sublicense of Premises.** Sublicensor hereby sublicenses the Premises to Sublicensee solely for the purpose of operating a Ben's Soft Pretzels store pursuant to the terms and provisions of the Franchise Agreement and agrees that so long as Sublicensee is in compliance with the terms hereof, of the License, and of the Franchise Agreement Sublicensee shall have the right to utilize the Premises without hinderance or molestation by Sublicensor. By execution hereof, Sublicensee accepts the Premises and acknowledges that the location and condition of the Premises is acceptable to Sublicensee and hereby waives any claims or rights against Sublicensor of or related to the condition or location of the Premises.

**2.2 Term.** The term of this Sublicense shall be for the term commencing on the date as provided in the License and ending one day sooner than the ending date as provided in the License, or such earlier date as the License is terminated in accordance with the terms and provisions thereof or this Sublicense is terminated in accordance with the terms and provisions hereof (the "Term").

**2.3 License Fees.** Sublicensee agrees to pay to Sublicensor as license fees during the term of this Sublicense \$200.00 per month plus all amounts which shall become due and payable by the Sublicensor under the terms of the License. All such amounts shall be due and payable by Sublicensee on or before ten (10) business days prior to the date upon which any such amounts are due and payable by Sublicensor under the terms of the License at the address of Sublicensor at 1119 S. Indiana Avenue, Goshen, Indiana 46526, or such other place as Sublicensor may from time to time designate, except that the first (1st) month's license fee shall be paid to Sublicensor concurrent with the execution of this Sublicense. Payment of said amounts shall be made by Sublicensee by check or draft made payable to Sublicensor. Sublicensor agrees to remit such amounts to Licensor or any other appropriate party in a timely fashion. The Sublicensee agrees to execute and deliver to Sublicensor the appropriate preauthorized check and electronic funds transfer forms for his store's checking account prior to the opening of the store so that Sublicensor will be able to deposit the license payments that accrue on a timely basis. The Sublicensor will then deposit the amounts due into its account by the preauthorized check or electronic funds transfer system.

**2.4 Interest and Penalties for Late Payment.** In the event any amount due hereunder is not paid when and as same becomes due, Sublicensee shall pay all late charges, interest and penalties due under the License. In addition, Sublicensee acknowledges that late payment by Sublicensee to Sublicensor of any amount due hereunder will cause Sublicensor to incur costs not contemplated by this Sublicense, the exact amount of such costs being extremely difficult and impractical to fix. Such costs include, without limitation, processing and accounting charges, in addition to other charges that may be imposed on Sublicensor. Therefore, if any amount due hereunder from Sublicensee is not received by Sublicensor within five (5) days after its due date or, if no due date is specified in this Sublicense, within five (5) days after receipt of written notice from Sublicensor, Sublicensee shall pay to Sublicensor an additional sum of six percent (6%) of the overdue amount as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Sublicensor will incur by reason of late payment by Sublicensee. Acceptance of any late charge shall not constitute a waiver of Sublicensee's default with respect to the overdue amount nor prevent Sublicensor from exercising any of the other rights and remedies of the Sublicensor under this Sublicense. In addition, all amounts not paid to Sublicensor when and as same become due hereunder shall bear interest from the date due until paid at the rate of one

and one-half percent (1.5%) per month until paid.

### 3. USE, ALTERATIONS, INSURANCE, AND SECURITY DEPOSIT

**3.1 Use.** The Premises shall be used and occupied only for the purpose of operating a Ben's Soft Pretzels store pursuant to the terms and provisions of the Franchise Agreement.

**3.2 Alterations and Improvements.** Sublicensee shall not make any alterations or improvements to the Premises without the prior written consent of Sublicensor and of Lessor, if required, under the License. In the event that Sublicensor, and if applicable, Licensor does give prior written consent for any alterations or improvements to the Premises, on request of Sublicensor or Licensor, if applicable, Sublicensee shall restore the Premises to the same good order and condition in which it was prior to the making of such alterations or improvements, or if not otherwise requested prior to the last day of the Term hereof, on or before said date.

**3.3 Insurance.** Sublicensee will not permit the Premises to be used in any manner which would render the insurance thereon void or the insurance risk more hazardous. Sublicensee shall not use or occupy the Premises, or permit the Premises to be used or occupied, contrary to any statute, rule, order, ordinance, requirement or regulation applicable thereto; or in any manner which would violate any certificate of occupancy affecting the same; or which would cause structural injury to the improvements; or cause the value or usefulness of the Premises, or any part thereof, to diminish; or which would constitute a public or private nuisance or waste. Sublicensee shall keep and maintain in full force and effect throughout the term of the Sublicense and at Sublicensee's sole cost and expense, all insurance in the form and amounts described in the License and the Franchise Agreement, and naming Franchisor, Sublicensor (and to the extent applicable, Licensor) as an additional insured on all of same.

**3.4 Security Deposit.** Concurrently with the signing of this Sublicense, Sublicensee agrees to pay to Sublicensor as a security deposit on this Sublicense \$ \_\_\_\_\_.

### 4. REMEDIES OF SUBLICENSOR

**4.1 Remedies.** In the event that Sublicensee shall fail to pay any license fees or other amounts due hereunder on or before the date on which the same is due and payable, or in the event Sublicensee shall fail in the performance or observance of any of the terms, conditions, covenants, or agreements to be kept, observed or performed by Sublicensee hereunder, or the breach by Sublicensee of any covenant or agreement herein contained or contained in the License, which failure or breach is not remedied within the applicable time period as described in the License, or in the event of a breach or default by Sublicensee in any of the terms and conditions of the Franchise Agreement not cured as provided therein, or in the event of the repeated default by Sublicensee in performing any material covenants hereunder, or under the License (whether or not cured in each instance), it is understood and agreed that all of the rights and remedies of the Licensor under the License shall be applicable to and may be exercised by Sublicensor under the provisions of this Sublicense. It is expressly agreed that said remedies shall include, without limitation, at the election of Sublicensor, the termination of this Sublicense and the license rights created hereby and Sublicensor shall have the right without further notice to reenter the Premises and take possession of all property thereon, to exclude the Sublicensee therefrom, and to hold and possess the Premises and in addition to such other rights and remedies as Sublicensor may have in law or in equity.

**4.2 Payment of Expenses.** Sublicensee shall pay upon demand all of Sublicensor's costs, charges and expenses including fees of attorneys, agents and others retained by Sublicensor, incurred in enforcing any of the obligations of Sublicensee under this Sublicense or in any litigation, negotiation or

transaction in which Sublicensor shall, without Sublicensor's fault, become involved through or on account of this Sublicense.

**4.3 Licensor's Remedies.** In the event of a default in any term, covenant or condition on the Sublicensee's part to be performed under the License, Licensor shall have the right, but not the obligation, to pursue the remedies available to it under the License or otherwise, directly against Sublicensee without prejudice to its rights to pursue Sublicensor jointly or severally in the same manner. Sublicensor, at its election, may require Licensor to (a) proceed against Sublicensee; (b) proceed against or exhaust any security held from Sublicensee; or (c) pursue any remedy in Licensor's power whatsoever. Sublicensee waives any defenses that may be acquired by reason of Licensor's election of any remedy against Sublicensee, including without limitation, an election by Licensor to exercise any of its rights under the provisions of applicable law, under the License, or hereunder. Sublicensee waives the right to require Licensor to enforce or pursue any remedy which Licensor now has or may hereafter have against Sublicensor, and further hereby waives the benefit of, or any right to participate in any security now or hereafter held by Licensor from any other party except to the extent that such security remains after performance of the obligations of said other party in full. No failure, delay or election to pursue Sublicensee on the part of Sublicensor or Licensor or to pursue any remedy hereunder or under the License, shall constitute a waiver on its part of the right to pursue said remedy against the Sublicensee on the basis of the same or subsequent breach.

**4.4 Cumulative Rights.** No remedy herein contained or conferred upon Sublicensor, Licensor, their respective successors or assigns, is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy herein provided for or now or hereafter existing at law or in equity.

## 5. SUB-SUBLICENSING AND ASSIGNMENT

Sublicensee shall not sub-licenses the Premises in whole or in part nor assign this Sublicense in whole or in part without the consent in writing of Sublicensor and Licensor first had and obtained which consent may be withheld in the sole discretion of Sublicensor and/or Licensor; nor permit to take place by any act or default of itself, or any person within its control, any transfer by operation of law of Sublicensee's interest created herein or any part thereof. In the event Sublicensee shall be or become insolvent, make an assignment for the benefit of creditors, or shall file a petition to be adjudged a debtor or bankrupt, or shall have a petition filed against it to be adjudged a debtor or bankrupt, or shall become involved in debtor in possession or any other insolvency proceedings, Sublicensor may, at its option, in addition to all other rights and remedies available to it at law or in equity, terminate this Sublicense and Sublicensee's right to occupy the Premises and in such event Sublicensee shall at once pay Sublicensor a sum of money equal to the entire amount of license fees reserved by this Sublicense for the then unexpired portion of the Term hereby created as liquidated damages.

## 6. MISCELLANEOUS

**6.1 Partial Invalidity.** If any term or provision of this Sublicense, or the application thereof to any person or circumstance, shall to any extent be invalid or unenforceable, as finally determined by a court or arbitrator, as applicable, of competent jurisdiction, the remainder of this Sublicense or the application of such term or provision to persons or circumstances other than those as to which it is determined to be invalid or unenforceable, shall not be affected thereby, and each term and the provisions of this Sublicense shall be valid and enforceable to the fullest extent permitted by law.

**6.2 No Other Changes.** The agreements between the parties contained in this Sublicense relate only to the rights and obligations between the parties hereto and their successors, heirs,

administrators and assigns, and are not intended in any way to interpret, amend or in any manner affect the terms and provisions of the License except as set forth herein.

**6.3 References to Number.** Whenever the context hereof requires, references herein made to the singular number shall be understood as including the plural, and likewise the plural shall be understood as denoting the singular and specific enumeration shall not exclude the general but shall be considered as cumulative.

**6.4 Choice of Law.** This Sublicense is executed and delivered in the state in which the Premises are located and shall be enforced and construed according to the laws of that State.

**6.5 Binding Effect.** This Sublicense shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**6.6 Joint and Several.** The obligations and authorizations hereunder shall be joint and several.

**6.7 Entire Agreement.** This Sublicense supersedes all prior agreements and understandings of, and constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and cannot be modified or amended except in a writing expressly referring hereto signed by the party to be bound thereby.

**6.8 Section Headings.** Article and section headings used in this Agreement are for convenience of reference only and are not part of this Agreement for any other purpose and shall not be used or referred to in interpreting any provision hereof.

**6.9 No Waiver.** The failure of either party hereto to enforce any provision of this Agreement or to restrict its performance hereunder to its obligations stated herein shall not be construed as a waiver or modification of any provision hereof nor shall it constitute a forfeiture by that party of any rights to future enforcement of, or performance in accordance with, any provisions of this Agreement.

**6.10 Waiver of Subrogation.** Notwithstanding anything in this Sublicense to the contrary, Sublicensee hereby waives any and all rights of recovery, claims, actions or causes of action against Sublicensor and its officers, directors, managers, members, shareholders or partners, as the case may be, and the respective agents, employees, successors and assigns of each of them, for any loss or damage that may occur to the Premises or the building within which same are located or any improvements thereto or any personal property located therein by reason of fire, the elements, or any other cause insured against under valid and collectible fire and extended coverage of insurance policies under or related to the License and/or this Sublicense, regardless of cause of origin, including negligence, except in any case which would render this waiver void under law, to the extent that such loss or damage is recoverable under said insurance policies.

**6.11 Force Majeure.** If either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder, excluding the payment of any amount due hereunder or the obtaining of insurance required hereunder, by reason of strikes, lockouts, labor troubles, inability to procure material, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other like reasons not the fault of the party delayed in performing work or doing acts required under this Sublicense, the period of performance shall be extended for a like period as the period of the said delay.

**6.12 Broker's Commission.** Each party represents and warrants that each party shall indemnify and hold the other harmless against and from all liabilities arising from any claims for brokers



Schedule E to the Franchise Agreement

**3-Pack Addendum**

**ADDENDUM TO BEN'S SOFT PRETZELS FRANCHISE AGREEMENT**

This Addendum to the Franchise Agreement (“Addendum”), dated \_\_\_\_\_, 20\_\_\_\_, is entered into between \_\_\_\_\_ (“Franchisee”), and Ben’s Soft Pretzels Franchising Corporation (“Franchisor”).

RECITALS

- A. The parties have entered into three separate Franchise Agreements, all dated \_\_\_\_\_, 200\_\_\_\_, relating to the development and operation of BEN’S SOFT PRETZELS store franchises in or around the following locations: (1) \_\_\_\_\_ (the “\_\_\_\_\_ Agreement”), (2) \_\_\_\_\_ (the “\_\_\_\_\_ Agreement”), (3) \_\_\_\_\_ (the “\_\_\_\_\_ Agreement”);
- B. The parties desire to amend the \_\_\_\_\_ Agreement in accordance with the terms and conditions contained in this Addendum in order to reflect changes to the required opening date for the stores licensed under the Agreements referenced in (2) and (3) and the modified initial franchise fees for those stores/Agreements.

AGREEMENT

Franchisor and Franchisee agree that the \_\_\_\_\_ Agreement is hereby modified, as follows:

1. Subparagraphs 2.A and 2.B are deleted in its entirety and replaced with the following:
  - A. Store. We grant to you the right and license to establish and operate a retail Store identified by the BEN’S SOFT PRETZELS Trademarks or such other marks as we may direct (the “Store”), at the location identified on the Data Sheet, which location must be designated within \_\_ months from the date of this Agreement (the “Authorized Location”). When a location has been designated by you and approved by us, it will become part of this subparagraph 2.A as if originally stated. If a Store is not “under control” within \_\_ months from the date of this Agreement (as defined in subparagraph 5.A), we may grant you an extension of time to locate a Store, or terminate this Agreement. You accept the license and undertake the obligation to operate the Store using the Trademarks and the System in compliance with the terms and conditions of this Agreement.
  - B. Opening. You agree that the Store will be open and operating in accordance with the requirements of subparagraph 5.A within \_\_ months from the date you open your \_\_\_\_\_ Store, unless we authorize in writing an extension of time.
2. Subparagraph 9.A is deleted in its entirety and replaced with the following:
  - A. Initial Franchise Fee. You must pay to us a nonrefundable Initial Franchise Fee of \$30,000 for your first Store, \$20,000 for your second Stores and \$15,000 for your third Store. The Initial Franchise Fee is payable in installments, as follows: You will pay \$47,500 at the time of signing (\$30,000 for the initial franchise fee for the first Store, \$10,000 for the first installment of the second Store, and \$7,500 for the first installment of the third Store).

You will be required to pay an additional \$10,000 of the Initial Franchise Fee at the time you sign a lease or otherwise secure a site for the location of your second Store. You will be required to pay the remaining \$7,500 of the Initial Franchise Fee at the time you sign a lease or otherwise secure a site for the location of your third Store. In all cases, the Initial Franchise Fee is earned upon your signing of the Franchise Agreement and is in consideration for our expenses incurred and services rendered in granting you the franchise rights.

**IN WITNESS WHEREOF**, the parties have executed this Addendum as of the dates written below.

FRANCHISEE: (For an Entity)

Date: \_\_\_\_\_

\_\_\_\_\_,  
a \_\_\_\_\_  
(Please type or print name and type of entity)

By: \_\_\_\_\_  
(Signature of person signing on behalf of entity)

\_\_\_\_\_  
(Please type or print name of person  
signing on behalf of entity)

Its: \_\_\_\_\_  
(Please type or print title of person  
signing on behalf of entity)

Witness: \_\_\_\_\_  
(Please type or print)

Signature: \_\_\_\_\_

FRANCHISEE: (For an Individual)

Date: \_\_\_\_\_

Name: \_\_\_\_\_  
(Please type or print)

Signature: \_\_\_\_\_

Witness: \_\_\_\_\_  
(Please type or print)

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_  
(Please type or print)

Signature: \_\_\_\_\_

Witness: \_\_\_\_\_  
(Please type or print)

Signature: \_\_\_\_\_

BEN'S SOFT PRETZELS FRANCHISING  
CORPORATION

Date: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Schedule F to the Franchise Agreement

**ACH Authorization Forms**



STORE NUMBER:

### ACH Recurring Payment Authorization Form

Schedule your payment to be automatically deducted from your checking or savings account. Just complete and sign this form to get started!

**Recurring Payments Will Make Your Life Easier:**

- It's convenient (saving you time and postage)
- Your payment is always on time (even if you're out of town), eliminating late charges

**Here's How Recurring Payments Work:**

You authorize regularly scheduled charges to your checking or savings account. You will be charged the amount indicated below each billing period. A receipt for each payment will be emailed to you and the charge will appear on your bank statement as an "ACH Debit." You agree that no prior-notification will be provided unless the date or amount changes, in which case you will receive notice from us at least 10 days prior to the payment being collected.

**Please complete the information below:**

I \_\_\_\_\_ authorize Ben's Soft Pretzels Franchising Corp. to charge my  
(full name)

bank account indicated below weekly for payment of my royalties, ad funds, fundraising contributions, non-compliance fees and other chargeable occurrences as indicated by the franchise agreement. Other charges not covered above will be authorized prior to debiting.

Billing Address \_\_\_\_\_ Phone# \_\_\_\_\_  
 City, State, Zip \_\_\_\_\_ Email \_\_\_\_\_

Account Type:  Checking  Savings

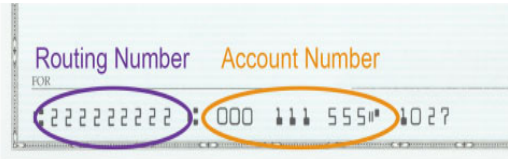
Name on Acct \_\_\_\_\_

Bank Name \_\_\_\_\_

Account Number \_\_\_\_\_

Bank Routing # \_\_\_\_\_

Bank City/State \_\_\_\_\_



SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

I understand that this authorization will remain in effect until I cancel it in writing, and I agree to notify Ben's Soft Pretzels Franchising Corp. in writing of any changes in my account information or termination of this authorization at least 15 days prior to the next billing date. If the above noted periodic payment dates fall on a weekend or holiday, I understand that the payment may be executed on the next business day. I understand that because this is an electronic transaction, these funds may be withdrawn from my account as soon as the above noted periodic transaction dates. In the case of an ACH Transaction being rejected for Non Sufficient Funds (NSF) I understand that Ben's Soft Pretzels Franchising Corp may at its discretion attempt to process the charge again within 30 days, and agree to an additional \$100 charge for each attempt returned NSF which will be initiated as a separate transaction from the authorized recurring payment. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. I agree not to dispute this recurring billing with my bank so long as the transactions correspond to the terms indicated in this authorization form.

STORE NUMBER:

[Empty box for Store Number]

### ACH Recurring Payment Authorization Form

Schedule your payment to be automatically deducted from your checking or savings account. Just complete and sign this form to get started!

**Recurring Payments Will Make Your Life Easier:**

- It's convenient (saving you time and postage)
- Your payment is always on time (even if you're out of town), eliminating late charges

**Here's How Recurring Payments Work:**

You authorize regularly scheduled charges to your checking or savings account. You will be charged the amount indicated below each billing period. A receipt for each payment will be emailed to you and the charge will appear on your bank statement as an "ACH Debit." You agree that no prior-notification will be provided unless the date or amount changes, in which case you will receive notice from us at least 10 days prior to the payment being collected.

**Please complete the information below:**

I \_\_\_\_\_ authorize Ben's Soft Pretzels, LLC. to charge my bank account.  
(full name)

indicated below on the **25<sup>th</sup>** of each month for payment of my Walmart Sublease Rent.

Billing Address \_\_\_\_\_

Phone# \_\_\_\_\_

City, State, Zip \_\_\_\_\_

Email \_\_\_\_\_

Account Type:  Checking  Savings

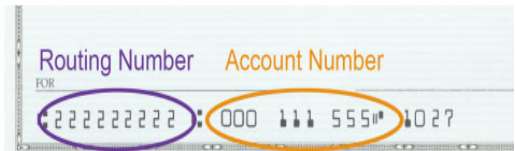
Name on Acct \_\_\_\_\_

Bank Name \_\_\_\_\_

Account Number \_\_\_\_\_

Bank Routing # \_\_\_\_\_

Bank City/State \_\_\_\_\_



SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

I understand that this authorization will remain in effect until I cancel it in writing, and I agree to notify Ben's Soft Pretzels, LLC in writing of any changes in my account information or termination of this authorization at least 15 days prior to the next billing date. If the above noted periodic payment dates fall on a weekend or holiday, I understand that the payment may be executed on the next business day. I understand that because this is an electronic transaction, these funds may be withdrawn from my account as soon as the above noted periodic transaction dates. In the case of an ACH Transaction being rejected for Non Sufficient Funds (NSF) I understand that Ben's Soft Pretzels, LLC may at its discretion attempt to process the charge again within 30 days, and agree to an additional \$25 charge for each attempt returned NSF which will be initiated as a separate transaction from the authorized recurring payment. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. I agree not to dispute this recurring billing with my bank so long as the transactions correspond to the terms indicated in this authorization form.

STORE NUMBER:

### ACH Recurring Payment Authorization Form

Schedule your payment to be automatically deducted from your checking or savings account. Just complete and sign this form to get started!

**Recurring Payments Will Make Your Life Easier:**

- It's convenient (saving you time and postage)
- Your payment is always on time (even if you're out of town), eliminating late charges

**Here's How Recurring Payments Work:**

You authorize regularly scheduled charges to your checking or savings account. You will be charged the amount indicated below each billing period. A receipt for each payment will be emailed to you and the charge will appear on your bank statement as an "ACH Debit." You agree that no prior-notification will be provided unless the date or amount changes, in which case you will receive notice from us at least 10 days prior to the payment being collected.

**Please complete the information below:**

I \_\_\_\_\_ authorize Evan Jones Management, Inc. to charge my bank account. (full name)

indicated below on the **25<sup>th</sup>** of each month for payment of my Meijer Sublease Rent.

Billing Address \_\_\_\_\_ Phone# \_\_\_\_\_  
 City, State, Zip \_\_\_\_\_ Email \_\_\_\_\_

Account Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
Name on Acct _____	
Bank Name _____	
Account Number _____	
Bank Routing # _____	
Bank City/State _____	



The graphic shows a routing number '222222222' circled in purple and an account number '000 111 555 1027' circled in orange.

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

I understand that this authorization will remain in effect until I cancel it in writing, and I agree to notify Evan Jones Management, Inc. in writing of any changes in my account information or termination of this authorization at least 15 days prior to the next billing date. If the above noted periodic payment dates fall on a weekend or holiday, I understand that the payment may be executed on the next business day. I understand that because this is an electronic transaction, these funds may be withdrawn from my account as soon as the above noted periodic transaction dates. In the case of an ACH Transaction being rejected for Non Sufficient Funds (NSF) I understand that Evan Jones Management, Inc. may at its discretion attempt to process the charge again within 30 days, and agree to an additional \$25 charge for each attempt returned NSF which will be initiated as a separate transaction from the authorized recurring payment. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. I agree not to dispute this recurring billing with my bank so long as the transactions correspond to the terms indicated in this authorization form.

# Live Large Distribution

1119 S. Indiana Ave.  
Goshen, IN 46526  
574-970-2188

## ACH Payment Authorization Form

Schedule your payment to be automatically deducted from your checking or savings account. Just complete and sign this form to get started!

### Here's How Recurring Payments Work:

You authorize regularly scheduled charges to your checking or savings account. You will be charged the amount indicated below for each individual invoice. A receipt for each payment will be emailed to you and the charge will appear on your bank statement as an "ACH Debit." You agree that no prior-notification will be provided unless the date or amount changes, in which case you will receive notice from us at least 1 day prior to the payment being collected.

---

### Please complete the information below:

I \_\_\_\_\_ authorize Live Large Distribution, LLC to charge my bank account  
(full name)  
indicated below on this \_\_\_\_\_ day of \_\_\_\_\_ for payment of Invoice# \_\_\_\_\_.  
(day)

Billing Address \_\_\_\_\_

Phone# \_\_\_\_\_

City, State, Zip \_\_\_\_\_

Email \_\_\_\_\_

Account Type:  Checking  Savings

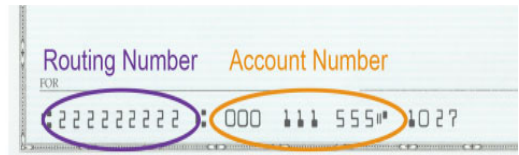
Name on Acct \_\_\_\_\_

Bank Name \_\_\_\_\_

Account Number \_\_\_\_\_

Bank Routing # \_\_\_\_\_

Bank City/State \_\_\_\_\_



SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

I understand that this authorization will remain in effect until I cancel it in writing, and I agree to notify Live Large Distribution in writing of any changes in my account information or termination of this authorization at least 15 days prior to the next billing date. If the above noted periodic payment dates fall on a weekend or holiday, I understand that the payment may be executed on the next business day. I understand that because this is an electronic transaction, these funds may be withdrawn from my account as soon as the above noted periodic transaction dates. In the case of an ACH Transaction being rejected for Non Sufficient Funds (NSF) I understand that Live Large Distribution may at its discretion attempt to process the charge again within 30 days, and agree to an additional \$55.00 charge for each attempt returned NSF which will be initiated as a separate transaction from the authorized recurring payment. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. I agree not to dispute this recurring billing with my bank so long as the transactions correspond to the terms indicated in this authorization form.

Schedule G to the Franchise Agreement  
POS Agreements

Schedule H to the Franchise Agreement

PERSONAL GUARANTEE AND AGREEMENT TO BE BOUND  
PERSONALLY BY THE TERMS AND CONDITIONS  
OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement by us, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Franchise Agreement, to be paid, kept and performed by the franchisee, including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including but not limited to the non-compete provisions in subparagraph 10.D, and agree that this Personal Guarantee will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of this Franchise Agreement.

The undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the franchisee or any other person as a condition of liability.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person; and (2) such liability will not be diminished, relieved or otherwise affected by franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to the undersigned.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee will inure to the benefit of our successors and assigns.

FRANCHISEE: \_\_\_\_\_

PERSONAL GUARANTORS:

_____		
Individually		
_____		
Print Name		
_____		
Address		
_____	_____	_____
City	State	Zip Code
_____		
Telephone		

_____		
Individually		
_____		
Print Name		
_____		
Address		
_____	_____	_____
City	State	Zip Code
_____		
Telephone		

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Individually

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Print Name

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Address

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City                      State                      Zip Code

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Telephone

---

Individually

---

Print Name

---

Address

---

City                      State                      Zip Code

---

Telephone

**ACKNOWLEDGMENT ADDENDUM TO  
BEN'S SOFT PRETZELS FRANCHISE AGREEMENT**

**THIS ACKNOWLEDGMENT ADDENDUM DOES NOT APPLY TO CANDIDATES LOCATED IN, OR FRANCHISED RESTAURANT BUSINESSES TO BE LOCATED IN, ANY OF THE FOLLOWING FRANCHISE REGISTRATION STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI.**

As you know, you and we are entering into a Franchise Agreement for the operation of a BEN'S SOFT PRETZELS franchise. Please review each of the following questions carefully and provide honest responses to each question.

**Acknowledgments and Representations.**

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least fourteen calendar days prior to signing the Franchise Agreement? Check one:  Yes  No. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
2. Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement? Check one:  Yes  No. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
3. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one:  Yes  No. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
4. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Disclosure Document? Check one:  Yes  No. If yes, please state in detail the oral, written or visual claim or representation: \_\_\_\_\_  
\_\_\_\_\_
5. Has any employee or other person speaking on behalf of Ben's Soft Pretzels Franchising Corporation made any written or oral statement or promise concerning the likelihood of success that you should or might expect to achieve from the operation of a BEN'S SOFT PRETZELS franchise? Check one:  Yes  No. If yes, please state in detail the oral, written claim or representation: \_\_\_\_\_  
\_\_\_\_\_
6. Did any employee or other person speaking on behalf of Ben's Soft Pretzels Franchising Corporation make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document? Check one:  Yes  No. If yes, please comment: \_\_\_\_\_  
\_\_\_\_\_
7. Except for Item 19 of the Disclosure Document, did any employee or other person speaking on behalf of Ben's Soft Pretzels Franchising Corporation make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any BEN'S SOFT PRETZELS location or



business, or the likelihood of success at your franchised business? Check one:  Yes  No. If yes, please state in detail the oral, written or visual claim or representation: \_\_\_\_\_

8. Do you understand that that the franchise granted is for the right to operate a Store at the Authorized Location only, that you receive no protected territory or exclusive area and that we and our affiliates have the right to issue franchises or operate competing businesses for or at any other location and through alternative channels of distribution? Check one:  Yes  No. If no, please comment: \_\_\_\_\_
9. Do you understand that the Franchise Agreement and Disclosure Document contain the entire agreement between you and us concerning the franchise for the Store, meaning that any prior oral or written statements not set out in the Franchise Agreement or Disclosure Document will not be binding? Check one:  Yes  No. If no, please comment: \_\_\_\_\_
10. Have you had adequate opportunity to discuss the benefits and risks of operating a BEN'S SOFT PRETZELS franchise with an attorney, accountant or other professional advisor? Check one:  Yes  No. If no, please comment. \_\_\_\_\_
11. Do you understand that there are risks associated with operating a BEN'S SOFT PRETZELS franchise and are you comfortable undertaking those risks? Check one:  Yes  No. If no, please comment: \_\_\_\_\_
12. Have you conducted your own independent investigation of the BEN'S SOFT PRETZELS franchise and have not relied solely upon any oral or written representation about the franchise made by Franchisor, including assessing market conditions and investigation the BEN'S SOFT PRETZELS reputation in your geographic area? Check one:  Yes  No. If no, please comment: \_\_\_\_\_
13. In conducting your independent investigation of the BEN'S SOFT PRETZELS franchise, did you conduct any analysis of the competition you are likely to face in your geographic area? Check one:  Yes  No. If no, please comment: \_\_\_\_\_
14. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the BEN'S SOFT PRETZELS brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages, training, supervision and termination of your employees and all other employment and employee related matters? Check One:  Yes  No. If no, please comment: \_\_\_\_\_.
15. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Subparagraph 10.D and that an injunction is an appropriate remedy to protect the interest of the BEN'S SOFT PRETZELS system if you violate the covenant(s)? Further, do you

understand that the term “you” for purposes of the non-compete covenants is defined broadly in subparagraph 10.D, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one:  Yes  No. If no, please comment: \_\_\_\_\_

16. Have all your questions about the BEN’S SOFT PRETZELS franchise been answered to your satisfaction? Check one:  Yes  No. If no, please comment: \_\_\_\_\_

17. On the receipt pages of your Disclosure Document you identified \_\_\_\_\_  
as the franchise sellers involved in this franchise sales process. Are the franchise sellers identified above the only franchise sellers involved with this transaction? Check one:  Yes  No. If no, please identify any additional franchise sellers involved with this transaction: \_\_\_\_\_

YOUR ANSWERS TO THESE QUESTIONS ARE IMPORTANT TO US AND WE WILL RELY ON THEM IN SIGNING THE FRANCHISE AGREEMENT. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

**NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.**

Signed: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signed: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

APPROVED ON BEHALF OF  
Ben’s Soft Pretzels Franchising Corporation

Signed \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\* All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under any applicable law that prohibits releases, estoppels or waivers of liability under such law. Should one or more clauses of this Addendum be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Addendum shall be valid and in full force and effect.

This Agreement does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

**EXHIBIT D**  
**FINANCIAL STATEMENTS**

**BEN'S SOFT PRETZELS FRANCHISING CORPORATION**

**FINANCIAL REPORT**

December 31, 2023, 2022, and 2021

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## INDEPENDENT AUDITOR'S REPORT

To Management  
of Ben's Soft Pretzels Franchising Corporation  
Goshen, IN

### Opinion

We have audited the accompanying financial statements of Ben's Soft Pretzels Franchising Corporation (an Indiana S corporation), which comprise the balance sheets as of December 31, 2023, 2022, and 2021, and the related statements of income and retained earnings, 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 Ben's Soft Pretzels Franchising Corporation as of December 31, 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ben's Soft Pretzels Franchising Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ben's Soft Pretzels Franchising



**ELKHART**  
3150 Windsor Court  
574.262.8886

**GOSHEN**  
1832 West Lincoln Avenue  
574.534.4040

**MISHAWAKA**  
3830 Edison Lakes Parkway  
574.288.4801

Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

*Insight Accounting Group, P.C.*

Insight Accounting Group, P.C.

Elkhart, IN  
May 21, 2024

**BEN'S SOFT PRETZELS FRANCHISING CORPORATION**  
**BALANCE SHEETS**  
**December 31, 2023, 2022, and 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 487,528	\$ 466,776	\$ 647,064
Accounts receivable	116,811	125,116	58,462
Franchise fees receivable	21,000	40,000	6,000
Related party receivables	525,533	497,538	151,533
Rebates receivable	25,546	20,456	17,660
Prepays	27,829	5,317	9,811
Total current assets	<u>1,204,247</u>	<u>1,155,203</u>	<u>890,530</u>
<b>Property and equipment</b>			
Property and equipment	591,332	262,239	160,661
Less accumulated depreciation	<u>(166,107)</u>	<u>(116,295)</u>	<u>(86,769)</u>
Net property and equipment	<u>425,225</u>	<u>145,944</u>	<u>73,892</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,629,472</u>	<u>\$ 1,301,147</u>	<u>\$ 964,422</u>

The accompanying notes to financial statements are an integral part of these statements.



**BEN'S SOFT PRETZELS FRANCHISING CORPORATION**  
**BALANCE SHEETS**  
**December 31, 2023, 2022, and 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Current maturities of deferred revenue	\$ 102,473	\$ 115,774	\$ 108,677
Current maturities of long-term debt	22,051	12,584	12,047
Accounts payable	27,973	36,164	11,320
Accounts payable - related parties	8,915	9,959	3,451
Gift cards payable	81,173	75,975	70,583
Accrued salaries and wages	10,106	5,439	3,936
Accrued property tax	7,500	-	-
Accrued distributions	3,059	3,144	3,144
Total current liabilities	<u>263,250</u>	<u>259,039</u>	<u>213,158</u>
<b>Long-term liabilities</b>			
Deferred revenue	300,060	346,954	305,555
Deferred revenue - related party	234	698	1,162
Long-term debt	252,150	25,701	37,749
	<u>552,444</u>	<u>373,353</u>	<u>344,466</u>
Less current maturities of deferred revenue and long-term debt	<u>(124,524)</u>	<u>(128,358)</u>	<u>(120,724)</u>
Total long-term liabilities	<u>427,920</u>	<u>244,995</u>	<u>223,742</u>
Total liabilities	<u>691,170</u>	<u>504,034</u>	<u>436,900</u>
<b>Stockholders' equity</b>			
Common stock, no par value, 1,000,000 shares authorized, 10,000 shares issued and outstanding	10,000	10,000	10,000
Retained earnings	928,302	787,113	517,522
Total stockholders' equity	<u>938,302</u>	<u>797,113</u>	<u>527,522</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 1,629,472</u>	<u>\$ 1,301,147</u>	<u>\$ 964,422</u>

The accompanying notes to financial statements are an integral part of these statements.

**BEN'S SOFT PRETZELS FRANCHISING CORPORATION**  
**STATEMENTS OF INCOME AND RETAINED EARNINGS**  
**For the Years Ended December 31, 2023, 2022, and 2021**

	<b>2023</b>		<b>2022</b>		<b>2021</b>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Revenues</b>						
Initial franchise fee revenue	\$ 147,358	9.74	\$ 128,065	10.25	\$ 158,872	14.11
Royalty fee revenue	1,064,701	70.39	877,461	70.26	756,426	67.15
Advertising fund revenue	232,493	15.37	190,874	15.28	156,393	13.89
Other income	68,006	4.50	52,606	4.21	54,578	4.85
Net sales	<u>1,512,558</u>	<u>100.00</u>	<u>1,249,006</u>	<u>100.00</u>	<u>1,126,269</u>	<u>100.00</u>
Operating expenses	<u>1,236,732</u>	<u>81.76</u>	<u>927,960</u>	<u>74.30</u>	<u>808,031</u>	<u>71.74</u>
<b>Income from operations</b>	<u>275,826</u>	<u>18.24</u>	<u>321,046</u>	<u>25.70</u>	<u>318,238</u>	<u>28.26</u>
Other income (expense)						
PPP and EIDL grant income	-	-	-	-	70,784	6.28
ERC grant income	-	-	6,027	0.48	12,969	1.15
Interest income	2,124	0.14	17	-	3,441	0.31
Interest expense	(14,720)	(0.97)	(1,405)	(0.11)	(1,918)	(0.17)
Total other income	<u>(12,596)</u>	<u>(0.83)</u>	<u>4,639</u>	<u>0.37</u>	<u>85,276</u>	<u>7.57</u>
<b>Income before income taxes</b>	263,230	17.41	325,685	26.07	403,514	35.83
<b>State taxes</b>	<u>(463)</u>	<u>(0.03)</u>	<u>(210)</u>	<u>(0.02)</u>	<u>(123)</u>	<u>(0.01)</u>
<b>NET INCOME</b>	262,767	<u>17.38</u>	325,475	<u>26.05</u>	403,391	<u>35.82</u>
Retained earnings, beginning	787,113		517,522		174,506	
Distributions	<u>(121,578)</u>		<u>(55,884)</u>		<u>(60,375)</u>	
<b>Retained earnings, ending</b>	<u>\$ 928,302</u>		<u>\$ 787,113</u>		<u>\$ 517,522</u>	

The accompanying notes to financial statements are an integral part of these statements.

**BEN'S SOFT PRETZELS FRANCHISING CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2023, 2022, and 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>			
Net income	\$ 262,767	\$ 325,475	\$ 403,391
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	49,812	29,526	27,703
PPP grant income and EIDL advance	-	-	(70,784)
ERC grant income	-	(6,027)	(12,969)
(Increase) decrease in assets			
Accounts receivable	8,305	(66,654)	(28,627)
Franchise fees receivable	19,000	(34,000)	29,125
Related party receivables	(27,995)	(346,005)	1,518
Rebates receivable	(5,090)	(2,796)	(4,388)
Other current assets	(22,512)	4,494	(1,268)
Increase (decrease) in liabilities			
Accounts payable	(8,191)	24,844	6,271
Accounts payable - related parties	(1,044)	6,508	2,544
Gift cards payable	5,198	5,392	5,889
Accrued salaries and wages	4,667	1,503	(436)
Accrued property tax	7,500	-	-
Deferred revenue	(47,358)	40,935	(48,872)
Net cash from operating activities	<u>245,059</u>	<u>(16,805)</u>	<u>309,097</u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	<u>(329,093)</u>	<u>(101,578)</u>	<u>-</u>
Net cash from investing activities	<u>(329,093)</u>	<u>(101,578)</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Proceeds from long-term debt	247,200	-	-
PPP grant income and EIDL advance	-	-	70,784
ERC grant proceeds	-	6,027	12,969
Principal payments on long-term debt	(20,751)	(12,048)	(11,534)
Distributions	<u>(121,663)</u>	<u>(55,884)</u>	<u>(60,375)</u>
Net cash from financing activities	<u>\$ 104,786</u>	<u>\$ (61,905)</u>	<u>\$ 11,844</u>

The accompanying notes to financial statements are an integral part of these statements.

**BEN'S SOFT PRETZELS FRANCHISING CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2023, 2022, and 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Net change in cash and cash equivalents</b>	\$ 20,752	\$ (180,288)	\$ 320,941
Cash and cash equivalents, beginning of year	<u>466,776</u>	<u>647,064</u>	<u>326,123</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 487,528</u></u>	<u><u>\$ 466,776</u></u>	<u><u>\$ 647,064</u></u>
<b>Supplemental disclosure of cash flow information</b>			
Cash paid during the year for interest	<u><u>\$ 14,720</u></u>	<u><u>\$ 1,405</u></u>	<u><u>\$ 1,918</u></u>
Cash paid during the year for taxes	<u><u>\$ 463</u></u>	<u><u>\$ 210</u></u>	<u><u>\$ 123</u></u>
<b>Schedule of noncash financing transactions</b>			
Distributions declared	\$ 121,578	\$ 55,884	\$ 60,375
Plus accrued distributions paid	85	-	-
Distributions paid	<u><u>\$ 121,663</u></u>	<u><u>\$ 55,884</u></u>	<u><u>\$ 60,375</u></u>

The accompanying notes to financial statements are an integral part of these statements.

**BEN'S SOFT PRETZELS FRANCHISING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023, 2022, and 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of business**

Ben's Soft Pretzels Franchising Corporation ("the Company"), located in Goshen, Indiana, was incorporated in November 2012, under the laws of the State of Indiana. The Company is engaged in the business of selling soft pretzel store franchises.

**Cash and cash equivalents**

For the purposes of the statement of cash flows, the Company considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Accounts receivable**

The Company's accounts receivable consists primarily of amounts due from franchisees for royalties, ad fund fees, and gift card sales. Management periodically reviews the accounts receivables aging and records an allowance for credit losses for any accounts that are expected to be uncollectible. Once all attempts to collect have been exhausted, Management writes the balance off against the allowance. Management has determined that no allowance relating to accounts receivable is necessary as of December 31, 2023, 2022, and 2021. For the years ended December 31, 2023, 2022, and 2021, credit loss expense related to accounts receivable totaled \$2,957, \$892, and \$22,991, respectively.

**Franchise fees receivable**

The Company has extended credit to certain franchise owners for the initial franchise fees. Specific payment arrangements have been made with each franchise owner. Franchise fee receivables are stated at the gross receivable less an allowance for credit losses. Management periodically reviews the franchise fees receivable listing and records an allowance for any accounts that are expected to be uncollectible through a charge to credit losses expense and a credit to the allowance for credit loss accounts. The balance of the allowance for credit losses is deducted from the current portion of franchise fee receivables to reflect the net realizable value. As of December 31, 2023, 2022, and 2021 the allowance for credit losses was \$0. For the years ended December 31, 2023, 2022, and 2021 credit loss expense related to franchise fees totaled \$0, respectively.

Based on the individual arrangements, amounts to be collected within twelve months of the balance sheet date have been classified as a current asset on the balance sheet and are recorded at the original amounts net of the allowance for uncollectible accounts. Amounts to be collected beyond twelve months from the balance sheet date are classified as non-current other assets on the balance sheet.

**Adoption of new accounting standard**

On January 1, 2024, the Entity adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ASC (326)*. This standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables, and held-to-maturity debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments). In addition, CECL amended the accounting for available for sale debt securities.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of new accounting standard (continued)**

One such change is to require credit losses to be presented as an allowance rather than as a write-down on available for sale debt securities if management does not intend to sell and does not believe that it is more likely than not, they will be required to sell.

**Property and equipment**

Property and equipment are recorded at cost less accumulated depreciation. Major additions and improvements are capitalized if they extend the life of an asset, while maintenance and repairs are expensed as incurred. The cost of assets retired or otherwise disposed of, and the related accumulated depreciation are eliminated from the accounts in the year of disposal with any resulting gain or loss reflected in earnings.

**Depreciation**

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

	<u>Years</u>
Office furniture and fixtures	3-7
Kitchen equipment	7
Leasehold improvements	7-39
Company vehicles	5
Buildings	39

Depreciation expense totaled \$49,812, \$29,526, and \$27,703 for the years ended December 31, 2023, 2022, and 2021, respectively.

**Uncertain tax positions**

In accordance with FASB ASC 740-10 – *Income Taxes*, the Company reviews its tax position on an annual basis and does not take any position resulting in a deduction that, in their evaluation, will not be completely sustained under an audit by the applicable governing body.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. The Company did not recognize any interest or penalties related to income taxes for the years ended December 31, 2023, 2022, and 2021.

**Income taxes**

The Company, with the consent of its shareholders, has elected to be taxed under Section 1362 of the Internal Revenue Code as an S corporation. This provides that in lieu of corporate income taxes, the shareholders are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal and state income taxes has been included in the financial statements. Certain states do not recognize S corporation status for income tax purposes, and therefore the Company did pay \$463, \$210, and \$123, respectively, in state taxes during the years ended December 31, 2023, 2022, and 2021.

**BEN'S SOFT PRETZELS FRANCHISING CORPORATION**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Advertising**

Advertising costs are expensed as incurred and reported in operating expenses. Advertising expense for the years ended December 31, 2023, 2022, and 2021 was \$162,502, \$132,091, and \$86,523, respectively.

**Compensated absences**

Earned but unused vacation pay at the end of a year cannot be carried over to subsequent years. Consequently, management does not record an accrual for compensated absences.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – REVENUE RECOGNITION**

**Revenue recognition**

The Company recognizes revenue in accordance with ASC 606. There are four sources of revenue: initial franchise fees, royalty fees, advertising fund fees, and other income. In general, revenue is recognized when the Company satisfies a performance obligation by transferring control over a product or service to a customer. The revenue recognition policy for each revenue stream is as follows:

**Initial Franchise Fee Revenue** – The Company enters into franchise or license agreements that grant franchisees or licensees the right to operate individual Ben's Soft Pretzels locations in exchange for an initial franchise fee. The Company's performance obligations consist of the franchise license which includes the use of the brand, initial services including pre-opening training, and ongoing services including advertising and operational support. Management has determined that these performance obligations are highly interrelated, and therefore are not considered to be distinct under ASC 606. As a result, they are accounted for as a single performance obligation which is satisfied by providing the right to use the Company's intellectual property over the initial term of the franchise agreement. Beginning in June 2018, the initial franchise or license agreement is for five years and contains two options to renew for an additional five years each (for a total term of 15 years). Prior to this change in 2018, the initial franchise agreement was for seven years and contained two options to renew for an additional seven years each (for a total term of 21 years). Each option to renew includes an additional fee and is considered a separate performance obligation.

The Company recognizes the initial franchise fee on a straight-line basis using a mid-month convention over the initial term of the franchise or license agreement starting with the opening of the location. The opening is considered to take place when the Company has performed substantially all of the initial services required in the franchise or license agreement and when the franchisee or licensee begins to benefit from the rights included in the franchise or license agreement. Incidental items that are immaterial in the context of the contract are recognized as expense.

**BEN'S SOFT PRETZELS FRANCHISING CORPORATION**  
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**NOTE 2 – REVENUE RECOGNITION (CONTINUED)**

**Revenue recognition (continued)**

**Royalty Fee Revenue** – Franchises are required to pay the Company a royalty fee based on a percentage of its gross sales, excluding sales tax, pre-approved coupons, and redemption of loyalty rewards. Revenue is recognized on a weekly basis based on the prior week's sales. A receivable is recorded at year end based on average sales per day for the week that spans year end. Royalty fees are due on a weekly basis.

**Advertising Fund Fee Revenue** – Franchises are also required to pay the Company ad fund fees based on a percentage of its gross sales, excluding sales tax, pre-approved coupons, and redemption of loyalty rewards. In return for these fees, the Company advertises on behalf of the brand as a whole. Franchises can also apply for reimbursement of general advertising expenses that they directly incur. Revenue is recognized on a weekly basis based on the prior week's sales. A receivable is recorded at year end based on average sales per day for the week that spans year end. The adoption of ASU No. 2014-09 did not result in a change to how advertising fee revenue is recognized. Advertising fund fees are due on a weekly basis.

**Other Income** – This category of income includes rebates from beverage vendors, design fees, additional training fees, management fees, and registration fees and sponsorships for the owners' convention. Income is recognized based on when the services are provided at an amount expected to be received in exchange for these services. In 2019, the Company signed a 5-year beverage sales and promotion agreement with a beverage provider which includes a rebate based on gallons/cases purchased. The rebate revenue is recognized when it is earned, based on the purchase of the products covered under this agreement.

**Disaggregation of revenue from contracts with customers**

Revenue from performance obligations satisfied at a point in time consists of royalties, advertising fund fees, and other income, including rebates from a beverage provider. Each category of revenue has been segregated on the face of the statements of income and retained earnings.

Revenue from performance obligations satisfied over time consists of initial franchise fees. These fees are recognized on a straight-line basis using a mid-month convention over the initial term of the franchise agreement. This revenue is segregated on the face of the statements of income and retained earnings.

Various economic factors affect revenue and cashflows. Franchise bakeries are located in multiple states throughout the United States. The economic conditions within these states can vary from location to location. The coronavirus pandemic (COVID-19) created tremendous challenges throughout 2020 as there several festivals and special events were canceled, in person dining was closed in many areas, and fans were not allowed at most sporting events. While many of these restrictions were lifted in 2021, there were still restrictions limiting crowd sizes at certain venues, but these restrictions were not nearly as severe as they were in 2020. As a result, royalties and ad fund fees began to rebound in the year ending December 31, 2021, and this trend continued during the year ending December 31, 2022.

The various revenue lines on the statement of income and retained earnings includes income from contracts with customers and from other sources. The income from contracts with customers is either earned at a point in time or over time. Revenues shown on the statement of income and retained earnings for the years ended December 31, 2023, 2022, and 2021, are as follows:

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**BEN'S SOFT PRETZELS FRANCHISING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023, 2022, and 2021

**NOTE 2 – REVENUE RECOGNITION (CONTINUED)**

**Disaggregation of revenue from contracts with customers (continued)**

	<b>2023</b>				
	<b>Franchise Fees</b>	<b>Royalty Fees</b>	<b>Advertising Fund Fees</b>	<b>Other Income</b>	<b>Total</b>
Revenue from contracts with customers	\$ 147,358	\$ 1,064,701	\$ 232,493	\$ 18,418	\$ 1,462,970
Revenue from other sources	-	-	-	49,588	49,588
	<u>\$ 147,358</u>	<u>\$ 1,064,701</u>	<u>\$ 232,493</u>	<u>\$ 68,006</u>	<u>\$ 1,512,558</u>
	<b>Franchise Fees</b>	<b>Royalty Fees</b>	<b>Advertising Fund Fees</b>	<b>Other Income</b>	<b>Total</b>
Revenue recognized at a point in time	\$ -	\$ 1,064,701	\$ 232,493	\$ 18,418	\$ 1,315,612
Revenue recognized over time	147,358	-	-	-	147,358
Revenue from contracts with customers	<u>\$ 147,358</u>	<u>\$ 1,064,701</u>	<u>\$ 232,493</u>	<u>\$ 18,418</u>	<u>\$ 1,462,970</u>
	<b>2022</b>				
	<b>Franchise Fees</b>	<b>Royalty Fees</b>	<b>Advertising Fund Fees</b>	<b>Other Income</b>	<b>Total</b>
Revenue from contracts with customers	\$ 128,065	\$ 877,461	\$ 190,874	\$ 7,480	\$ 1,203,880
Revenue from other sources	-	-	-	45,126	45,126
	<u>\$ 128,065</u>	<u>\$ 877,461</u>	<u>\$ 190,874</u>	<u>\$ 52,606</u>	<u>\$ 1,249,006</u>
	<b>Franchise Fees</b>	<b>Royalty Fees</b>	<b>Advertising Fund Fees</b>	<b>Other Income</b>	<b>Total</b>
Revenue recognized at a point in time	\$ -	\$ 877,461	\$ 190,874	\$ 7,480	\$ 1,075,815
Revenue recognized over time	128,065	-	-	-	128,065
Revenue from contracts with customers	<u>\$ 128,065</u>	<u>\$ 877,461</u>	<u>\$ 190,874</u>	<u>\$ 7,480</u>	<u>\$ 1,203,880</u>
	<b>2021</b>				
	<b>Franchise Fees</b>	<b>Royalty Fees</b>	<b>Advertising Fund Fees</b>	<b>Other Income</b>	<b>Total</b>
Revenue from contracts with customers	\$ 158,872	\$ 756,426	\$ 156,393	\$ 14,314	\$ 1,086,005
Revenue from other sources	-	-	-	40,264	40,264
	<u>\$ 158,872</u>	<u>\$ 756,426</u>	<u>\$ 156,393</u>	<u>\$ 54,578</u>	<u>\$ 1,126,269</u>
	<b>Franchise Fees</b>	<b>Royalty Fees</b>	<b>Advertising Fund Fees</b>	<b>Other Income</b>	<b>Total</b>
Revenue recognized at a point in time	\$ -	\$ 756,426	\$ 156,393	\$ 14,314	\$ 927,133
Revenue recognized over time	158,872	-	-	-	158,872
Revenue from contracts with customers	<u>\$ 158,872</u>	<u>\$ 756,426</u>	<u>\$ 156,393</u>	<u>\$ 14,314</u>	<u>\$ 1,086,005</u>

**BEN'S SOFT PRETZELS FRANCHISING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 – REVENUE RECOGNITION (CONTINUED)**

**Performance obligations**

Performance obligations related to royalties, advertising fund fees, and other income, are satisfied at a point in time which signifies when the revenue is earned and recognized. Royalties and advertising fund fees are collected weekly from the bakeries.

Management has determined that the opening of a franchise is when substantially all of the initial services required by the franchise agreement are completed and when the related benefits to be derived from the rights provided by the franchise agreement begin. Therefore, the single performance obligation of providing a right to use the intellectual property over a period of time begins with the opening of a franchise and is satisfied evenly over the initial term of the franchise agreement. Franchise fees are typically required to be paid upon the signing of a franchise agreement. However, at times, management allows franchise owners to pay over a period of time. In these instances, revenue is still recognized in accordance with the revenue recognition policy and a receivable is recorded for the unpaid portion. As a result, there is not a significant financing component related to these receivables. Since fees are typically due at the time of signing the franchise agreement, a portion of these initial franchise fee revenue is deferred to future periods. The deferred portion of this revenue totaled \$300,294, \$347,652, and \$306,717 as of December 31, 2023, 2022, and 2021, respectively.

**Variable consideration**

The Company collects royalties from each franchise bakery. Royalties are based on a percentage of each bakery's gross sales, excluding sales tax, pre-approved coupons, and redemption of loyalty rewards. This revenue is considered earned at a point in time and is recognized when earned. A receivable is recorded at year end for royalties earned but not received.

The Company collects advertising fees from each franchise bakery. Advertising fees are based on a percentage of each bakery's gross sales, excluding sales tax, pre-approved coupons, and redemption of loyalty rewards. This revenue is considered earned at a point in time and is recognized when earned. A receivable is recorded at year end for advertising fund fees earned but not received.

**Accounts receivable from contracts with customers**

Accounts receivable on the balance sheet represents amounts expected to be received from the franchise bakeries for royalties and advertising fund fees earned prior to year end, but not received as of year end. The Company has an unconditional right to these funds as all performance obligations have been satisfied, and thus, they are classified as accounts receivable on the balance sheets.

**Contract balances**

The timing of revenue recognition and cash collections results in accounts receivable and deferred revenue (contract liabilities) on the balance sheet. Royalties and advertising fund fees are billed weekly for amounts earned the previous week. The Company has unconditional rights to these balances and records them as accounts receivable. At times, franchise fees are not collected when the franchise agreement is signed which creates a receivable. These amounts are non-refundable, and therefore the Company has unconditional rights to these balances. The revenue related to the franchise fees is earned evenly over the life of the agreement, which creates a corresponding contract liability for amounts not yet earned.

**BEN'S SOFT PRETZELS FRANCHISING CORPORATION**  
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**NOTE 2 – REVENUE RECOGNITION (CONTINUED)**

**Contract balances (continued)**

Contract balances as of the years ended December 31, 2023, 2022, and 2021, are as follows:

<b>Contract Balances</b>	<b>January 1, 2021</b>	<b>December 31, 2021</b>	<b>December 31, 2022</b>	<b>December 31, 2023</b>
Accounts receivable	\$ 29,835	\$ 58,462	\$ 125,116	\$ 116,811
Franchise fees receivable - current	35,125	6,000	40,000	21,000
Related party receivables	1,555	1,807	2,807	2,975
Deferred revenue	(351,579)	(305,555)	(346,954)	(300,060)
Deferred revenue - related party	(4,010)	(1,162)	(698)	(234)

**NOTE 3 – FRANCHISE FEES RECEIVABLE**

The Company made arrangements with certain franchise owners for them to pay their initial franchise fee over a period of time. Interest is not being charged on these balances. The current portion of franchise fees receivable, net of the allowance for credit losses of \$0, totaled \$21,000, \$40,000, and \$6,000, respectively, as of December 31, 2023, 2022, and 2021. The non-current portion of franchise fees receivable totaled \$0, as of December 31, 2023, 2022, and 2021.

Aggregate maturities of franchise fees receivable are as follows for the years ending December 31:

2024	<u><u>\$ 21,000</u></u>
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**NOTE 4 – RELATED PARTY RECEIVABLES**

The shareholders of the Company own multiple related companies including multiple franchises that pay royalties and contribute to the advertising fund. As of December 31, 2023, 2022, and 2021, the related party receivables balance on the balance sheets include royalties, ad fund fees, and gift cards receivables along with balances due for expenses paid by the Company on behalf of the related entities totaling \$25,154, \$15,352, and \$12,377, respectively.

During 2014, the Company advanced \$25,000 to Dunder Holdings, Inc., an entity related through common ownership. The money was used by Dunder Holdings, Inc. toward the purchase of a building. A total of \$8,500 of the original balance has been paid off. During 2019, the Company advanced another \$3,100 to be used for repairs. Dunder paid back \$1,500 of this advance during 2020. During 2022, the Company advanced another \$37,800 to be used for roof improvements. The balance is due on demand and no interest is being charged on these funds. As of December 31, 2023, 2022, and 2021, a total of \$55,900, \$55,900, and \$18,100, respectively, was outstanding and included in related party receivables on the balance sheet.

**BEN'S SOFT PRETZELS FRANCHISING CORPORATION**  
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**NOTE 4 – RELATED PARTY RECEIVABLES (CONTINUED)**

During 2015, the Company advanced \$25,000 to Live Large Distribution, Inc., an entity related through common ownership. The money was used to purchase additional inventory that was sent to a third party for the purposes of fulfilling a new distribution agreement. During 2019, the Company advanced another \$40,111 to be used for general operations. Live Large Distribution paid back \$1,000 during 2020. During 2021, the Company advanced another \$21,000 for the purchase of fixed assets. A total of \$55 was paid back during 2021. During 2022, the Company advanced another \$306,578 for expenses and purchase of fixed assets. A total of \$1,000 was paid back during 2022. During 2023, the Company advanced another \$121,551. A total of \$86,293 was paid back during 2023. The balance is due on demand and no interest is being charged on this balance. As of December 31, 2023, 2022, and 2021, a total of \$425,893, \$390,634, and \$85,056, respectively, was outstanding and included in related party receivables on the balance sheet.

During 2022, the Company advanced \$5,787 to the Lafayette Group, an entity related through common ownership. This advance was fully paid off in 2023. As of the December 31, 2023, 2022, and 2021 a total of \$0, \$5,787, and \$0, respectively, was outstanding and included in related party receivables.

During 2019, the Company advanced \$19,093 to BSP Mobile, an entity related through common ownership. The advance was used to assist in the purchase of a vehicle. The balance is due on demand and no interest is being charged on this balance. BSP Mobile paid back \$7,093 during 2020. BSP Mobile paid back \$6,136 during 2022. BSP Mobile fully paid off in 2023. As of December 31, 2023, 2022, and 2021 a total of \$0, \$5,864, and \$12,000 respectively, was outstanding and included in related party receivables.

During 2020, the Company advanced \$34,000 to BSP LLC, an entity related through common ownership. The advance was used to assist in settling a cancelled lease agreement. The balance is due on demand and no interest is being charged on this balance. BSP LLC paid back \$10,000 during 2020. BSP LLC paid back \$5,414 during 2023. As of December 31, 2023, 2022, and 2021 a total of \$18,586, \$24,000, and \$24,000 was outstanding and included in related party receivables.

**NOTE 5 – PROPERTY AND EQUIPMENT**

The cost of property and equipment and the related accumulated depreciation at December 31, 2023, 2022, and 2021 are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Office building	\$ 236,125	\$ -	\$ -
Land	76,300	-	-
Office furniture and fixtures	25,641	20,021	18,521
Kitchen equipment	8,632	8,632	8,632
Leasehold improvements	11,048	-	-
Company vehicles	233,586	233,586	133,508
	<u>591,332</u>	<u>262,239</u>	<u>160,661</u>
Less accumulated depreciation	(166,107)	(116,295)	(86,769)
	<u>\$ 425,225</u>	<u>\$ 145,944</u>	<u>\$ 73,892</u>

**BEN'S SOFT PRETZELS FRANCHISING CORPORATION**  
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**NOTE 6 – LONG-TERM DEBT**

Long-term debt as of December 31, 2023, 2022, and 2021 is as follows:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
Note payable to a bank, payable in monthly installments of \$562, including interest at a fixed rate of 4.490%, collateralized by a vehicle and guaranteed by a shareholder, maturing September 2024	\$ 4,966	\$ 11,332	\$ 17,420
Note payable to a bank, payable in monthly installments of \$559, including interest at a fixed rate of 4.240%, collateralized by a vehicle and guaranteed by a shareholder, maturing March 2025	8,151	14,369	20,329
Note payable to a bank, payable in monthly installments of \$2,200, including interest at a fixed rate of 6.750%, collateralized by a building and guaranteed by a shareholder, maturing February 2028	239,033	-	-
Long-term liabilities	252,150	25,701	37,749
Less current maturities	(22,051)	(12,584)	(12,047)
	\$ 230,099	\$ 13,117	\$ 25,702

Aggregate maturities of long-term debt are as follows for the years ending December 31:

2024	\$ 22,051
2025	13,001
2026	12,126
2027	12,970
2028	192,002
	\$ 252,150

**NOTE 7 – DEFERRED REVENUE**

In accordance with Topic 606, franchise fee revenue is recognized on a straight-line basis over the life of the initial term of the franchise agreement using a mid-month convention. The remaining portion is recorded as deferred revenue on the balance sheets.

**BEN'S SOFT PRETZELS FRANCHISING CORPORATION**  
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**NOTE 7 – DEFERRED REVENUE (CONTINUED)**

The Company will recognize deferred revenue as follows for the years ending December 31:

2024	\$ 102,473
2025	82,881
2026	68,783
2027	39,034
2028 and thereafter	7,123
	<u>\$ 300,294</u>

**NOTE 8 – OPERATING LEASE**

During 2020, the Company entered into a verbal month-to-month agreement with Ben's Soft Pretzels, LLC, a related party, to sublease a portion of a building rented in Elkhart, Indiana. The agreement required monthly payments of \$1,000. This agreement expired December 31, 2021.

During 2022, the Company entered into a lease agreement with Live Large Distribution, Inc. to sublease a portion of a building rented in Elkhart, Indiana for a period of one year. The agreement required monthly payments of \$1,000 and contained two one-year renewal options. The Company informed Live Large Distribution, Inc. that it would not renew the lease for 2023 due to the purchase of a building. The two parties agreed to a month-to-month agreement for 2023 until the Company closed on its building. The company only paid 4 months of rent in 2023.

Rent expense under these agreements for the years ended December 31, 2023, 2022, and 2021 totaled \$4,000, \$12,000, and 12,000.

The Company has elected to apply the short-term lease exception to all leases with a term of one year or less. Short-term lease expense for the year ended December 31, 2023, and 2022, was \$4,000 and \$12,000.

**NOTE 9 – CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, accounts receivable and franchise fees receivable. The Company maintains its cash balances in three financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. At times the cash balances may exceed this insured limit. As of December 31, 2023, 2022, and 2021, a total of \$104,771, \$63,726, and \$231,945, respectively, of the cash balances were uninsured.

Concentrations of credit risk with respect to trade receivables are limited due to the large number of franchise owners and their dispersion across different geographic areas.

Concentrations of credit risk with respect to franchise fees receivable are limited to the small group of franchise owners that the Company has extended credit to.

**BEN'S SOFT PRETZELS FRANCHISING CORPORATION**  
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**NOTE 10 – COMMITMENTS**

The Company has a month-to-month agreement with its law firm for services rendered.

**NOTE 11 – PAYCHECK PROTECTION PROGRAM**

Congress created the Paycheck Protection Program (“PPP”) as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136. The legislation authorized the Treasury to use the U.S. Small Business Administration’s (“SBA”) small business lending program to fund loans to qualifying businesses to cover payroll, mortgage interest, rent, and utilities. The forgivable loans were designed to help support organizations facing economic hardship created by the coronavirus pandemic and assist them in continuing to pay employee salaries. PPP loan recipients can have their loans forgiven in full if the funds are used for eligible expenses and certain other criteria are met.

The Company obtained a PPP loan of \$52,600 in April 2020 and a second PPP loan of \$70,784 in May 2021. The funds from the first PPP loan were fully utilized as of December 31, 2020, and the funds from the second PPP were fully utilized as of December 31, 2021. In both situations, the Company qualified for forgiveness for the entire loan balance and elected to account for these funds in accordance with FASB ASC 958-605. Under this guidance, PPP funds are to be recognized as income as the conditions of release have been substantially met. This amount is included in the statements of income and retained earnings as PPP grant income.

**NOTE 12 – EMPLOYEE RETENTION CREDIT**

The Employee Retention Credit (ERC) was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. It provided a per employee credit to eligible businesses based on a percentage of qualified wages and health insurance benefits paid for employees in an effort to help businesses retain their workforce and avoid layoffs. It is a refundable payroll tax credit that could be claimed quarterly if certain criteria were met.

The Company met the required criteria for ERC in 2021 and received a total of \$12,969. The Company accounted for these funds under FASB ASC 958-605 as a conditional grant and has recognized the full amount in 2021 in the statement of income and retained earnings.

The Company received an additional \$6,027 of ERC funds in 2022. The Company accounted for these funds under FASB ASC 958-605 as a conditional grant and has recognized the full amount in 2021 in the statement of income and retained earnings.

**NOTE 13 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through May 21, 2024, the date on which the financial statements were available to be issued.



1119 S Indiana Ave., Goshen, IN 46526

Profit and Loss Statement – unaudited

**Ben's Soft Pretzels Franchising Corp**  
**January – March 2024**

Income	\$313,411.37
Cost of Goods	\$ 0.00
Cost of Labor	\$116,052.09
General Expenses	\$193,660.97
Net Income	\$ 3,698.31

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





1119 S. Indiana Ave., Goshen, IN 46526

Balance Sheet – unaudited

**Ben's Soft Pretzels Franchising Corp  
March 31, 2024**

Assets	\$1,743,829.32
Current Liabilities	\$207,141.47
Long-Term Liabilities	\$505,759.64
Equity	\$1,002,493.80
Total Liabilities & Equity	\$1,743,829.32

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

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**SAMPLE RELEASE**

## RELEASE OF CLAIMS

For and in consideration of the Agreements and covenants described below, Ben's Soft Pretzels Franchising Corporation ("Franchisor") and \_\_\_\_\_ ("Franchisee") enter into this Release of Claims ("Agreement").

### RECITALS

A. Franchisor and Franchisee entered into a Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_.

B. **[NOTE: Describe the circumstances relating to the release.]**

C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, Franchisor and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

### AGREEMENTS

1. **Consideration.** **[NOTE: Describe the consideration paid.]**

2-3. **[NOTE: Detail other terms and conditions of the release.]**

4. **Release of Claims by Franchisor.** **[NOTE: Only included in the event of a termination or transfer.]** Except as provided below and in consideration of, and only upon full payment of \$ \_\_\_\_\_ to Franchisor, and the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisor, for itself and for each of its affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of its past and present directors, officers, employees, attorneys, agents, assigns and representatives does hereby release and forever discharge Franchisee and each of his heirs, executors, successors, and assigns of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees), complaints, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, disclosed or undisclosed, related to the Franchise Agreement. This release does not release Franchisee for any post-termination obligations, including any indemnification, confidentiality or covenant not to compete obligations contained in the Franchise Agreement. Further, this release does not release Franchisee from any obligations he may have under this Agreement.

5. **Release of Claims by Franchisee.** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for himself and for each of his heirs, executors, administrators, insurers, attorneys, agents, representatives, successors, and assigns, does hereby release and forever discharge Franchisor and each of its respective affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of their past and present directors, officers, employees, attorneys, agents, assigns and representatives in their capacities as such, of and from any and all actions, suits, proceedings, claims (including, but not limited to,

claims for attorney's fees), complaints, charges, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, related to the Franchise Agreement.

6. **Reservation of Claims Against Non-Settling Parties.** Franchisor and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

7. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

8. **Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

9. **Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the law of the state of \_\_\_\_\_.

10. **Attorneys' Fees.** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

Dated: \_\_\_\_\_, 201\_\_

Ben's Soft Pretzels Franchising Corporation

By \_\_\_\_\_

Its \_\_\_\_\_

Dated: \_\_\_\_\_, 201\_\_

FRANCHISEE: \_\_\_\_\_

By \_\_\_\_\_

\*The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.



**EXHIBIT G**

**STATE ADDENDA**

RIDER TO STATE ADDENDUM  
TO BEN'S SOFT PRETZELS ®  
FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

FOR THE FOLLOWING STATES ONLY: CALIFORNIA, HAWAII, ILLINOIS, INDIANA,  
MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE  
ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, WISCONSIN

This Rider to State Addendum to BEN'S SOFT PRETZELS ® Franchise Disclosure Document and Franchise Agreement is entered into by and between Ben's Soft Pretzels Franchising Corporation, 1119 S. Indiana Avenue, Goshen, Indiana 46526 ("we" or "us") and \_\_\_\_\_ ("you").

A. This Rider is being signed because you are a resident of one of the states listed in the heading of this Rider (the "Applicable Franchise Registration State") or a non-resident who is acquiring franchise rights permitting the location of one or more BEN'S SOFT PRETZELS ® businesses in the Applicable Franchise Registration State.

B. We and you have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and wish to amend the Agreement as provided herein.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

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

2. Except as provided in this Rider, the Agreement remains in full force and effect in accordance with its terms. This Rider shall be effective only to the extent that the jurisdictional requirements of the franchise law of the Applicable Franchise Registration State are met independently without reference to this Rider.

YOU: \_\_\_\_\_

WE: BEN'S SOFT PRETZELS  
FRANCHISING CORPORATION

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

**CALIFORNIA ADDENDUM TO**  
**FRANCHISE DISCLOSURE DOCUMENT**

The following information applies to franchises and franchisees subject to the California Franchise Investment Act.

- A. The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**
- B. 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.
- C. 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.
- D. 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.).
- E. The sublease and sublicense agreements each contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
- F. The franchise agreement requires binding arbitration, The arbitration will occur at Goshen, Indiana with the costs to be borne equally by the parties.
- G. The Franchise Agreement requires application of the laws of Indiana. This provision may not be enforceable under California law.
- H. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
- I. Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Business Oversight before we ask you to consider a material modification of your franchise agreement.
- J. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 Through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights

under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

- K. The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
- L. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.
- M. Item 19 is amended to include the following statement: The financial performance representations do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the franchise disclosure document, may be one source of this information.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

**ADDENDUM TO**  
**FRANCHISE AGREEMENT FOR THE**  
**STATE OF CALIFORNIA**

This addendum pertains to franchises sold in the state of California and is for the purpose of complying with California statutes and regulations. Notwithstanding anything that may be contained in the body of the agreement to the contrary, the agreement is amended as follows:

1. In Section 15.B of the Franchise Agreement, the third paragraph is deleted.

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

3. In all other respects, the Franchise Agreement will be construed and enforced according to its terms.

Each of the undersigned hereby acknowledges having read and understood this addendum and consents to be bound by all of its terms.

**FRANCHISOR:**  
**Ben's Soft Pretzels Franchising Corporation**

**FRANCHISEE:**  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ILLINOIS ADDENDUM TO**  
**FRANCHISE DISCLOSURE DOCUMENT**

**Item 17, Additional Disclosures.** The following statement is added to Item 17:

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

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.

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.

Illinois law governs the franchise agreements.

**ADDENDUM TO THE FRANCHISE AGREEMENT**  
**REQUIRED FOR ILLINOIS FRANCHISEES**

This Addendum to the Franchise Agreement (“Franchise Agreement”) dated \_\_\_\_\_ between Ben’s Soft Pretzels Franchising Corporation (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Illinois; (b) Franchisee is a resident of the State of Illinois; and/or (c) the Store will be located or operated in the State of Illinois.
2. The following sentence is added to the end of Section 15.I:  
  
Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Franchise Agreement may provide for arbitration in a forum outside of Illinois.
3. The last sentence of Section 15.H(1) is deleted and replaced by the following:  
  
Illinois law governs the franchise agreements.
4. 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.
5. Franchisees’ right upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

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

**FRANCHISOR:**  
**Ben's Soft Pretzels Franchising Corporation**

**FRANCHISEE:**  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**MARYLAND ADDENDUM TO**  
**FRANCHISE DISCLOSURE DOCUMENT**

**Items 5 and 7, Initial Fees.** The following statement is added to Items 5 and 7:

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

**Item 17, Additional Disclosures.** The following statements are added to Item 17:

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

The "Summary" column of Item 17(H) of the Disclosure Document, pertaining to "Cause defined – defaults that cannot be cured" is supplemented to state that any provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law.

Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that the Franchise Agreement may provide for arbitration in a forum outside of Maryland.

Section 14-227(e) of the Maryland Franchise Registration and Disclosure Law requires that any claims arising under that Law be brought within 3 years after the grant of the franchise.

**ADDENDUM TO THE FRANCHISE AGREEMENT  
REQUIRED FOR MARYLAND FRANCHISEES**

This Addendum to Franchise Agreement (“Franchise Agreement”) dated \_\_\_\_\_ between Ben’s Soft Pretzels Franchising Corporation (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Maryland; (b) Franchisee is a resident of the State of Maryland; and/or (c) the Franchised Business will be located or operated in the State of Maryland.
2. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
3. The following sentence is added to the end of Sections 4.B and 11.D:  
  
The general release required as a condition of renewal or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
4. The following sentence is added to the end of Section 9.A:  
  
Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the outlet is opened.
5. The following sentence is added to the end of Section 15.I:  
  
Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that the Franchise Agreement may provide for arbitration in a forum outside of Maryland. Section 14-227(e) of the Maryland Franchise Registration and Disclosure Law requires that any claims arising under that Law be brought within 3 years after the grant of the franchise.
6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
7. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

*[Signatures on following page.]*

**Franchisor: Ben's Soft Pretzels Franchising Corporation**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Franchisee:** \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

**MINNESOTA ADDENDUM TO  
FRANCHISE DISCLOSURE DOCUMENT**

**Item 13, Additional Disclosure:** The following statement is added to Item 13:

We will protect your right to use the Marks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name to the extent required by Minn. Stat. Sec. 80C.12, Subd.1(g).

**Item 17, Notice of Termination:** The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5 which requires, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

**Item 17, Governing Law, Jurisdiction and Venue and Choice of Forum:** The following statement is added to the cover page and Item 17:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

**Item 17, General Release:** The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

**ADDENDUM TO THE FRANCHISE AGREEMENT  
REQUIRED FOR MINNESOTA FRANCHISEES**

This Addendum to the Franchise Agreement (“Franchise Agreement”) dated \_\_\_\_\_ between Ben’s Soft Pretzels Franchising Corporation (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota; (b) Franchisee is a resident of the State of Minnesota; and/or (c) the Store will be located or operated in the State of Minnesota.

2. The following sentence is added to the end of Section 13.B:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C.14, subdivision 3, 4, and 5 which requires, except in certain cases, that Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the Franchise Agreement.

3. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

4. The following sentence is added to the end of Sections 4.B and 11.D:

Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

5. Section 12.C is deleted and replaced with the following:

Franchisor shall be entitled to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to: (1) Franchisee’s use of the Trademarks; (2) the construction and equipping of the Store; (3) the obligations of Franchisee upon termination or expiration of this Agreement; (4) a Transfer of this Agreement, any ownership interest therein or in the lease for the Store; and (5) as necessary to prohibit any act or omission by Franchisee or its employees that would constitute a violation of any applicable law, ordinance, or regulation, or which is dishonest or misleading to Franchisor and/or Franchisor’s other licensees.

6. The following sentences are added to the end of Sections 12.B and 15.I:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing

in the Disclosure Document or the Franchise Agreement can abrogate or reduce any of Licensee’s rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

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

**FRANCHISOR:**  
**Ben’s Soft Pretzels Franchising Corporation**

**FRANCHISEE:**  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**NEW YORK ADDENDUM TO**  
**FRANCHISE 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, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. 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 Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

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

5. 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.

6. 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.

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.



8. 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.

**ADDENDUM TO THE FRANCHISE AGREEMENT**  
**REQUIRED FOR NEW YORK FRANCHISEES**

This Addendum to the Franchise Agreement (“Franchise Agreement”) dated \_\_\_\_\_ between Ben’s Soft Pretzels Franchising Corporation (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of New York; (b) Franchisee is a resident of the State of New York; and/or (c) the Store will be located or operated in the State of New York.
2. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.
3. The following sentence is added to the end of Sections 4.B and 11.D:  
  
Any provision in the Franchise Agreement requiring Franchisee to sign a general release of claims against Franchisor does not release any claim Franchisee may have under New York General Business Law, Article 33, Sections 680-695.
4. The following sentence is added at the end of Section 11.G:  
  
Franchisor will not assign its rights under the Franchise Agreement except to an assignee who in Franchisor’s good faith and judgment is willing and able to assume Franchisor’s obligations under the Franchise Agreement.
5. The following sentence is added to the end of Section 15.H(1):  
  
Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.
6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
7. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[THE REST OF THIS PAGE IS  
INTENTIONALLY LEFT BLANK]

**FRANCHISOR:**  
**Ben's Soft Pretzels Franchising  
Corporation**

**FRANCHISEE:**  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**NORTH DAKOTA ADDENDUM TO  
FRANCHISE DISCLOSURE DOCUMENT**

**Item 17, Additional Disclosures.** The following statements are added to Item 17:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void. Any mediation or arbitration will be held at a site agreeable to all parties. The laws of the State of North Dakota will govern any dispute.

Any general release the franchisee is required to assent to is not intended to nor shall it act as a release, estoppel or waiver of any liability Ben's Soft Pretzels Franchising Corporation may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete upon termination or expiration of the franchise agreement are generally not enforceable in the State of North Dakota, except in certain instances as provided by law.

The Franchise Agreement includes a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Ben's Soft Pretzels Franchising Corporation in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement.

The Franchise Disclosure Document and Franchise Agreement state that franchisee must consent to the jurisdiction of courts in the state of Indiana. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and the Franchise Agreement.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. The Commissioner has determined this to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. That requirement will not apply to North Dakota franchisees and, instead the statute of limitations under North Dakota law will apply.

**ADDENDUM TO THE FRANCHISE AGREEMENT  
REQUIRED FOR NORTH DAKOTA FRANCHISEES**

This Addendum to the Franchise Agreement (“Franchise Agreement”) dated \_\_\_\_\_ between Ben’s Soft Pretzels Franchising Corporation (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of North Dakota; (b) Franchisee is a resident of the State of North Dakota; and/or (c) the Franchised Business will be located or operated in the State of North Dakota.
2. Any release executed in connection herewith shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.
3. Covenants not to compete are generally considered unenforceable in the State of North Dakota.
4. The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. The laws of the State of North Dakota will govern any dispute.
5. The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.
6. The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.
7. The requirement that mediation or arbitration be held in Indiana may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.
8. The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.
9. The Franchise Agreement states that franchisee must consent to the jurisdiction of courts in the state of Indiana. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.

10. The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. That requirement will not apply to North Dakota franchisees and, instead, the statute of limitations under North Dakota law will apply.
11. The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Ben's Soft Pretzels Franchising Corporation in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

**Franchisor: Ben's Soft Pretzels Franchising Corporation**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Franchisee:** \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

**VIRGINIA ADDENDUM TO**  
**FRANCHISE DISCLOSURE DOCUMENT**

**Item 17, Additional Disclosure.** In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Franchisor for use in the Commonwealth of Virginia shall be amended as follows:

“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.”



**WASHINGTON ADDENDUM TO**  
**FRANCHISE DISCLOSURE DOCUMENT**

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

The unaudited financial statements included in Exhibit D of the Franchise Disclosure Document are prepared in accordance with U.S. GAAP.

**ADDENDUM TO THE FRANCHISE AGREEMENT AND RELATED AGREEMENTS  
REQUIRED FOR WASHINGTON FRANCHISEES**

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

The undersigned Franchisee does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

**FRANCHISOR:**  
**Ben's Soft Pretzels Franchising Corporation**

**FRANCHISEE:**  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT H**  
**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 states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<u>STATE</u>	<u>EFFECTIVE DATE</u>
CALIFORNIA	[PENDING]
ILLINOIS	[PENDING]
INDIANA	[PENDING]
MARYLAND	[PENDING]
MICHIGAN	May 22, 2024
MINNESOTA	[PENDING]
NEW YORK	[PENDING]
NORTH DAKOTA	[PENDING]
RHODE ISLAND	[PENDING]
SOUTH DAKOTA	[PENDING]
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 I**  
**RECEIPTS**

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Ben’s Soft Pretzels Franchising Corporation offers you a franchise, it must provide this Disclosure Document to you 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.

New York requires that Ben’s Soft Pretzels Franchising Corporation gives you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Iowa and Michigan require that Ben’s Soft Pretzels Franchising Corporation gives you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Ben’s Soft Pretzels Franchising Corporation 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 A.

The franchisor is Ben’s Soft Pretzels Franchising Corporation, located at 1119 S. Indiana Avenue, Goshen, Indiana 46526.

Issuance Date: May 22, 2024

The name, principal business address and telephone number of each franchise seller offering the franchise:

\_\_\_\_\_

Ben’s Soft Pretzels Franchising Corporation authorizes the respective state agencies identified on Exhibit A and the agent for service of process identified in Item 1 to receive service of process for it.

I have received the Franchise Disclosure Document, dated as of May 22, 2024. This Disclosure Document included the following Exhibits: Exhibit A (List of State Agencies and Agents for Services of Process); Exhibit B (List of Current and Former Franchisees); Exhibit C (Franchise Agreement with Schedules); Exhibit D (Financial Statements); Exhibit E (Manual Table of Contents); Exhibit F (Sample Release); Exhibit G (State Addenda); Exhibit H (State Effective Dates; and Exhibit I (Receipts).

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State \_\_\_\_\_

Phone ( ) \_\_\_\_\_ Zip \_\_\_\_\_

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State \_\_\_\_\_

Phone ( ) \_\_\_\_\_ Zip \_\_\_\_\_

Copy for Franchisee

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 Ben’s Soft Pretzels Franchising Corporation offers you a franchise, it must provide this Disclosure Document to you 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.

New York requires that Ben’s Soft Pretzels Franchising Corporation gives you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Iowa and Michigan require that Ben’s Soft Pretzels Franchising Corporation gives you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Ben’s Soft Pretzels Franchising Corporation 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 A.

The franchisor is Ben’s Soft Pretzels Franchising Corporation, located at 1119 S. Indiana Avenue, Goshen, Indiana 46526.

Issuance Date: May 22, 2024

The name, principal business address and telephone number of each franchise seller offering the franchise:

\_\_\_\_\_

Ben’s Soft Pretzels Franchising Corporation authorizes the respective state agencies identified on Exhibit A and the agent for service of process identified in Item 1 to receive service of process for it.

I have received the Franchise Disclosure Document, dated as of May 22, 2024. This Disclosure Document included the following Exhibits: Exhibit A (List of State Agencies and Agents for Services of Process); Exhibit B (List of Current and Former Franchisees); Exhibit C (Franchise Agreement with Schedules); Exhibit D (Financial Statements); Exhibit E (Manual Table of Contents); Exhibit F (Sample Release); Exhibit G (State Addenda); Exhibit H (State Effective Dates); and Exhibit I (Receipts).

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State \_\_\_\_\_

Phone ( ) \_\_\_\_\_ Zip \_\_\_\_\_

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State \_\_\_\_\_

Phone ( ) \_\_\_\_\_ Zip \_\_\_\_\_

Copy for Ben’s Soft Pretzels Franchising Corporation